APPENDIX TABLE B.—VALUE OF UNASSIGNED INSTALLMENT CONTRACTS OF DISTRICT OF COLUMBIA GENERAL MARKET RETAILERS, DISTRIBUTED BY EFFECTIVE ANNUAL RATE OF FINANCE CHARGE

[Dollar amounts in thousands]

Effective annual rate of finance charge (percent)	Value of unassigned contracts at each effective annual rate for—							
	Appliance retailers		Furniture retailers		Department stores		Combination of all general market retailers	
	Value of contracts	Percent of total	Value of contracts	Percent of total	Value of contracts	Percent of total	Value of contracts	Percent of total
24	$6	4.2					$6	(1)
22			$36	0.8			36	0.1
20					$16,872	89.4	16,872	71.6
18	137	95.8	36	.8			173	.7
17			3,206	70.4			3,206	13.6
16			77	1.7			77	.4
15			1,199	26.3	2,009	10.6	3,208	13.6
Total	143	100.0	4,554	100.0	18,881	100.0	23,578	100.0

1 Less than 0.1 percent.
Source: FTC survey.

MARCH 28, 1968.

Hon. ALAN BIBLE,
Chairman, Committee on the District of Columbia,
U.S. Senate, Washington, D.C.

DEAR SENATOR BIBLE: By separate letters dated December 4, 1967, the District of Columbia government reported on S. 2589, 90th Congress, a bill to provide for the regulation in the District of Columbia of retail installment sales of consumer goods (other than motor vehicles) and services, and for other purposes, and on S. 2590, 90th Congress, a bill to provide maximum finance and other charges in connection with retail installment credit sales in the District of Columbia.

The report relating to S. 2589 noted that one provision of the bill, that dealing with the doctrine of holder in due course, would be the subject of a supplemental statement. Similarly, the report on S. 2590 also noted that supplemental views would be submitted with respect to provisions relating to maximum finance charges in retail installment contracts.

The Subcommittee on Business and Commerce, under the chairmanship of Senator Joseph D. Tydings, has in the meantime held extensive and thorough hearings on these and related hills. The testimony of witnesses representing a broad cross section of commercial and consumer interests in the community has illuminated the many problems and practices prevalent in the area. These hearings have vividly and emphatically underscored the need for consumer protection legislation in the District of Columbia.

In the light of testimony at the hearings the District government has given further consideration to the provision of S. 2589 relating to the doctrine of holder in due course. It is apparent from such testimony that many consumer abuses flow from the unethical practices of some retail installment sellers who are able to exploit unwary purchasers—primarily the poor who are least able to afford such exploitation—by relying on the negotiation of retail installment instruments to third parties who are protected from the defenses that the buyer could otherwise make. The government of the District of Columbia therefore favors legislation that would eliminate the effect of the holder-in-due-course doctrine in retail installment transactions and thereby prevent the unscrupulous practices that have developed. Accordingly, we would favor the enactment of the holder-in-due-course provision contained in S. 2589.

With respect to provisions in S. 2590 relating to maximum finance charges in retail installment transactions, the testimony of witnesses before the subcommittee indicated the need for a more flexible approach to the regulation of such finance charges, principally from the point of view of changing conditions and need for thorough study of costs in this particular market. In view of the desirability of a more flexible bill, the government of the District of Columbia prefers enactment of a measure that would enable the District of Columbia Council to, by regulation, establish maximum finance charges.

Sincerely yours,

WALTER E. WASHINGTON,
Commissioner.