

abolition the entire present system of financing automobiles will be violently disrupted, and automobiles are now such a large part of our economy that any substantial harm to the automobile industry would result in a depression. It is submitted that the electorate will be angry, rather than pleased, with Congress for bringing an end to the credit now possessed by the various members of the public. The American public today expects to possess credit standing, and a change in the law, which would eliminate the credit standing of many of the members of the public and force them to pay cash in advance, would be resented.

It might be observed in passing that an extremely unfair transition period would follow abolition, since accounts receivable acquired under present law would not be enforceable upon abolition. Loans issued and sales made under the present law would upon abolition be placed into a completely different collection (actually uncollectible) situation.

We understand that one witness before the Committee made a statement (erroneously) to the effect that it is not bankers and merchants who utilize wage garnishment but rather collection agencies. We submit that this statement is erroneous to the extent of being preposterous, as can be checked by glancing at the names of the creditors appearing upon the various garnishment instruments. On the face of the proposition it should be obvious that the collection agencies represent finance companies and merchants; there is no one else they can represent except an occasional individual who might lend money to a friend. Many business retain their own attorneys without going through the medium of a collection agency. The law practice of the undersigned, a just one example, consists of the representation of many retail stores directly and having no connection with any collection agency. Attorneys like ourselves who specialize in collection law and who accomplish collection by means of legitimate process would be forced to discontinue our law practices immediately upon abolition. In many jurisdictions banks and finance companies are empowered to forward wage assignments directly to the employers without the use of any outside agent or attorney; banks and finance companies are presently following this practice in substantial volume.

It might be observed that the various Sheriffs of the various counties across the United States would be among the casualties of abolition. Most of the Sheriffs in most of the counties perform some criminal function, and substantially all perform the civil function of levying Executions. In almost all counties the function of levying Executions is a very substantial portion of the total business handled by the Sheriff. If wage garnishment is abolished or substantially reduced, it will mean the end of the office of the Sheriff as we presently know it; Sheriffs, or at least the civil divisions of their offices, will function after abolition with very small offices and with radically reduced staffs of deputies and secretaries. Upon the discontinuing of the present system of collecting by means of legitimate legal process, illegal loan sharks would enjoy a substantial increase in business.

It is submitted that the statutes relevant to wage garnishment in the State of New York are humane, fair, and practical, and may be cited as a good example of a well-functioning system of wage garnishment within our present credit-oriented economy. The New York statutes provide that exactly 10% of the salary of the judgment debtor shall be deducted by his employer. This is, of course, a very small percentage, leaving the other 90% of the weekly salary exempt from Execution. It possesses the feature of treating all judgment debtors in all income brackets the same because a percentage rather than a fixed amount is deducted. A judgment debtor earning a very small weekly wage needs to pay only a few dollars weekly, and it might be observed that at least his creditors are not cut off without any repayment. A judgment debtor earning a fairly substantial weekly salary experiences the same 10% deduction which in his case is a larger monetary amount. The New York statutes also provide that the various wage garnishments shall wait in line one behind the other, assuming that any one individual has been garnished by more than one creditor. It follows that 10% of the weekly pay is the most that can be deducted under any circumstances. An individual earning \$125 a week, upon deductions of 10%, is left with \$112.50 per week; it is submitted that anyone capable of living on \$125 weekly could, if necessary, live on \$112.50, and of course, the payment of just debts is a proportionate reason for bringing some pressure upon the judgment debtor.

A very important provision of the New York statutes, which happens to be new, and which happens to have taken effect in January, 1967, prohibits any employer from discharging any employee because of a wage garnishment. Ex-