

department can effect collection. Very few of the creditors, many of them do, but we have letters we could submit showing they will accept major creditors, creditors who are even greater in this nationwide operation than we are. Some of them have a policy that they will not in writing admit that they will accept the payment plan submitted by a debt adjuster. The basis of it is it is not the creditor's own self-interest to refuse payment.

First he has made a sale. Secondly, he would like to effect collection. Where we are offering him this collection on a regular basis, it would not be in his self-interest to turn it down and they do not turn it down.

Mr. SISK. That leads me to the next question. This has to do with some specific charges brought to my attention on which we desire some other information for the committee; namely, dealing with the fact that when, say I as an individual in trouble, go to you and you make a contract with me and I have say, twenty outstanding accounts here: what assurance can you give me that my creditors are going to cooperate and they are not going to zero in on me despite the fact that you have made an agreement?

What kind of a bond or what kind of insurance do I have when I turn my money over to you that that is going to protect me from direct action, lawsuits, repossession, et cetera?

What protection does this client have; does he have any protection?

This comes right down to some of the things that have happened here in the District. I am not charging your company with that directly in the field involved, but I am sure you are aware of the charges of this type.

What can you as a company give me as assurance for turning over to you the handling and payment of my debts?

Mr. HOLLAND. Mr. Sisk, may I read just one paragraph from my written statement that answers that question adequately?

Mr. SISK. Yes.

Mr. HOLLAND. I say here:

While it is obvious we do not have the legal power to compel a creditor not to attach the wages of one of our clients, the fact is that debt counselors have the ability to negotiate with creditors in such a way as to prevent them from taking that final step.

It is quite unusual for a creditor to use a wage assignment or garnishment when he has assurance that he will be receiving regular payments on behalf of the debtor. In over ten years of operation, I know of not a single case where garnishments and wage assignments were not avoided after opening an account, assuming regular payments were received.

What I am saying there is that our experience in over ten years, while we certainly do not have the legal power to prevent a creditor from, as you say, attacking the debtor, that in operation this has not been done. We do not know of a single case where it has been done.

Mr. SISK. There have been specific cases cited. I am not pointing to your company, but we do have some citations of specific cases where actually a person had committed himself or obligated himself with the debt adjustment company and the creditor refused to cooperate. Of course, this seemingly places the client in a very untenable position.