

FERGUSON v SKRUPA

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372 US 726, 10 L ed 2d 93, 83 S Ct 1028, 95 ALR2d 1347

Mr. Justice Harlan concurs in the judgment on the ground that this state measure bears a rational relation to a constitutionally permissible objective. See *Williamson v Lee Optical of Okla., Inc.* 348 US 483, 491, 99 L ed 563, 574, 75 S Ct 461.

(The prepared statement of Mr. Rabinowitch follows:)

Congressman Sisk, Members of the Committee

My name is Morris Rabinowitch, of California, representing the American Association of Credit Counselors and speaking to the two bills, HR8929 and HR9806, which are now before this Committee.

It is my intention, on behalf of the members of the Association and affiliated members throughout the United States to clarify our position in the current discussions regarding credit counselling and financial management. Neither I nor the Association has nor do we at any time intend to defend, excuse or alibi for any abuses that may have occurred, whether it be in the District of Columbia or any other community. Our purpose in being here today is to request strict regulatory legislation and enforcement thereof in the field of credit counselling for the protection and benefit of the consumer.

While we in the field of credit counselling are no more anxious than any other business or service to have government regulation, we have long recognized the necessity for such regulation. We know that, acting as fiduciaries as we do, we must have regulation and enforcement beyond that which the industry itself can provide. It is for this reason that the American Association of Credit Counsellors has, openly, actively and continuously, worked for such legislation and the enforcement thereof.

As far back as the early 1950's, a number of us who had pioneered in the field became alarmed at certain abuses, of the kind that have been alleged in the District of Columbia. We recognized the need for fixed standards of professional conduct in the interest of the consumer and the creditor.

Although at the time we were well aware that adverse publicity would reflect on the innocent as well as the guilty, nevertheless, in strategic areas across the country, we set about to bring offences to light, to expose them to the glare of publicity, and to use the resultant publicity in our efforts to obtain regulatory legislation.

In Chicago, where abuses to consumers were extreme, Mr. Price Patton headed a campaign to unearth instances of malpractice, bring them to the attention of civic leaders and public officials and, eventually, to sponsor and finally obtain regulatory legislation in Illinois. We are proud that the administrative body of the State of Illinois adopted a code for acceptance or rejection of advertising which was developed by our Association, in conjunction with the Better Business Bureau of Chicago. In June of 1967, a survey made by the Illinois Advisory Board on Financial Planning showed not only that the results of financial counselling services were beneficial, but that in communities where no such service was in existence, it is actively needed and desired. Copies of this survey are here provided.

In the State of Oregon, prior to the enactment of regulatory legislation, there was a serious case of defalcation by one individual. Again, it was a member of the Association, Mr. Lewis Finney, who came forward to lead the fight for constructive legislation. Since the enactment of this legislation in the state of Oregon, we have been unable to find any instances of abuses in that state.

In Michigan, Mr. Morris Purdy, one of our senior members, together with others in the American Association of Credit Counsellors, was finally successful in his efforts to obtain regulatory legislation which has since worked effectively in the interest of the consumer.

I am very proud of the results we have had in California, where in 1957 legislation was enacted that has served as a model for other states. Since the enactment of this legislation, not one instance of malpractice has been proved in California. To substantiate this, I am providing copies of my wire to the California Better Business Bureaus in the major population centers and the replies thereto. I would like to point out the unanimity of the replies in stating that there have been no reports of abuses. I would also like to quote two paragraphs from one letter of reply which points up the difference regulation makes by