

STATEMENT OF B. H. FELDMAN, PRESIDENT, BUDGET COUNSELORS, INC.

My name is B. H. Feldman, and I am President of Budget Counselors, Inc. in Washington, D.C. I requested this opportunity to submit a statement to this Subcommittee in order to express my views on the bill relating to the debt management business which you introduced, just as I had requested the opportunity to testify on a similar bill introduced in the House in 1958. I said then and I say now that there is a definite need for our type of service.

This industry performs a definite service to the debtor and the community. Unfortunately, there are many that do not know how to control their finances. I know that I am qualified to counsel these individuals because for many years I was in the consumer finance and small loan business. Therefore, I am fully acquainted with the facts.

I believe that as long as the business community overloads these poor people there must and should be someone to help them stand on their two feet and try to help them meet their obligations within their income instead of having them go from one loan company to another. In a number of cases, some of these people have gone to as many as six loan companies and four banking institutions and are forever "robbing Peter to pay Paul". As you know, interest, service charges and other hidden charges are added to these accounts. Therefore, the debtor gets further in debt. This finally leads to harassment, litigation and/or repossession. In my opinion, the debtor can not borrow his way out of debt.

I fight for the debtor. I analyze all of his debts (and in many cases, he is not even aware of the total), and analyze his income and expenses to determine how much he needs to meet his current expenses and how much he can use to liquidate his past indebtedness. I also counsel him as to how to manage his finances in the future. The debtor is apprised of the various interest and service charges included in his total debt. We then try to liquidate this type of debt as quickly as possible by a payment that the debtor can afford.

I have operated this business since 1955 and take pride in my many accomplishments on behalf of the debtor. I have letters from both customers and their creditors to substantiate this. The majority of the creditors not only don't object to my services, but are happy to cooperate because they now feel that the debtor realizes his obligations and has taken his first step to accomplish this. In contacting the creditor, we verify the balance, include a payment, and submit a proposed schedule of future payments. The creditors know of my reputation for fast and courteous service. The debtor also is advised as to his status periodically.

We specialize in helping Government and Military personnel stationed in the local area and all over the world. The many individuals who are transferred from place to place are in particular need of a service such as ours. The local debtors we help also need this service.

No doubt there have been abuses in our industry just as there have been abuses in other unregulated businesses. This should not justify outlawing my business. In the small loan industry and the savings and loan industry, there were many abuses and adverse publicity before they were regulated. But these industries were regulated and not prohibited. The most recent area trouble was in the Maryland savings and loan industry. If the Maryland companies had been regulated earlier, the many losses to the public would not have occurred. The same necessity for public trust and regulation applies to our business as well.

I think that much of the adverse publicity and opposition to debt counseling comes from the public not knowing the facts, and is created by creditor interests which are themselves adverse to the public interest.

I don't oppose the so-called non-profit organizations, but these associations don't reach enough of the public. If they are formed, they should not be exclusive. They lack the necessary funds to advertise to the public that they exist and to pay competent people to advise the debtor and take an interest in his problems. If these associations are creditor oriented, as they always seem to be, the possible abuses are even greater than the problems we now have. Beside the costs necessary to administer this type of association, which will be added to the businessmen's sale prices to the public, specific cases can be mishandled by passing on pertinent information to some of the creditors backing the organization.

I have an article, which appeared in the Washington Evening Star on May 7, 1958, stating that the hearing on that date before a House subcommittee, scheduled for 30 minutes broke up two hours later, and my integrity was unquestioned by the subcommittee. Rather than outlawing our business, the lawmakers were questioning the constitutionality of the legislation proposed to bar businesses