

premium to the party making the referral. Our Law in Michigan prohibits any such payment, but, this office made no such payment before the Law went into effect. We rely entirely upon reputation and service for referral. To do so demands we perform a needed service with a successful result. We are doing just that, and so are the majority.

As one final point on the subject of the necessity of this profession, let me quote from the Federal Reserve Bulletin, March 1967, page 347: "(during 1966)—personal bankruptcies kept rising at a rapid rate. The number filed increased by over 13,000 last year, and the total for the year was more than triple that of a decade ago. Bankruptcy is often thought of as a procedure used primarily by businesses, whereas in fact it is used far more often by individuals. Moreover, the nonbusiness share of total bankruptcies continues to grow. In 1956 it was 85 percent; last year it was 91 percent." It appears the need for professional assistance is growing and prohibition of the only service available to offset the disaster of bankruptcy should be avoided.

In "A Study of Debt Adjustment in Michigan" a doctoral thesis submitted January, 1959, to the University of Southern California, Dr. Bud R. Hutchinson, surveying operations of private debt adjusters in Michigan, found that many were doing a good job. Only a few firms were operating in a way to indicate the need for state regulation. He concluded: "Since debt adjustment, if done well, can make a valuable contribution to the rehabilitation of some debt-oppressed individuals and since debt adjustment, if unregulated, can work a hardship upon such individuals as well as others, regulation of this business is urgently recommended."

A regulatory, licensing law went into effect in Michigan, on January 1, 1962, and has since been considered by many as a "Model Regulation." My office, operating before the Law, found no difficulty operating under the Law. In fact, the ethical Counsellor prefers to operate under regulation. The majority of the unethical operators left the State when the Law went into effect, and are now operating in unregulated States.

Similar regulatory bills have been put in effect in other States, most recent being Connecticut and Nebraska and, it is my understanding, a judiciary committee in Rhode Island has just recommended passage of a bill in that State. The need is obvious throughout the Country, and legislators are rising to the occasion by providing a regulated and controlled process that will provide the answer to the problem.

Let me thank you for your time. I believe deeply in credit and debt counselling, because I work daily with those that need its services, and could go on for hours, but I know your time is valuable. Let me volunteer my personal services to supply you with facts or figures or any information you may feel you or your Committee could use to reach logical decision on this subject. I would be pleased and proud to furnish you with whatever information you may desire. I shall look forward to your request.

Again, thank you.

Sincerely,

ERWIN R. KING.

Mr. SISK. We have a letter to our colleague and a member of this committee, the Hon. Brock Adams from Washington State. The letter will be made a part of the record. Also, an enclosure which he has presented, which is the law adopted by the State of Washington, relating to debt adjusting. These will be made a part of the record.

(The letter and enclosure follow:)

BOGLE, GATES, DOBRIN, WAKEFIELD & LONG,
Seattle, September 12, 1967.

HON. BROCK ADAMS,
House of Representatives,
Cannon Office Building,
Washington, D.C.

DEAR MR. ADAMS: This letter will confirm our telephone conversation with you this afternoon. We advised you that we represent the Pacific Northwest Association of Credit Counselors, a trade association of firms which engage in the debt adjusting business in the Northwest. Our clients are greatly concerned about certain legislation now pending before the House Committee which deals with the affairs of the District of Columbia. As we understand it, this legislation would prohibit the debt adjusting business in the District. Because of the importance