

tion of this type, most of the abuses that characterize the home improvement industry, or for that matter any consumer installment type of lending, cause a reaction the other way. Whenever you have what I call a legislative void or vacuum it induces the marginal operators as a concomitant. There are abuses.

The finance companies go to a great deal of expense in trying to police this and are generally not too effective at doing it.

So, in that vicinity, any company which has had the length and breadth of experience that Atlas has had welcomes this kind of legislation so long as the legislation that replaces that void doesn't go to the other extreme. I think in some of the jurisdictions that have focused on this problem there has been a tendency to over-regulate without producing the desired effect. I would be hopeful that some of the burdens that you, or as you said, the burdens of your bill, would produce the desired effects. I think there might be some simpler ways, as I said before, to achieve the same practical ends. I think a provision that would make it incumbent upon the finance company to do the kind of checking that I have said we do, would be much more effective.

Completion certificates, experience has told us that these can be obtained by fraud. The people don't know what they are signing. Or, they can also be disavowed when they were signed in good faith by the people, the cooling off period in which the individual consumer has time to reflect over what has happened to him or what he has done, they are good so long as after those cooling off periods no defenses would be available.

I think at some point in time, after the consumer has been protected to the satisfaction of the legislators whose interest they have at heart, there ought to be a defense, a stop or a bar to any and all defenses, because the finance companies, and I am not characterizing them as the poor victimized finance companies, do have a considerable practical problem.

It is expensive to try to collect when people don't want to pay for reasons that are either real or imagined, and I would be very unhappy to see the finance industry come to the conclusion that it is no longer profitable to purchase this type of receivables.

I think there is a real need for finance companies throughout the country, so long as the rates that are available to them are realistic so that they can collect and take their losses just like the insurance companies do on the basis of a spread of risks, service the debt which they buy—

Senator TYDINGS. Do you have anything specific on any of these bills?

Mr. BLUMENFELD. Yes. As I mentioned before, I don't like the provision of mandatory statements. The cost—

Senator TYDINGS. Anything other than that?

Mr. BLUMENFELD. No; nothing other than that. I think the bills are a fine job so far as I am concerned, and I am pleased that they are now forthcoming.

Senator TYDINGS. Well, thank you very much, Mr. Blumenfeld. We appreciate your being with us.

We will stand in recess until 10 o'clock tomorrow.

(Thereupon, at 12:40 p.m., the hearing was recessed, to be reconvened Thursday, February 1, 1968, at 10 a.m.)