

I understand in answer to Mr. Jacobs your defense primarily goes to your company, I assume, and its practices; is that right?

Mr. HOLLAND. Yes, sir.

Mr. SISK. Do you have any comment to make on the fact that there are and have been abuses here in the District?

Mr. HOLLAND. I certainly do. Mr. Chairman, my feeling is and my experience has been that in the states where debt management is regulated, states like Michigan, your own home State of California, Illinois, Iowa, Connecticut, Washington State, that the abuses have disappeared because the licensing acts have required certain financial information to be submitted on all officers, that a certain financial responsibility be shown, a certain experience in the industry, certain bonding requirements, licensing requirements, audit by the agency at the cost of the licensee, and other items that have caused the industry to become one that is respected in these states.

It operates without the abuses. Michigan prior to the licensing act had abuses. At the same time, as I stated earlier, that the Federal Congress was having hearings in 1958, there were abuses in Michigan. They began to work on a bill. There was an outlawing bill proposed and there was a licensing bill proposed.

In Michigan they took the standpoint it would be harsh to outlaw business before giving it a chance to function under licensing. They licensed the business in Michigan and quite a few of the operators who are in the business prior to licensing did not apply for licensing.

Now there are not any abuses in Michigan. The same is true in California, as Mr. Rabinowitch testified yesterday. My feeling is that any abuse in any industry should be eliminated, not just debt management but any industry. I feel that the Congress here every day legislates businesses and controls businesses far more complex than debt management. I feel that once a licensing bill is passed here that those abuses will completely and totally disappear.

Mr. SISK. You operate in California?

Mr. HOLLAND. No, we do not.

Mr. SISK. You do not have any offices in California?

Mr. HOLLAND. No, we do not.

Mr. SISK. Do you operated any so-called mail operations?

Mr. HOLLAND. No, we do not.

Mr. SISK. Do you have any direct mail operations of any kind?

Mr. HOLLAND. We do on occasion send mail solicitation out. The local office here might send out a mail item to a client but we will never do it. For instance, it was mentioned yesterday there are outfits that had nothing but a mail-drop operation. This is not the case with us. We have had certain people that might have called in to our office and requested help at one time and in discussing their affairs with them we find that we really can't help them. We can give them some advice and they can handle their affairs themselves.

This does happen in quite a substantial number of cases. We follow that up in a month with a letter which I term a solicitation because it is a solicitation. "If you are having difficulty and we can help you, come and see us."

A mail operation such as was described, no.

Mr. SISK. Since you mentioned that and due to some comments yesterday, do you make any charge initially for a prospective client who comes in and you spend an hour or two with him?