

STATEMENT OF LARRY SILVER

Mr. Chairman and Members of the Committee, I am Larry Silver, Deputy Director of Law Reform, Neighborhood Legal Services Project of the District of Columbia. I have been with the Neighborhood Legal Service Project since September, 1965 and I have worked in the community as a neighborhood attorney at 1343 H Street, N.E., our office #7, for over one year before joining the staff of our Law Reform unit. I am pleased to have this opportunity to present my views on S. 316, S. 2589, S. 2590, and S. 2592. Before discussing these bills, I wish to convey to you the regrets of our Director, Julian R. Dugas, who is unable to be here today and I wish also to convey to this committee his gratitude for being invited by this committee to testify on legislation now before it.

Today, I have with me four people who are anxious to tell you of their experiences in the District of Columbia consumer market place. We have brought with us written statements from other consumers, which I am submitting for the written record. Accompanying me also are two neighborhood lawyers with our program, Mr. Kirk White and Miss Maribeth Halloran, who have more specific comments regarding the legislation now pending before this subcommittee.

Before commenting on the bill, I would briefly like to tell you about our organization. We are one of the 299 legal services projects, funded by the Office of Economic Opportunity. NLSP is a semi-autonomous component of the United Planning Organization, the community action agency of the Washington, D.C. anti-poverty program. We have established nine neighborhood law offices in the low-income areas of Washington to deal with the legal problems of the poor in matters of consumer rights, welfare and veteran benefits, public and private housing, and juvenile and some criminal matters. Twenty-five staff attorneys work in these offices, dealing with the aforementioned problems. Approximately 16 of our caseload involves clients engaged in legal disputes with their creditors over the purchase of consumer goods and services.

I firmly support S. 2589, 2590, and 2591. Consumers, middle-income and poor in the District of Columbia are in trouble. They—particularly low-income buyers—are often forced to deal in a segment of the market place fraught with sharp, unconscionable, and fraudulent practices. These practices are found in every stage of the consumer transaction—from advertising and sales techniques, through the execution of contracts, and ending in the collection process.

The experiences you will hear related by the witnesses accompanying me and those described in the written statements are in many ways typical of those that could be told you by thousands of low-income consumer buyers in our metropolitan area. These are stories that expose the conditions facing the low-income consumer that exist today in the District of Columbia. Thus, these unconscionable and fraudulent practices impose financial hardship on the buyers who can least afford such hardship.

The advertising and sales practices of not all, but some, sellers and notably those doing a large segment of their business with the poor, are deliberately designed to catch the unwary and less sophisticated buyer. We often see in these techniques, deliberate attempts to prey on those who are most vulnerable. The home-improvement contractors who follow in the footsteps of housing inspectors and the loan-sharks who peddle loans to homeowners who are about to lose their homes by an extra-judicial foreclosure sale, are well-known examples of exploitative techniques. Home improvement contractors cater to the well-meaning motives of home owners in low-income areas to improve their property to make their homes look like Georgetown houses. Time and time again in the northeast area of the city I have seen homes with aluminum siding fronts and I wonder at the human tragedy which assuredly is associated with this effort at self improvement. These individuals, relying on the misrepresentations of ruthless agents of home improvement companies, some of which are now under investigation by the U.S. Attorney's office, have been duped into entering transactions which in most cases will result in the loss of their homes. The bait and switch sale is another example of predatory practice. This technique consists of an advertising lure touting fantastically appealing offers followed by an attempt to switch the baited buyer into making a more expensive purchase. The switch often takes place before the buyer recognizes it.

Other sellers induce purchases at exorbitant prices by painting glowing illusions that merchandise can be "earned" by referring friends to the same seller. One of the most frequent uses of this scheme has been in the sale of AM-FM intercom systems for homes. Here a representation was made that for each