

alternatives are as inadequate and unsatisfactory a solution to the overall problem as the alternative of bankruptcy. (Parenthetically, I oppose those who counsel bankruptcy as cure-alls or as means of solving social problems. The stigma and economic consequences are too severe.) Consider attorneys' services. Apart from the few lawyers specializing in Chapter 13 proceedings, attorneys do not want to, and cannot afford to, perform debt management services. I doubt that you will find a lawyer who after handling one such case is willing to take on another.

As for the non-profit organizations, the industry welcomes them for the assistance they potentially can give to debtors. However, experience shows that for a number of reasons, they *cannot* and *do not* begin to service the needs or numbers of debtors, as we commercial counsellors can and do. Usually, they are either creditor-oriented or paternalistic. They are part of the credit establishment, financed and supported by creditors, frequently staffed by former credit managers, and subjected to creditor pressures. Therefore, they cannot and do not exist to represent the debtor's point of view. They choose the creditor's side.

Furthermore, most debtors are unaware of their existence. Frequently, the non-profit services are offered on a 9:00 to 5:00 basis with appointments often required days or weeks in advance. The occasional debtor who is actually aware of their existence, usually needs immediate assistance—and, even more significantly, he and his wife can ill afford time off from work to obtain assistance during such office hours. Cost comparisons which have been made further demonstrate that most non-profit agency costs are about the same to the debtor as those furnished by commercial debt counsellors. Perhaps that explains why commercial counsellors assist thousands, and non-profit agencies assist only hundreds or less in the many cities where they exist side-by-side and where direct comparisons can be made. *The charge* is made that commercial companies are driven out when non-profit services are established. *The facts* are otherwise—in Fort Wayne, Indianapolis, Des Moines, Bridgeport, Spokane, and the many cities of California, to mention only a few. The statement submitted to this Subcommittee by Price A. Patton, who runs the Chicago non-profit agency, offers the best evidence, and actual experience, of the inadequacy of reliance on non-profit counselling alone.

Professional debt counsellors ask only that the market place judge which service is preferred by the debtor—and which service better restores his pride. Our average client does not want welfare-type assistance. The therapy of a reasonable fee applies to chronic debtors as well as to others needing assistance.

Several Unfounded Charges

Let me briefly discuss other charges that are unfounded.

The charge—creditors do not go along with us. *The facts*—in my introduction to this business years ago as an auditor, I made bank reconciliation analyses of thousands of checks written each week. These indicated that all major creditors accepted payments. Cancelled checks from ten years of our history indicate less than 1/10% of our checks are refused. An analysis of 1,000 consecutively numbered checks recently issued from our Detroit office indicated that only one check out of the thousand was returned. We have submitted as an exhibit the detailed tabulation of 1,000 checks issued in February from our Washington office. This convincingly shows that none of the major creditors in this area refuse our checks.

No matter how extensive the opposition to our industry from creditors—and creditor opposition and pressures can be understood since we stand between them and the debtor—refusing payment is foreign to creditors and not in their own interest. In fact, antitrust consequences might attach to any such refusals. Moreover, if a creditor has been notified that a debtor needs counselling in order to properly support his family, it would be unconscionable for that creditor to destroy the very plan that is established to repay *all* debts. I might add that however silent creditors may be in the District on the question of support for commercial debt counselling, or vocal in their opposition, their many letters of endorsement in support of proposed regulation in states like Indiana indicate concrete approval of the usefulness of the role we play. After effective regulatory bills have been enacted in numerous states, they have even more readily recognized the benefits they receive from our services.

Another charge—we advertise that we prevent garnishments and wage assignments, when in fact we cannot. *The facts*—while it is obvious that we do not have the legal power to compel a creditor not to attach the wages of one of our