

application and renewal of a license to be accompanied by a certified financial statement.

#### *Administration*

Administration of the regulatory laws is vested in the following:

|                   |                                               |
|-------------------|-----------------------------------------------|
| California -----  | Commissioner of Corporations.                 |
| Colorado -----    | Bank Commissioner.                            |
| Connecticut ----- | Bank Commissioner.                            |
| Idaho -----       | Commissioner of Finance.                      |
| Illinois -----    | Director of Financial Institutions.           |
| Michigan -----    | Department of Commerce.                       |
| Minnesota -----   | Secretary of State.                           |
| Nebraska -----    | Secretary of State.                           |
| Oregon -----      | Commissioner of Real Estate.                  |
| Utah -----        | Department of Registration.                   |
| Washington -----  | Director of the Department of Motor Vehicles. |
| Wisconsin -----   | Bank Commissioner.                            |

Mr. SISK. Mr. Whitener would like to take a look at it.

Mr. KNEIPP. I think, Mr. Chairman, it is obvious that if there is to be regulation of this type of business, it will be a very great administrative burden on the District of Columbia. To a certain extent this burden could be reduced either by amendment of the bill or in regulations adopted by the District Government. I note, incidentally, that H.R. 8929 does not, except by implication, authorize the District Government to make regulations—that no debt adjuster shall enter into a contract with a debtor until there has been a determination, by impartial counsel—not “house” counsel—that the claims against the debtor are valid and enforceable. There still would remain the problem of fair dealing, but at least the validity of the claims against the debtor would be established.

#### BOND REQUIREMENT

I have already mentioned the bond requirement. There is a question in my mind, what value is this \$5,000 bond to a man who may have had his wages garnisheed and lost his job as a result. Recently a man came into the law enforcement division of the Corporation Counsel's Office. It seems he had had dealings with Creditors Advisors, Inc. They had failed to make payments as they had agreed, the creditor sued the debtor, the debtor, upon being sued by the creditor, stopped payment to Credit Advisors, Inc., whereup Credit Advisors, Inc., sued him for their fee. So the debtor is being sued both by the creditor and by the debt adjustment firm. Now, what is the measure of damage to a person who may have suffered grave economic injury by reason of this?

I suggest in my statement that the bond requirement would be of value only if it were coupled with a self-policing provision whereby any debtor injured by an act of commission or omission on the part of a debt adjuster could claim treble damages and proceed against the surety for this amount of damages. Such a requirement would offer considerable incentive for the debtor to bring to the attention of the appropriate authorities any incident indicating that he is being misled, deceived, or defrauded, or the debt adjuster is not performing in accordance with the agreement. If a debt adjuster or a prorater, as they