call them in California, charges excessively and is caught he merely has to give back the fees. I suppose there is a license action taken against him also, but just taking what he was paid I do not feel is a severe enough sanction.

Mr. Broyhill has already mentioned that if the debt adjuster fails to perform in accordance with the contract there is no record, at least to my mind, of his making reimbursement to the debtor for a prorata part of the fee. Most important, Mr. Chairman, the average debt, according to testimony in the other body, of the debtor who patronizes a debt adjuster is on the order of $3,000. Now, if you take as a conservative average a 15 per cent debt adjusting fee on top of that, $450 more is added to that debt. You spread that through the community and you can see this is a tremendous economic burden on the community. What does the debtor get for his $450? Testimony before the committee in the other body indicates he may get an hour or two of consultation at the inception of the transaction and thereafter for the life of the transaction, 15 minutes per month, assuming the life of the transaction is 24 months. There is 6 hours plus an hour or two at the start, seven or eight hours for $450. I think the committee can recognize a considerable amount of legal services could be procured for that $450, possibly even resulting in the reduction of the total debt of the debtor instead of an increase in it.

So, for all of these reasons, Mr. Chairman, the Commissioners of the District of Columbia strongly believe that the business of debt adjusting in the District of Columbia should be prohibited and not be regulated.

I might mention, incidentally, that 22 states, as Mr. Broyhill has indicated, now prohibit debt adjusting whereas only thirteen regulate it. They are as follows:

STATES PROHIBITING DEBT ADJUSTING BUSINESS

Arkansas	**Missouri**	**Rhode Island**
Delaware	**New Jersey**	**South Carolina**
Florida	**New Mexico**	**Texas**
Georgia	**New York**	**Virginia**
Hawaii	**North Carolina**	**West Virginia**
Kansas	**Ohio**	**Wyoming**
Maine	**Oklahoma**	
Massachusetts	**Pennsylvania**	
	City of Baltimore	

STATES REGULATING DEBT ADJUSTING BUSINESS

California	**Iowa**	**Utah**
Colorado	**Michigan**	**Washington**
Connecticut	**Minnesota**	**Wisconsin**
Idaho	**Nebraska**	
Illinois	**Oregon**	

Interestingly enough, there is something that the debt adjusting people have very carefully refrained from mentioning in the Senate. They may mention it here today, but I question whether it will be in their prepared statements. That is that Rhode Island tried to regulate the business of debt adjusting. They enacted a law in April of 1962 regulating the business. Then by a law enacted May 1st, 1964, they have prohibited the business of debt adjusting in Rhode Island. I can surmise two reasons for that. Either they found that regulation