

When they get a loan, they swear to the facts being true. If they were not true, we wouldn't make a loan.

Fine men sit on that credit committee four times a week and they pass on the laws. And I say that 98 percent, close to 99 percent, you don't even know they have a loan, but that other 1 or 2 percent, brother.

Suppose you lend a million dollars a month. Do you know what you are losing if you didn't have the right to garnishee and if you went back to giving notice to the employer, the head of the department that a bum in his offices doesn't pay his debts to the credit union, what do you think would happen?

Now, I read something about Bankruptcy. You know, I have been going to Bankruptcy Courts for many years. I can tell you now, gentlemen, that 99 percent of the people that borrow money from the Municipal Credit Union and go into bankruptcy, we don't have to look for them. They come to us and say, "I want to pay my just and honest debts and I am making a payment and signing a waiver," and that's the answer to that.

Many are not profit organizations, they are not charitable organizations, they are there to give service to the members. You know that as well as I do. You gentlemen have had a lot of experience in Washington.

I see no reason in the world why concessions of judgment as controlled by the law in New York State should not be usable and also the garnishment laws, because they are extremely strict and I believe in strictness.

Congressman HALPERN. You would not object if New York State law or comparable language to the New York State law was part of this legislation?

Mr. RUBEL. I do not.

Congressman HALPERN. That is my point.

Mr. RUBEL. As long as you can't make us repeal our law.

Congressman HALPERN. No question.

So I conclude that you agree with all of the provisions of this bill, except the provision of garnishments, and you say you would like this law if that was not a part of this bill?

Mr. RUBEL. Yes.

Congressman BINGHAM. Thank you very much.

You might be interested to know, Mr. Rubel, that Senator Kennedy earlier today suggested something somewhat similar to what you said.

Our next witness is Mr. Fred Noz. Is he here?

STATEMENT OF FRED NOZ, ASSOCIATION OF COMMERCIAL AND PROFESSIONAL ATTORNEYS

Mr. FRED NOZ. Yes. I am Fred Noz of the Association of Commercial and Professional Attorneys.

The CHAIRMAN. I am very happy to have you here, Mr. Noz.

Mr. Noz. I have two letters which I have addressed to the Committee and sent to Washington.

I would consider it a personal favor if you read them personally, so you will be familiar with what is in my letters.

In my testimony I shall attempt to, with your permission, to highlight some of the more salient features of the problem which is pretty much summarized in my two letters.

The reason why there are two different letters is that the first letter addresses itself to the problem of the proposal to abolish wage garnishment altogether, and the second letter addresses itself to the problem by the testimony of Representative Rosenthal, to the effect there is some limitation to be placed upon wage garnishments.

Taking the first problem first, that is the proposal to ban the wage garnishment altogether, I wish to emphasize that this is a credit-oriented economy and the wage garnishment is the most widely used commercial tool in the United States today.

Since the economy is—I don't think you will have any disagreement on this—is completely credit oriented, we are concerned with what is a natural part of the economy of this time, namely a collection tool corresponding to the nature of the economy.

I am sure you have statistics already available on the volume of installment selling, statistics on the volume of personal loans being made.

Of course it doesn't stop there. Any time any small company delivers something in advance and expects to render an invoice at the end of the month, that is a credit transaction.