

Union Calendar No. 403

90TH CONGRESS
1ST SESSION

H. R. 11601

[Report No. 1040]

IN THE HOUSE OF REPRESENTATIVES

JULY 20, 1967

Mrs. SULLIVAN (for herself, Mr. GONZALEZ, Mr. MINISH, Mr. ANNUNZIO, Mr. BINGHAM, and Mr. HALPERN) introduced the following bill; which was referred to the Committee on Banking and Currency

DECEMBER 13, 1967

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in *italic*]

A BILL

To safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by establishing maximum rates of finance charges in credit transactions; by authorizing the Board of Governors of the Federal Reserve System to issue regulations dealing with the excessive use of credit for the purpose of trading in commodity futures contracts affecting consumer prices; by establishing machinery for the use during periods of national emergency of temporary controls over credit to prevent inflationary spirals; by prohibiting the garnishment of wages; by creating the National Commission on Consumer Finance to study and make recommendations on the need

for further regulation of the consumer finance industry; and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. This Act may be cited as the "Consumer
4 Credit Protection Act".

5 TITLE I—CREDIT TRANSACTIONS

6 SEC. 101. (a) The Federal Reserve Act is amended
7 by striking the first ~~section~~ sentence and inserting:

8 "TITLE I—THE FEDERAL RESERVE SYSTEM

9 "SECTION 1. SHORT TITLE AND DEFINITIONS

10 "~~SECTION 1.~~ This title may be cited as the Federal
11 Reserve Act."

12 (b) Title I of the Federal Reserve Act is amended by
13 changing "Act", wherever that word is used with reference
14 to title I of the Federal Reserve Act (as so designated by
15 subsection (a) of this section) to read "title".

16 (c) The Federal Reserve Act is amended by adding
17 at the end:

18 "TITLE II—CREDIT TRANSACTIONS

19 "DECLARATION OF PURPOSE

20 "SEC. 201. ~~(a)~~ The Congress finds that economic
21 stabilization would be enhanced and that competition among
22 the various financial institutions and other firms engaged in

1 the extension of consumer credit would be strengthened by
2 the informed use of credit. Significant segments of the popu-
3 lation are misled by the manner in which the terms and con-
4 ditions of credit are offered and contracted for, as well as by
5 advertising in or affecting commerce, which fail adequately
6 to disclose the credit terms offered to buyers in making pur-
7 chases, or obtaining loans, payable in installments or offered
8 under open end credit plans. Such failure of adequate dis-
9 closure tends to increase the uninformed and untimely use of
10 credit by the public, thereby adversely affecting economic
11 stabilization, increasing inflationary pressures, and decreas-
12 ing the stability of the value of our currency. The informed
13 use of credit results from an awareness of the cost thereof by
14 consumers. It is the purpose of this title to assure a mean-
15 ingful disclosure of credit terms so that the consumer will
16 be able to compare more readily the various credit terms
17 available to him and avoid the uninformed use of credit.

18 “(b) Congress further finds that the stabilization of
19 consumer prices would be enhanced by the regulation of
20 speculation in, and the excessive use of credit for, the crea-
21 tion, carrying or trading in commodity futures contracts, as
22 well as the establishment of standby authority for the emer-
23 gency control of consumer credit.

1 "DEFINITIONS

2 "SEC. 202. For the purposes of this title

3 "(a) 'Board' means the Board of Governors of the Fed-
4 eral Reserve System.5 "(b) 'credit' means the right granted by a creditor to
6 a person other than an organization to defer payment of
7 debt or to incur debt and defer its payment, where the debt
8 is contracted by the obligor primarily for personal, family,
9 household, or agricultural purposes. The term does not in-
10 clude any contract in the form of a bailment or lease except
11 to the extent specifically included within the term 'consumer
12 credit sale'.13 "(c) 'consumer credit sale' means a transaction in which
14 credit is granted by a seller in connection with the sale of
15 goods or services, if such seller regularly engages in credit
16 transactions as a seller, and such goods or services are pur-
17 chased primarily for a personal, family, household, or agri-
18 cultural purpose. The term does not include any contract in
19 the form of a bailment or lease unless the obligor contracts to
20 pay as compensation for use a sum substantially equivalent to
21 or in excess of the value of the goods or services involved,
22 and unless it is agreed that the obligor is bound to become, or
23 for no other or a merely nominal consideration has the op-
24 tion of becoming, the owner of the goods upon full compli-
25 ance with the provisions of the contract.

