

of the holder-in-due-course defense against fraud and faulty merchandise.

S. 316 makes the proposal that in order to avoid fraud and faulty merchandise a certificate of approval be secured on each installment contract; it makes certain that there is no fraud and no faulty merchandise. Do you feel that that is an effective way to protect the consumer against fraud or faulty merchandise?

Mr. McBRIER. We thought, at the time that we cooperated in the development of this, that it would be adequate. We have qualified our testimony to say that this may be fine, but we would like to study this to a greater extent. We are concerned that a number of the small merchants, in particular, are financing their credit, and we want to find out what the impact would be on them as well as on the consumer.

Senator TYDINGS. We have had substantial testimony here already of high-pressure, door-to-door salesman selling something to the average person which he does not realize he is buying; that is, what he is buying, and that he is signing a mortgage on his own home. And he will sign that, just like the installment contract, or anything else, when under pressure. And hence he loses the normal protection that would be afforded to an intelligent, educated buyer.

Mr. McBRIER. We think that this is very influencing to us, too. We are just asking permission to take more time on the question.

Senator TYDINGS. I think the final area where you expressed concern is that of the top interest rate. As I gathered, you feel that our top level, which would be \$10 per \$100 per annum, or 20 percent, should be raised to \$12 per \$100 per annum or 24 percent; and, as to the unpaid balance, the unpaid balance over \$1,000 could be at the rate of 15 to 20 percent, or from \$8 to \$10 per \$100.

Mr. McBRIER. We would propose this in full recognition that this is a maximum ceiling. We have many retailers today charging less than even what you propose. We also have a condition, however, where many stores are not recovering their costs.

Senator TYDINGS. You said you had some surveys on this?

Mr. McBRIER. We do have some surveys.

Senator TYDINGS. I wonder if we could have them, because they would be helpful.

Mr. McBRIER. We are prepared to make them available.

The surveys cover the cost of credit as it is related to installment contracts as well as revolving credit.

Senator TYDINGS. I wonder if you could give us the names contained in that survey, so that, if we are going to change the interest rate, we would like to have testimony on the record to show that a given concern could not compete at that rate without losing money.

Mr. McBRIER. We can make available specific names of the stores that participated.

Senator TYDINGS. That would be most helpful.

Let me say, Mr. McBrier, that I appreciate your testimony, and also appreciate Mr. Holland being here.

Your testimony has been helpful, and we appreciate your fine statement.

Mr. McBRIER. The stores represented by the board of trade are very anxious to cooperate with your committee.