

Mr. SISK. At any time have you had any problems in the regulated states? In other words, in those states where you operate and where they do have regulatory laws. Have there been any indictments of any of your companies?

Mr. HOLLAND. No, we have never been indicted in any state in which we have operated.

Mr. SISK. Have you ever been penalized or paid penalties?

Mr. HOLLAND. No, we have never paid any penalties for this.

Mr. SISK. With reference to the California law as to which you heard testimony on yesterday, would you class it as being induly restrictive or as being a fair regulatory law?

Have you made a study of, or are you familiar with, the California law?

Mr. HOLLAND. I am not as familiar as Mr. Rabinowitch who operates in California. In the industry we normally refer to the California statute and then the Illinois statute as the best. The best in the industry from the standpoint of being most restrictive and clearer on what should be done and what should not be done. Also, they do audit. I feel that the audit at the expense of the examinee is a very important part of any debt management act. In both of those states they do on a regular but unannounced basis audit their licensees.

Mr. SISK. In view of what you have said, do you favor a regulatory law? Do you feel that Congress should take any action with reference to the regulation of this particular type of industry in the District of Columbia?

Mr. HOLLAND. I feel that the Congress should pass a regulatory bill. To go further, I feel that had that bill been passed in 1963, when a bill quite similar to the one pending before this committee had been passed, that the alleged abuses—and I can not say there were probably real abuses—would not even be in existence today. We would not be sitting here now had the Congress passed that law back in 1963.

Mr. SISK. That leads me to ask why 22 states have passed bills prohibiting or outlawing the debt adjustment business? Why do you feel that these states felt is necessary to take that stringent action?

Mr. HOLLAND. In many of the states, and this is not from personal experience as much as from having researched it. In many of the states this was done in the mid-fifties where admittedly there were abuses. Instead of having a fair look taken at the industry at that point, the advocates of abolition were able to in effect hold the day.

We have found since that where any legislative body will take a fair look at the industry and will examine it from the standpoint of the creditor, debtor, and the members of the industry itself, that the only conclusion will be licensing.

I think it has been proven out this year in Iowa, in Connecticut, and in Washington State where regulatory bills were passed.

The trend now is toward a fair look at the industry and licensing as a result.

Mr. SISK. What is your attitude, Mr. Holland, toward the non-profit type of counseling? Yesterday, it was mentioned that a number of cities and communities across the country are getting into what in