

CREDIT MANAGEMENT COMPANY,
Des Moines, Iowa, August 9, 1967.

Hon. B. F. SISK,
House of Representatives,
Washington, D.C.

Less than a year ago the writer, as Chairman of the Finance Subcommittee for the Governor's Commission on Consumer Problems, held hearings in Des Moines in regard to the practices of some debt management or pro rating organizations. Frankly, I was shocked at some of the testimony given during this hearing, copies of which I am attaching to this letter.

As Executive Manager of a non profit debt organization, I was extremely concerned that the testimony that was given would besmirch the whole industry, because we who are working in the credit industry day after day know that these people have to have some place where they can go, and (1) secure advice about their problems; (2) If necessary, actually take over the management of the money of the people involved.

Debt management, when run legitimately and under close regulation, can be extremely beneficial to those who are having money management problems.

Our own organization is owned and controlled by the Consumer Credit Association of Des Moines, which too is a non profit organization, chartered for the betterment of credit conditions for both the debtor and the creditor. Handling some of these problem children is not as easy as it would seem on the surface, and the cost of administering the program runs fairly close to 11% per case, based on the theory that the subject will need a three year program to get out of difficulty.

Probably one of the most knowledgeable persons, at the present time, about some facets of debt management would be Perry B. Hall, Assistant Director, The National Study Service, San Anselmo, California. Mr. Hall delivered a lecture, just a short time ago in regard to debt management organizations, in which he stated that he found the so called free debt management organizations spent more time trying to raise funds to carry on their activity than they did in counselling individuals.

One of the most knowledgeable individuals in the field of debt management is an individual by the name of Price Patton of Chicago, Illinois. Mr. Patton has had about 20 years experience in the field of debt management and has handled both what could be referred to as a profit making organization, and a no charge organization.

I am enclosing a copy of the law which was passed here in the State of Iowa, and if you were to get such a law passed in the District of Columbia, I am sure you would find that the "fast buck boys" would leave for other climates.

One provision, which I felt, should have been included in this law, and which wasn't, was the one covering advertising. If the law had stated, that instead of the Banking Department checking out advertising, that "it is illegal to advertise" this would have put an end entirely to the type of operations, which apparently you are going to investigate very shortly.

It is regrettable, in this day and age, that a few unscrupulous individuals can cause so much difficulty for an industry (the Credit Industry as a whole), as to put our whole industry in a bad light.

Sincerely,

JOHN H. ROBB,
Executive Manager.

Mr. SISK. Also, we have a letter from Macomb Credit Adjustors of Mount Clemens, Michigan, signed by Mr. Irwin King. It will be made a part of the record.

(The letter follows:)

MACOMB CREDIT ADJUSTORS,
Mount Clemens, Mich., August 21, 1967.

Hon. B. F. SISK,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: I have just learned that you, as Chairman of Subcommittee #5 of the House District Committee, are preparing a call for hearings on Credit Counselling and Debt Adjusting to determine whether the Congress will be asked to regulate or prohibit professional credit counselling in the District of Columbia. It is the "regulate or prohibit" phrase that motivates this intrusion upon an already busy schedule. However, I am hopeful I will furnish some infor-