

Senator TYDINGS. Thank you.

One more question along the line of your last comment.

In Mr. Dixon's testimony he indicated that a large percentage of the so-called low-income retailers sell mostly exclusively on the basis of credit.

Now, in a situation like that, particularly where they use the door-to-door salesmen, who high pressures the poor buyer or consumer, how are you going to determine the so-called cash sales price in order to advise the consumer of the difference, particularly when you have almost exclusively an installment sales operation?

Mr. WILLIER. Well, the only way I could—Of course, for the individual consumer who is hooked, I am not sure there is much you can do. And as far as his private rights, this is a very hard matter.

As far as public administration, I think it is somewhat easier, and I think that even on credit terms if I were to try to get evidence, I would talk to the person in terms of a potential downpayment if he is strictly a credit seller. I do not know. They are very suspicious, we found. We were not able to get very far simply because it did not take them long to realize we were up to something, and it is very hard to get evidence from these people.

Senator TYDINGS. You are up to no good when you are protecting the consumer?

Mr. WILLIER. In their terms.

Senator TYDINGS. One point that has come up—a criticism, and it may or may not be valid. One of the provisions we are considering would require the merchant to make a choice as to whether he would repossess the merchandise sold on installment sales and not seek other recourse in the event repossession was not sufficient, or allow the purchaser to keep the item and just seek his ordinary recourse through the courts. We have had some strong criticism that this is unfair and really discriminates against the seller, and the seller ought to be able to take either or take both.

Mr. WILLIER. Well, I would say two things to that, Senator. Again, the proposed uniform consumer credit program in its last and probably final draft takes the same position you do.

Senator TYDINGS. It does?

Mr. WILLIER. Yes.

Senator TYDINGS. This is in the proposal to go before the Commissioners next year?

Mr. WILLIER. Yes. In Massachusetts, we compromised, and I suppose it is not only a matter of economics; it is also a matter of something to do with the matter of tactics which has become reprehensible. It is not just a matter of what is fair entirely in terms of economic return. To be quite honest, you have to have some sort of built-in mechanism to let the creditor think twice.

And what we have done, if he repossesses, we have denied him a judgment for the finance charge for the time period that follows the default.

Now, this is a small penalty. It is a compromise penalty. But in the usual case, absent a statute to that effect, he can recover the entire finance charge, accelerate, collect his fees. In fact, the debtor owes a