Mr. SISK. That concludes the list of witnesses.

Are there others in the room who desire to be heard on this subject at this time?

(No response.)

Mr. SISK. If not, without objection, we have for the record a series of letters and comments, first one from the American Federation of Labor and Congress of Industrial Organizations.

Without objection, their statement will be made a part of the record.

(The statement follows:)

STATEMENT OF F. H. MCGUIGAN, LEGISLATIVE REPRESENTATIVE, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

I am a Legislative Representative of the AFL–CIO. This statement is submitted on behalf of the AFL–CIO and the Greater Washington Central Labor Council.

Both organizations whole heartedly support H.R. 9806 introduced by Congressman Broyhill which if enacted will 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 "debt adjustment" or "debt pooling" commercial enterprises have proved in many cases to be an abusive scheme whereby the debtor has been deceived and overcharged.

The debt adjuster has frequently imposed a heavy economic burden on the already overloaded debtor. Frequently the debtor receives no effective relief because his property is seized or his salary attached notwithstanding the adjuster's announced plan to pro-rate his income among his creditors.

We are opposed to H.R. 8929 because even the best intentioned and most extensively regulated pro-rater is not in a position to render effective relief without the consent of the creditors. We are told that consent of the creditors to accept payments from commercial debt pooling firms in the District of Columbia is rarely obtained.

Moreover, budget planning, advice and guidance is available through the consumer counselling programs of the AFL–CIO Community Services Activities and other non-profit agencies and, in addition, overburdened debtors may obtain loans to consolidate debts thru credit unions and other credit agencies together with free budget counselling and advice.

Because the debt adjustment racket has hit especially hard at the working people of the country it has been a matter of particular concern to the AFL–CIO. At it's meeting in February 1961 the federation's Executive Council declared flatly "the debt adjusting business regulated or unregulated, is not economically or socially desirable as a commercial activity and should be eliminated.

As a result of the alarms sounded by labor and other organizations statutes outlawing the debt pooling business have passed in 21 states. They include, Arkansas, Delaware, Florida, George, Kansas, Maine, Massachusetts, Missouri, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Virginia, West Virginia, Texas and Wyoming. Baltimore city has also prohibited it.

Some states have regulated this business. However, most observers agree regulation is not sufficient and that the best course is to prohibit outright a practice that seldom gives the promised relief and often victimizes the suffering debtor.

We suggest that every member of this committee read "Debtor Beware" (copy attached) the 1967 reprint of a series of articles that appeared in the Washington Star which expose the "debt-consolidating" firms in the Washington area.

We further pledge our support to see that commercial debt pooling firms are outlawed in the District of Columbia.

Mr. SISK. Without objection, a letter from Credit Management Company of Des Moines, Iowa, signed by Mr. John Robb, Executive Manager, will be made a part of the record.

(The letter follows:)