their expenses, nor do they know the proper percentage of their incomes which they can reasonably allot to such needs as food, shelter, clothing and transportation, much less how much they can afford to spend on non-essentials such as color television sets or trips to Hawaii.

What these people need is counseling to reestablish good financial habits, and I would like to present an example of what counseling can accomplish.

In May of this year, a 26 year old, single government girl earning $6,451 a year fell behind on her payments to the Navy Federal Credit Union. Subsequent conversation with the girl revealed that she owed a total of $4,346.34,—$2,269.22 of which was owed on a 1966 model sports car and $2,077.12 on miscellaneous bills to local department stores,—the credit captive of a major manufacturer, a bank and a credit union.

The girl had already contacted a debt adjustor and had forwarded him $158,—or nearly half a month's pay,—for disbursement to her creditors. Only $49 of the $158 was ever disbursed and no attempt whatsoever was made to assist the girl in handling her finances realistically. One of our counselors talked with the girl in the case history just cited. He helped her to set up a realistic budget, advised her to seek part-time employment and locate a roommate to share expenses, personally contacted her creditors, and made arrangements partial payments where necessary.

Currently, this individual has located a roommate to begin sharing expenses, is making regular payments on her debts, and expects to be debt-free by June 1968.

It is difficult to say what might have happened to the girl in the case history had she continued to patronize the debt adjustor and had she not been counseled. But I would doubt very much that she would ever have found herself in a position to meet her financial obligations. Counseling is a "must" in assisting the overburdened debtor, and debt adjustors do not counsel. Similar experiences were cited in the recent series in the Evening Star newspaper of Washington titled "Debtor Beware" (Exhibit 7).

Thirty-one other hardship cases handled in my office reflect the following results:

Original debts—prior to counseling	$263, 505. 56
Debt balances as of 8/1/67—after counseling through pro-rating	133, 357. 48
Amount of debt paid	$130, 148. 08
Percentage of original debt paid	49%
Cost to consumer for counseling service	0

V. SOLUTION

The problems of professional debt adjustors have been cited. It must be recognized there is an apparent need for counseling service, therefore, a replacement for the professional debt adjustor is necessary if the proposed legislation is passed.

If the consumers of this community are to be taught how to handle their finances, then a non-profit, consumer credit counseling service center should be established. And I might interject that other major metropolitan areas have already established such centers.

In other cities, centers now in operation are helping debtors in developing common sense plans for the orderly liquidation of debts and they are finding that *one-fourth of the people requesting assistance need only counseling—and not supervised pro-rating—to restore financial health.*

This fact is of major significance and I feel it should be most carefully considered by this committee.

I have tried to give you reasons why mere regulations of professional debt adjustors is not feasible. I have also tried to present the facts which have led me to conclude that debt adjustors must be eliminated in the District of Columbia.

I believe that financial counseling is the only way that overburdened debtors can be helped effectively and I would urge the local business community to give serious thought to the establishment of a community supported consumer credit counseling center.

Thank you.