New section. Sec. 21. The attorney general may accept an assurance of discontinuance of any act or practice deemed in violation of this act in the enforcement thereof from any person engaging in or who has engaged in such act or practice. Any such assurance shall be in writing and be filed with and subject to the approval of the superior court of the county in which the alleged violator resides or has his principal place of business, or in the alternative, in Thurston county. Failure to perform the terms of any such assurance shall constitute prima facie proof of a violation of this act for the purpose of securing any injunction as provided for in section 20 of this act: Provided, That after commencement of any action by a prosecuting attorney, as provided therein, the attorney general may not accept an assurance of discontinuance without the consent of said prosecuting attorney.

New section. Sec. 22. Any person who violates any injunction issued pursuant to this act shall forfeit and pay a civil penalty of not more than one thousand dollars. For the purpose of this section the superior court issuing any injunction shall retain jurisdiction, and the cause shall be continued, and in such cases the attorney general acting in the name of the state may petition for the recovery of civil penalties.

New section. Sec. 23. The provisions of this act shall not invalidate or make unlawful contracts between debt adjusters and debtors executed prior to the effective date of this act.

New section. Sec. 24. If any provision of this act, or its application to any person or circumstance, is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances, is not affected.

Mr. Sisk. The record will be kept open for at least a week or 10 days. There is some material that has been promised to the committee that will be made a part of the record. The record will be kept open for that purpose.

Rather than close the hearing at this time, the Chair is going to recess these hearings subject to the call of the Chair. With that statement, the committee stands adjourned.

(Whereupon, at 11:26 a.m., the subcommittee adjourned.)

(Subsequently, the following Addendum was received for the record from the Bureau of Labor Standards of the Department of Labor:)

ADDENDUM

Summary of State Laws Prohibiting or Regulating the Business of Debt Pooling

Received too late for inclusion in the text is an *Iowa* law, effective July 1, 1967, regulating the business of debt management, bringing to 13 the number of States with regulatory laws. Twenty-two States prohibit this business as does the City of Baltimore, Maryland, by ordinance.

Administration of the Iowa law is the responsibility of the Superintendent of Banking. The law requires an applicant who wishes to engage in the business to obtain a license for each office, renewable annually, at an initial cost of $50 and $100 for each renewal. An investigation fee of $100 is also required. Each application must be accompanied by a penal bond in the amount of $10,000 for each office. The Superintendent may require a larger bond, up to a maximum of $25,000.

The exemptions are similar to those found in most of the regulatory laws, as are the prohibited practices (see pages 8 and 11).

The maximum fee which a licensee may charge for his services is 12½ percent of any payment made by the debtor and distributed to his creditors. There must be a written contract, containing specified information, and the debtor must be furnished a completed copy. A licensee may not receive any fee unless he has the consent of at least 50 percent of the total number of the creditors listed in the licensee's contract with the debtor, or such a like number of creditors have accepted a distribution of payment. The debtor must be informed of the creditors who have not agreed to the licensee's handling of the debtor's account.

The licensee is required to furnish the debtor with a monthly written statement of disbursements made and fees deducted from his account. Funds received from the debtor are to be distributed to creditors within 30 days after receipt, except for the initial payment which may be remitted within 45 days. The