

Senator TYDINGS. I wonder if you would mind answering a few questions. With regard to the first point you made, namely, that S. 316 leaves everything pretty much up to the Council, and that my bill spells out certain added areas in which the public should be protected, do you think we should have a floor on protection for the public or leave it entirely up to the City Council?

Mr. WOLF. Perhaps, this is a reflection of what has been the situation with no city council. We think that this is an area that deals specifically with this community and that the Commissioner in this community, our Mayor, should be given that privilege, of making adjustments through legislation. We look at S. 316 as perhaps the guideline for it.

Senator TYDINGS. In the area of the holder-in-due-course doctrine, are you aware that the State of Massachusetts has had since 1961, a consumer protection system which, basically, has this same type of protection. So far as the holder-in-due-course doctrine is concerned, and where it has dealt with fraud, or the quality of the goods, there has been no great burden on the finance companies or the banks that buy the paper.

Mr. WOLF. I am not familiar with the Massachusetts law.

Senator TYDINGS. Do you have any knowledge of any specific industry which might be hurt by this particular language? Do you know of any finance companies that could not protect themselves?

Mr. WOLF. I am not exactly sure. In my own business, I know we deal with many companies that provide home furnishings to cross sections of the population in the Washington area. I know that many of them do finance their own sales. Whether it is only completely with recourse, I am not sure.

Senator TYDINGS. Do you think there is an added factor when you put a provision such as this one in the legislation that has the lender or the finance company really policing it; for the minute that they start getting bad jobs in repossession, they crack down on the salesmen or the retail installment sales people and say "Look here, we are not going to handle your paper if you do business like this. We do not want to be bothered." Do you not think that is a matter which is a protective factor to the public?

Mr. WOLF. I think it is. In respect to the legislation that is under consideration, on page 2, we point out that this does not affect, to a large percentage, the business community. We think perhaps it should be left as it is—that is, the law. However, I do think that it may disturb traditional business practices. I am not one who thinks that because they are traditional they are always right. I do not know how much study has gone into that, nor am I familiar with the effects you have described as occurring in Massachusetts.

Senator TYDINGS. You indicate that you feel that the finance charges might possibly be too low to enable the merchants to function. Are you aware that these are the finance charges in the State of New York and the State of California? And, further, that these two States together have almost 20 percent of the population?

Mr. WOLF. I am aware of it.

Senator TYDINGS. How can you make a statement that it would be too difficult for the businessman to function knowing that in the States of California and New York those interest rates are at that rate?