

S. 2755

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 1960

Mr. DOUGLAS (for himself, Mr. MONRONEY, Mr. LONG of Louisiana, Mr. PROX-
MIRE, Mr. ENGLE, Mr. NEUBERGER, Mr. MORSE, Mr. BUSH, Mr. HUMPHREY,
Mr. MUSKIE, Mr. YARBOROUGH, Mr. CLARK, Mr. LONG of Hawaii, Mr.
GRUENING, Mr. MOSS, Mr. CHURCH, Mr. JACKSON, and Mr. KEFAUVER)
introduced the following bill; which was read twice and referred to the
Committee on Banking and Currency

A BILL

To assist in the promotion of economic stabilization by re-
quiring the disclosure of finance charges in connection with
extensions of credit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Congress finds and declares that economic stabiliza-
4 tion is threatened when credit is used excessively for the
5 acquisition of property and services. The excessive use of
6 credit results frequently from a lack of awareness of the
7 cost thereof to the user. It is the purpose of this Act to
8 assure a full disclosure of such cost with a view to preventing

1 the uninformed use of credit to the detriment of the national
2 economy.

3 SEC. 2. As used in this Act, the term—

4 (1) "Credit" means any loan, residential mortgage,
5 deed of trust, advance, or discount; any conditional sales con-
6 tract; any contract to sell, or sale, or contract of sale of
7 property or services, either for present or future delivery,
8 under which part or all of the price is payable subsequent to
9 the making of such sale or contract; any rental-purchase
10 contract; any contract or arrangement for the hire, bailment,
11 or leasing of property; any option, demand, lien, pledge, or
12 other claim against, or for the delivery of, property or
13 money; any purchase, discount, or other acquisition of, or
14 any credit upon the security of, any obligation or claim aris-
15 ing out of any of the foregoing; and any transaction or series
16 of transactions having a similar purpose or effect.

17 (2) "Finance charges" includes charges such as inter-
18 est, fees, service charges, discounts, and such other charges
19 as the Board of Governors of the Federal Reserve System
20 may by regulation prescribe.

21 (3) "Person" means any individual, partnership, asso-
22 ciation, business trust, corporation, or unincorporated organi-
23 zation.

24 SEC. 3. Any person engaged in the business of extend-

1 ing credit shall furnish to each person to whom such credit
2 is extended, prior to the consummation of the transaction, a
3 clear statement in writing, in accordance with rules and
4 regulations which the Board of Governors of the Federal
5 Reserve System shall prescribe. (1) setting forth the total
6 amount of the finance charges to be borne by such person in
7 connection with such extension of credit, and (2) stating
8 the percentage that such amount bears to the outstanding
9 principal obligation, or unpaid balance, expressed in terms
10 of simple annual interest.

11 SEC. 4. Any regulation under this Act may be estab-
12 lished in such form and manner, may contain such classifica-
13 tions and differentiations, and may provide for such adjust-
14 ments and exceptions as in the judgment of the Board of
15 Governors of the Federal Reserve System are necessary or
16 proper to effectuate the purposes of this Act or to prevent
17 circumvention or evasion, or to facilitate enforcement of this
18 Act, or any rule or regulation issued under this Act. In
19 prescribing any exceptions hereunder with respect to any
20 particular type of credit transaction the Board shall consider
21 whether in the case of such transaction substantial compli-
22 ance with the disclosure requirements of this Act is being
23 achieved under any other Act of Congress or the law of any
24 State. The Board shall also exempt those credit transac-

1 tions between business firms as to which it determines ad-
2 herence with the disclosure requirements of this Act is not
3 necessary to carry out the purpose of this Act.

4 SEC. 5. No person shall extend credit in contravention of
5 this Act or of any regulation prescribed thereunder.

6 SEC. 6. Any person who willfully violates any provision
7 of this Act or any rule or regulation issued thereunder shall
8 be fined not more than \$5,000 or imprisoned not more than
9 one year, or both.