

The U.S. District Court for the District of Kansas found the state law prohibited the business of debt adjusting.

Mr. KNEIPP. That was a three-judge district court.

Mr. WHITENER. It refers to "budget planning."

Now, budget planning and debt adjustment are two entirely different things it seems to me. I may need a little assistance at times in planning how to use my meager income. Now, I may go to a banker or a minister, or any other friend and ask them to assist me in budget planning. It seems to me that is an entirely different thing from debt adjusting. He is trying to keep me out of debt through budget planning, isn't he?

Mr. KNEIPP. The *Ferguson* Case in 1963, Mr. Whitener, went straight to that point. I quote from page 3 of the split decision of the Supreme Court in the *Ferguson* case:

"Finding debt adjusting, called 'budget planning' in the Pennsylvania statute not to be against the public interest" and they go on discussing that Pennsylvania case. But in the Supreme Court in the *Ferguson* case they referred to budget planning as being tantamount to debt adjusting.

Mr. WHITENER. In other words, keeping you out of debt is the same as getting you out of debt.

Mr. KNEIPP. No, I don't think so, sir. I think budget planning within the meaning of the Pennsylvania statute is what we were referring to as debt adjusting here. This matter of the debt adjuster taking your paycheck to pay your debts and charging you a fee for it.

Mr. WHITENER. I wonder if the clerk could get the Pennsylvania case for us and make it a part of the record?

Mr. SISK. I think that is an excellent suggestion on the part of the gentleman from North Carolina.

Without objection, we will make that a part of the record.

(The case referred to appears on pp. 56-59.)

Mr. WHITENER. Mr. Kneipp, I note further from the Department of Labor publication that many of the states do exempt attorneys as this bill, H.R. 9806, would. Five of those states qualify the exemption by limiting it to the performance of debt pooling services, incident to the regular practice of law.

Now, do you think this qualification should be attached to your exemption of attorneys? Under your bill, as now written, it seems to me that I, as a member of the District of Columbia Bar, could open up a "debt adjusting service" and do the same things which you now say are bad, simply because I have a law license.

Mr. KNEIPP. Section 3 of the Broyhill bill provides that the bill shall not apply to those situations involving debt adjusting incurred incidentally in the lawful practice of law in the District of Columbia.

Mr. WHITENER. Subsection 3 of Section 1 says:

Partnership does not include a partnership, all the members of which are admitted to the bar of the United States District Court of the District of Columbia.

Mr. KNEIPP. If by that, sir, you mean that a partnership of lawyers were to engage in the debt adjusting business, not as incidental to the practice of law, I think the bill would prohibit it.