consolidating firms in the Washington area which have been reviewed by the committee, I will not take the time to discuss the modus operandi of such firms. Let me just say that in our judgment their services are unnecessarily costly and often fail to solve the problem since reputable business firms do not usually care to deal with them.

According to Miss Ottenberg, 21 states, including neighboring Virginia and the City of Baltimore, prohibit the operation of debt consolidating firms. This is an increase of six states in the last nine years.

We are also informed that debt consolidating firms are prohibited in the Dominion of Canada. Since we understand there are twelve states which regulate such operations in some way, it is perfectly clear that the operation of debt consolidating firms has been a matter of national concern.

In our judgment there are other and far more dependable services available to those who are in debt. Banks, credit unions and small loan companies operating under state or Federal control can be helpful either in making cash loans to relieve pressures or counseling concerning debt settlement without charge. The Legal Aid Society is also available at no cost.

We recognize, however, that most of these agencies are not generally used by our low-income people. Therefore it seems perfectly clear that a free credit counseling service operated as a community agency should be established here as it has been in many other large cities of America.

In cooperation with District Government, we have joined with the D.C. Chamber of Commerce in a study of alleged exploitive practices by retailers. We are reviewing the possibility of the organizing of a free consumer education service, similar to services established in other cities. We have asked the Federal Trade Commission, District Government agencies, Better Business Bureau, Legal Aid Society and the Neighborhood Legal Services to give us evidence of overpricing, misrepresentation and bad credit practices in disadvantaged neighborhoods to determine what recommendations can be developed for lessening or eliminating such practices. The District Commissioners have already announced that they will initiate free consumer counseling service in the near future and this should include credit counseling.

It is therefore apparent that steps are under way to provide the kind of counseling services that are needed by people of modest means who are in debt and there would therefore seem to be no possible need for these commercial debt-adjusting operations.

That is the conclusion of his statement, Mr. Chairman.

Mr. SISK. Thank you, Mr. Coon, for the statement this morning.

As I understand your statement, there is a proposal to establish some type of counseling or consumer service here in the District; is that correct?

Mr. COON. Yes, sir.

Mr. SISK. How far along is that effort at this time?

Mr. COON. The District Commissioners have expressed their intent to do this. We are cooperating with them and the District of Columbia Chamber of Commerce by examining the evidences that we can get of these kinds of practices and trying to determine what the problems would be in the establishment of a service of this kind. We only just