2. None of the states which regulate instead of outlawing the debt poolers are said to have any effective supervision. It takes trained staffs to audit, examine and supervise. In the case of the pro-raters, license fees wouldn't pay for a staff large enough to police the debt poolers and make sure the money went where the debtor thought it was going.

3. Commercial debt pooling may constitute the unauthorized practice of law and cannot properly be authorized and regulated by statute. That was the reason given by the governors of Indiana and Nebraska for vetoing bills to regulate the prorater. The District Commissioners have taken the same position every time the debt poolers propose regulation here.

Opposed Diggs Bill

In 1965, the commissioners gave this last argument in opposing a bill introduced by Rep. Charles C. Diggs Jr., D-Mich. Detroit, Diggs' home town, is also home to Credit Advisors, Inc. An organization of debt poolers, the American Association of Credit Counsellors, was credited with interesting Diggs in the measure.

Asked for comment on the Diggs bill, Commissioner Walter N. Tobriner wrote House District Committee Chairman John L. McMillan, D-S.C., that the business of debt adjusting is "of such a nature as to lend itself to grave abuses against those in the lower income brackets."

"The commissioners," said Tobriner, "are inclined to the view that debt adjusting creates a relationship of trust in which the debt adjuster may, in a situation of insolvency, be engaged in marshaling assets in the manner of a proceeding in bankruptcy.

"The commissioners believe that under such circumstances the debt adjuster's client may need advice as to the legality of the various claims against him, legal remedies governing debtor-creditor relationships and provisions of the Bankruptcy Act."

Tobriner said the commissioners would not recommend the Diggs bill but would favor a measure banning the business of debt adjusting except as an incident to the lawful practice of law.

Typical of Moves

The 1965 effort by the debt poolers was typical of several moves to regulate rather than outlaw them here. Once they managed to switch the House District Committee from outlawing to regulating on the ground that any state violated the Constitution when it passed laws prohibiting the business.

That argument collapsed, however, when the Supreme Court in April, 1963, upheld the right of Kansas to make it a misdemeanor for any person to engage in the business of debt adjusting except as an incident to the lawful practice of the law. The high court thus ruled against Frank C. Skrupa, doing business as Credit Advisors.

Credit Advisors across the country, all 45 offices, are owned by Rudolph Barden of Detroit, whose Barden Investment Management Corp. is currently circulating a brochure—four years after the Supreme Court decision — which still raises a "serious question of constitutionality" about restricting debt adjusting to nonprofit agencies.

The profit-making Credit Advisors can be expected to fight any effort here to take the profit out of debt.