

Like the Washington area now, a number of cities had experienced an invasion of commercial debt consolidators before business and civic leaders mobilized the community behind a nonprofit counseling service.

New Orleans had some professional pro-raters charging customers between 40 and 50 percent interest a year on the unpaid balance of their debts plus a \$17 monthly service charge. In Salt Lake City, only two of the 10 consolidators were operating on a basis acceptable to the Better Business Bureau.

In Kansas City, Mo., where the paid adjusters were charging 18 percent of the debt to do anything for the debtor, businessmen launched a two-pronged attack. First, they went to the state legislature to get the fee-charging debt adjusters outlawed. Then their firms chipped in \$1,000 apiece to launch the city's counseling service.

Baltimore followed a similar pattern. First, City Councilman Leon A. Rubenstein led the fight for local legislation to outlaw the commercial adjusters. Then he worked with civic and business interests to develop the nonprofit service.

Baltimore had been so badly burned by the commercial debt consolidators that the managing director of the new counseling service fears many potential supporters still associate any debt counseling with the outfits of the past. The new and the old couldn't be more different.

In addition to exploitation of the debtors by many commercial debt adjusters, the steadily increasing community services have been prompted by the nonstop surge of personal bankruptcies, as well as the credit binge which is driving more and

more once-solid citizens into hopeless debt.

Indianapolis launched its service in January, 1965, after 2,824 bankruptcy cases had been processed there the previous year, a whopping 450 percent increase over the 1958 rate.

Salt Lake City's community service was started in April, 1964, primarily because of the zooming bankruptcy rate in Utah.

The rising tide of personal bankruptcies in California, now amounting to 18 percent of the national total, led to establishment of the only statewide organization to encourage local communities to set up counseling services.

The California pilot project proved its worth in its first year of operation. The amount of money involved in personal bankruptcies in Sacramento, after it was started, decreased from \$7 million in 1964 to \$4.3 million in 1965. In the same period, dollar losses through bankruptcy in neighboring areas without a nonprofit counseling service increased by 7 percent.

The decrease in bankruptcies is one of many benefits communities have derived from their investment in these services. Businessmen who take the lead in sponsoring and footing the bills for nonprofit counseling cite such intangibles as marriages kept out of divorce courts, debtors' jobs saved, a healthier economic climate in office or factory when employees don't lose time from work to answer debtor's summonses.

There are many tangible results, too, as The Star's survey showed. For instance:

- In Phoenix, Ariz., where the first community supported counseling service was begun in 1958, the service distributed \$884,252 from debtors to their creditors in 1966.