

Mr. KNEIPP. Mr. Whitener, I haven't really analyzed the type of operation that might be engaged in by a bank or title company under these circumstances. The business, in my view, is one where an individual turns over his paycheck and then has it parceled out among his debtors for a fee.

Now, whether a bank or a title company would be in this same position, I don't quite see how they would.

Mr. WHITENER. Perhaps we should hear from them or their association before we act finally. Have they been advised of our hearings?

Mr. SISK. I think the suggestion is a good one that at least they be given an opportunity to make a statement or to testify. I am not sure how long these hearings will be kept open.

Mr. WHITENER. Exemption (4) is employees of licensees when acting in the normal course of their employment. I suppose that is a licensee under the state law.

(5) Judicial officers or others acting pursuant to court order. We have already dealt with that.

(6) Non-profit religious, fraternal or cooperative organizations offering debt pooling services for their members. We haven't discussed that one. What do you think about an exemption where these organizations are limited to rendering this service for their members?

Mr. KNEIPP. I think that would be included within Section 3 of the Broyhill Bill.

Mr. WHITENER. Exemption (7) Employers offering debt pooling services exclusively for their employees.

Mr. KNEIPP. I think that would be a good addition; yes.

Mr. WHITENER. Now, I note further that the exemption of attorneys under the laws of several states is applicable only when the debt pooling occurs in the normal course of their practice, as we have discussed.

In Oregon, it is applicable to attorneys, who do not specialize in the business of debt pooling.

In Wisconsin it says there are no exemptions.

I think those are things we should consider. I think we might also point out to you and the other interested parties that Mr. Adams advises that his state legislature, in the State of Washington, has also recently enacted a regulatory statute which he has furnished us.

What type of situation did you have in mind when you were discussing the inability of the lender to counsel the type of debtor we are talking about the legality of the contract or the debt?

Mr. KNEIPP. For example, under the District of Columbia Motor Vehicle Installment Sales Act there is a requirement that contracts shall be fully filled out before they are signed by the buyer and the seller and that the notes that might be given be filled out.

Now if, for example, the buyer signs the contract in blank without all of the blanks having been filled in, this would be in violation of District law. It might come about, and I think it has in the past, that the amounts are changed after the papers have been executed by the buyer.

Now, this, to me, would be fraud. Then this would be fraud in the inception of the contract. It would be a real defense that the buyer would have against the seller. Yet he may not know this and the debt adjuster merely wants to know how much he owes. The man says, "Well, I owe the ABC Motor Company \$500," not knowing that the