GOVERNMENT OF THE DISTRICT OF COLUMBIA,
EXECUTIVE OFFICE,
Washington, May 9, 1967.

Hon. JOHN L. MCMILLAN,
Chairman, Committee on the District of Columbia,
U.S. House of Representatives, Washington, D.C.

MY DEAR MR. MCMILLAN: The Commissioners of the District of Columbia have for report H.R. 8929, 90th Congress, a bill "To regulate the business of debt adjusting in the District of Columbia other than as an incident to the practice of law."

The Commissioners are of the view that the business of "debt adjusting", as defined in the bill, is of such a nature as to lend itself to grave abuses against distressed debtors, particularly those in the lower income brackets. The Commissioners are informed that the City of Baltimore and twenty-one States, including the nearby States of Pennsylvania, Delaware, West Virginia, Virginia and North Carolina, have found these abuses to be of such gravity as to justify the prohibition of the business, while ten other States have found it necessary, in the public interest, to regulate the business.

The Commissioners believe that the business of debt adjusting can give rise to a relationship of trust in which the debt adjuster, in a situation of insolvency, may be engaged in marshalling assets in the manner of a proceeding in bankruptcy. 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 the applicability of the Bankruptcy Act.

In view of this, the Commissioners believe that the activity known as "debt adjusting" should be an activity engaged in in the District of Columbia principally by persons who have been admitted to the bar of the United States District Court for the District of Columbia. However, since, in some areas of the country, non-profit or charitable corporations or associations have performed a service to their communities by providing a debt adjusting service, the Commissioners believe that such organizations also should be allowed to engage in debt adjusting, even though they might charge nominal fees to cover their expenses in connection with providing these services.

Accordingly, the Commissioners do not recommend the enactment of H.R. 8929. They would, in lieu thereof, recommend enactment of the draft bill "To prohibit the business of debt adjusting in the District of Columbia except as an incident to the lawful practice of law or as an activity engaged in by a non-profit corporation or association", which they submitted to the Speaker of the United States House of Representatives on May 1, 1967.

Sincerely yours,

(S) WALTER N. TOBRINER,
President, Board of Commissioners, D.C.

STATEMENT OF ROBERT F. KNEIPP, ASSISTANT CORPORATION COUNSEL, DISTRICT OF COLUMBIA

Mr. KNEIPP. I am Robert F. Kneipp, Assistant Corporation Counsel of the District of Columbia. I am appearing here this morning representing the Commissioners of the District of Columbia on H.R. 9806 and H.R. 8929.

Mr. SISK. Mr. Kneipp, I notice we have a copy of your statement which, without objection, will be made a part of the record and you may proceed by reading it or making an oral statement.

(The proposed statement of Mr. Kneipp follows:)

STATEMENT OF ROBERT F. KNEIPP, ASSISTANT CORPORATION COUNSEL, D.C., REPRESENTING THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA

Thank you, Mr. Chairman, for giving me this opportunity to present the views of the Commissioners of H.R. 9806, a bill "To prohibit the business of debt adjusting in the District of Columbia except as an incident to the lawful practice of law or as an activity engaged in by a nonprofit corproation or association", and H.R. 8929, a bill "To regulate the business of debt adjusting in the District of Columbia other than as an incident to the practice of law."