The Association of Commercial and Collection Lawyers is a bar association located in New York City consisting of members specializing in collection law, wage garnishments, and related items. The members of the bar association would, the undersigned is confident, be willing to consult with the committee further at any length desired.

Thank you.

The CHAIRMAN. I think we are running out of time, and we do have your two letters which I have looked through with interest.

Would it be all right if we address a couple of questions to you now?

Mr. NOZ. Yes.

The CHAIRMAN. I assume since you are appearing here more or less on behalf of the commercial attorneys, that you would have to agree that you are an interested witness, an expert witness who is interested in the proceeding?

Mr. NOZ. That is correct.

The CHAIRMAN. Have you made any study of the situation in those states where garnishment have been abolished?

Mr. NOZ. Yes. There are only a small handful of states around the country where it has been done.

They are not particularly leading commercial states. In states like New York, I will——

The CHAIRMAN. Pennsylvania.

Mr. NOZ. Pennsylvania they have a law where it is a quasi criminal offense to be delinquent in bills. Aside from that, the credit picture in Pennsylvania is anything from favorable.

The CHAIRMAN. Texas also.

Mr. NOZ. Texas also has been infamous around the industry.

It is well known that many, many people from all states all over the country have gone to Texas to obtain an exemption from paying bills, the way they go to Nevada to get a divorce.

The credit picture there is very bad. Nobody can collect anything there, except voluntarily.

The CHAIRMAN. I am sure you are familiar with the study that shows there is just as much selling on credit in Texas as in other states?

Mr. NOZ. There is bound to be an increase in prices, and the economy would be seriously disrupted if this would be practiced on a nation-wide basis.

The CHAIRMAN. You painted a very dire picture of what would happen here, but the experience in those states where it has been abolished I don't think bears that out.

I would like to make one comment about your reference to New York State laws.

I think as an expert in the field you will have to recognize the New York State law is, by comparison with most states, fairly strict as far as regulations on garnishments are concerned.

Mr. NOZ. The 10 percent deduction is reasonable.

The CHAIRMAN. But many other states allow a lot more.

Mr. NOZ. Texas has never had any wage garnishment whatsoever, and they function that way. They come into the credit field in that state more slowly than the other states. It is just during the last few years they have been trying to increase credit selling, and I think they are eventually going to have a bad experience there.

They haven't developed their credit selling until fairly recently.

I know from some experience that there are some loan companies which make it a practice to loan to employees in Texas only if they work for a larger corporation who has a branch in New York or some other state, and they can attach the salaries in the other state, and they attach salaries that way.

The fact is that some loan companies go so far as to sue the State of New York to collect a Texas bill. I don't think the Texas situation should be recommended to other states.

The CHAIRMAN. We do have on our Subcommittee Representative Gonzalez, who is familiar with the situation in Texas.

We do have testimony from Referees in Bankruptcy with a corollary on the amount of bankruptcies that occur and the availability of garnishments.

Mr. NOZ. The reason there are so many personal bankruptcies in the states where there are garnishees, is that the people know that by that means they can avoid paying.