

A question invariably might be asked—what have the District Commissioners done to control this type of operation? It is my understanding that the District Commissioners, under Title 47 of the D. C. Code, have the general authority to require licensing and regulation of this business, but have chosen not to do so on the grounds that such would be a tacit admission of the worth of this type of practice. The Commissioners see absolutely no value in so-called debt-adjusting and have consistently supported my position of outlawing debt-adjusters in the District.

The next question might be asked—what do the District authorities do about complaints they receive against debt-adjusters? The problem, I'm led to believe, lies in the apparent difficulty that a prosecutor has in pressing such cases because the elements of embezzlement or some other type of fraud are difficult to prove in court.

However, in 1963 the U. S. Postal Inspection Service nationally conducted 20 investigations of debt-adjusters who were alleged to have used the mails for fraudulent purposes. The outcome of these investigations was the conviction for mail fraud of 7 local debt-adjusters in the U. S. District Court for the District of Columbia on July 1, 1966.

At this point, Mr. Chairman, may I respectfully suggest that appropriate spokesmen from both the Justice Department, which prosecuted the aforementioned cases—and the Post Office Department, which made the investigations—be asked to give their viewpoints on this problem.

It was most heartening to me to learn that approximately 70 jurisdictions, including many of our large cities such as Baltimore, have undertaken to sweep their areas free of the professional debt-adjuster by setting up non-profit credit counseling services which are financially supported by the various businesses, labor and civic interests in those jurisdictions. The profit motive is thereby removed and debtors are counseled free of charge. This is a commendable step forward and has resulted in the drying up of the debt-adjuster con-men in those areas. I am even more heartened to learn that such an organization is currently on the drafting board here in the District. I understand that this organization will come to fruition very shortly.

Also, I want to take this opportunity to commend *STAR* reporter, Miriam Ottenberg, for her excellent series entitled "Debtor Beware", which exposed in great detail this obnoxious con-game.

Mr. Chairman, the so-called professional debt-adjusters, as I have outlined, not only deserve severe condemnation, but should have been outlawed in the District many years ago. As is usual, everytime a jurisdiction threatens to outlaw this operation, the operators flock in crying for regulation; but when the subject is quiescent, the operators are deathly silent. The debt-adjusters beat their breasts for regulation in 1958; they did a repeat performance again before the Committee in 1963; and I'll wager they'll be here today loaded for bear.

I am hopeful that the Committee will act expeditiously and in favor of this bill to outlaw the practice of professional debt-adjusting in the District. Thank you.

Mr. BROXHILL. I will briefly hit some of the high spots about the nature and intent of this bill.

I would also like to express my appreciation to the Chairman for arranging these hearings. I know the Chairman has a lot of legislation he is interested in, pending both in this Committee and in the Rules Committee, and it is not easy to arrange hearings on all of the bills. So I am grateful to the Chairman for arranging this hearing.

As pointed out by the Chairman, H.R. 9806 will prohibit the so-called debt-adjusting, debt-counseling or debt-pooling business that has been going on in the District of Columbia. At best it is a shoddy business; it serves absolutely no useful purpose and makes no contribution to the people of the District of Columbia. Also, the people who are engaged in it put up no capital of their own and assume no risks whatsoever, and the victims are, without exception, the poor, the uneducated, the untutored, or the gullible. They are people who are desperate, having gotten over their heads in debt and having the garnishment of their salaries hanging over them. They hear of these so-called debt-counseling or debt-servicing outfits—their advertisements are in the news-