NATIONAL BETTER BUSINESS BUREAU, INC.,
OFFICE OF THE PRESIDENT,
New York, N.Y., September 18, 1967.

MR. DONALD J. TUBRIDY,
House District Committee,
Longworth House Office Building,
Washington, D.C.

DEAR MR. TUBRIDY: The National Better Business Bureau wishes to go on record as supporting the legislation now pending in the House of Representatives which would prohibit the business of debt adjusting in the District of Columbia except as an incident to the lawful practice of law or as an activity engaged in by a non-profit corporation or association.

The alternative, regulation of the debt adjusting business, would appear to lend dignity to the debt adjusters as "licensed" organizations while affording little real protection to the public.

The activities of debt adjusters have been known to the National Better Business Bureau for many years. Attached is a bulletin entitled "Debt Adjusters—Boon or Burden?" which was issued by the National Better Business Bureau in July, 1955. All of the information reaching the Bureau since the publication of that bulletin has tended to confirm the statements made and the conclusions reached in the bulletin. A subsequent release, issued in April, 1965, is also attached.

In many cases, having collected fees in advance, debt adjusters have gone out of business, leaving the debtor more impoverished than ever.

The debt adjuster is not in a position to render effective relief without the consent of the creditors. The files of local Better Business Bureaus are replete with examples where such consent has not been given and where the debtor's property has been seized or his salary attached.

The commercial debt adjuster must charge a fee for his services and this has the effect of simply adding another debt to the many already owed by the overburdened debtor.

In contrast are the non-profit family credit counseling services which are operating in more than 50 communities in the United States today with many more communities in the planning stages. These credit counseling services operate at a professional level and with a high degree of efficiency. They make no charge to the debtor for their services or a very nominal charge in some cases.

At its February, 1961 meeting, the Executive Council of the AFL–CIO went on record as stating that "The debt adjusting business, regulated or unregulated, is not economically or socially desirable as a commercial activity and should be eliminated."

Statutes outlawing the commercial debt pooling business have already been passed in 22 states as noted in the attached bulletin dated July, 1967.

As you will note from this bulletin, some states have sought to regulate this business. However, the National Better Business Bureau believes that regulation is not sufficient. The best course would seem to be the outright prohibition of a practice that seldom gives the promised relief and often victimizes the suffering debtor.

Sincerely yours,

K. B. WILLSON.

NATIONAL BETTER BUSINESS BUREAU,
DIVISION OF PUBLIC INFORMATION,
New York, N.Y.

SPOTLIGHT ON SCHEMES; A SPECIAL NEWS REPORT

Debt Adjusting—How To Add to Your Financial Woes

(By Kenneth B. Willson, President, National Better Business Bureau)

One of the cruelest deceptions played on the debt-ridden citizen has many aliases:

"Debt adjusting," "debt pooling," "debt liquidation," "budget planning," "prorating," "debt lumping."

They're all misnomers. More accurately, the name of the racket is "debt accumulation," and its chief victims are wage earners in the lower income brackets.