

Columbia Circuit Court, 1965; *United Securities Corporation v. Bruton*, 213 A. 2d, 892, District of Columbia Court of Appeals, 1965; *Russell v. Universal Acceptance Corporation*, 210 A. 2d, 834, District of Columbia Court of Appeals, 1965, and the recent case of *Oliver v. United Mortgage Company, Inc.*, 95 Daily Washington Law Reporter, 1297, August 7, 1967. So the evil exists here, and so far the courts have not taken a firm stand to protect the consumer. Many more cases must exist which, due to a lack of understanding or financial support, have not reached the courts or which may have been settled out of court through the efforts of Neighborhood Legal Service, Legal Aid Society, or various political and local organizations extending assistance to these persons of low income.

And certainly the high discount rates as exemplified in the case of *Oliver v. United Mortgage Company, Inc.*, 95 Daily Washington Law Reports 1297, August 7, 1967, where the person needing \$2,100 was required to make out a note for \$3,530, and there was a brokerage in it by an adjuster who received \$2,100, the adjuster taking \$430 for his pains and \$130 for his services. In other words, he discounted it for \$2,700, and yet the taker of that note, the ultimate purchaser was held to be the holder in due course.

And then there is *Financial Credit Corporation v. Williams*, 229 A. 2d 712, Maryland 1967, that I mentioned, the 80-percent discount.

These cases show that the evil does exist, not as to legitimate business but as to the doubtful fringe element.

It is clear that nothing in this legislation will harm legitimate business interests which have lived within the principles of the legislation. Such legislation will, however, force the dubious characters to change their worm holes.

There are many details in these bills that require, I submit, closer and further analysis. Unfortunately, we have not had enough time to do a thorough research job. It is our intention, especially of the law professors teaching in the District of Columbia, to undertake a section-by-section analysis of these bills, and this may require the submission of some added wording to these bills.

For example, what is the basis of the interest of an unpaid balance?

Is it the amount just paid or is it the amount outstanding when the installment due is paid?

Many of us have received notes or invoices or statements from concerns after we have paid off the total balance.

Of course, the legitimate business concern, usually, is prepared to give us credit notes to wipe out that so-called service charge and interest charge. Many are the times, I would think, that this would be, if it were shown up, a usurious interest charge. And then there is the recent Arkansas case which held that the finance charges and carrying charges were nothing more than interest rates, and, therefore, would be subject to the usury law. That case was entitled *Hare v. General Contract Purchase Corp.*, 249 SW. 2d 973, Arkansas 1952.

I doubt very much whether the courts in the District of Columbia would take such a progressive step or view.

In any event, what we would like to do is to offer our services to the committee, to assist in the drafting of some of these clauses that we feel are not very clear. 1.03 in S. 2589 is one such, because, as I read it, in effect, it would mean completely wiping out the Uniform Commer-