1 “(d) ‘finance charge’ means the sum of all the *manda-*
2 *tory* charges imposed directly or indirectly by a creditor,
3 and payable directly or indirectly by an obligor, as an inci-
4 dent to the extension of credit, including loan fees, service
5 and carrying charges, discounts, interest, time price differ-
6 entials, investigators’ fees, costs of any guarantee or insur-
7 ance protecting the creditor against the obligor’s default or
8 other credit loss, and any amount payable under a point,
9 discount, or other system of additional charges, except that

10 “(1) if itemized and disclosed under section 203,
11 the term ‘finance charge’ does not include amounts col-
12 lected by a creditor, or included in the credit, for

13 “(A) fees and charges prescribed by law which
14 actually are or will be paid to public officials for
15 determining the existence of or for perfecting or
16 releasing or satisfying any security related to a credit
17 transaction, *or the premium, not in excess of those*
18 *fees and charges, payable for any insurance in*
19 *lieu of perfecting the security; or*

20 “(B) taxes; and

21 “(2) where credit is secured in whole or in part by
22 an interest in real property, the term does not include,
23 in addition to the duly itemized and disclosed costs
24 referred to in clauses (A) and (B) of paragraph (1),
25 the costs of

1 “(A) title examination, title insurance, or cor-
2 responding procedures;

3 “(B) preparation of the deed, settlement state-
4 ment, or other documents;

5 “(C) escrows for future payments of taxes and
6 insurance;

7 “(D) notarizing the deed and other documents;

8 “(E) appraisal fees; or

9 “(F) credit reports.

10 “(e) ‘creditor’ means any individual, or any partner-
11 ship, corporation, association, cooperative, or other entity,
12 including the United States or any agency or instrumentality
13 thereof, or any other government or political subdivision or
14 agency or instrumentality thereof, if such individual or en-
15 tity regularly engages in credit transactions, whether in con-
16 nection with the sale of goods and services or otherwise, and
17 extends credit for which the payment of a finance charge is
18 required.

19 “(f) (1) ‘annual percentage rate’ means, for the pur-
20 poses of sections ~~203(b)~~ and ~~203(e)~~, 203(b), 203(c), and
21 203(d), the nominal annual rate determined by the actuarial
22 method (United States rule). ~~For purposes of this calcula-~~
23 ~~tion it may be assumed that:~~

24 “(A) The total time for repayment of the total

1 amount to be financed is the time from the date of the
2 transaction to the date of the final scheduled payment.

3 “(B) All payments are equal if every scheduled
4 payment in the series of payments is equal except one
5 which may not be more than double any other scheduled
6 payment in the series.

7 “(C) All payments are scheduled at equal inter-
8 vals, if all payments are so scheduled except the first
9 payment which may be scheduled to be paid before, on,
10 or after one period from the date of the transaction. A
11 period of time equal to one-half or more of a payment
12 period may be considered one full period.

13 “(2) The Board may prescribe methods other than the
14 actuarial method, if the Board determines that the use of
15 such other methods will materially simplify computation
16 while retaining reasonable accuracy as compared with the
17 rate determined under the actuarial method.

18 “(3) For the purposes of section 203 (d), the term
19 ‘equivalent annual percentage rate’ means the rate or rates
20 computed by multiplying the rate or rates used to compute
21 the finance charge for any period by the number of periods
22 in a year.

23 “(4) Where a creditor imposes the same finance charge

1 for all balances within a specified range, the annual percent-
2 age rate or equivalent annual percentage rate shall be com-
3 puted on the median balance within the range for the pur-
4 poses of sections 203 (b), 203 (c), and 203 (d).

5 “(g) ‘open end credit plan’ means a plan prescribing
6 the terms of credit transactions which may be made there-
7 under from time to time and under the terms of which a
8 finance charge may be computed on the outstanding unpaid
9 balance from time to time thereunder.

10 “(h) ‘installment open end credit plan’ means an open
11 end credit plan which has one or more of the following
12 characteristics: (1) creates a security interest in, or provides
13 for a lien on, or retention of title to, any property (whether
14 real or personal, tangible or intangible), (2) provides for a
15 repayment schedule pursuant to which less than 60 per
16 centum of the unpaid balance at any time outstanding under
17 the plan is required to be paid within twelve months, or (3)
18 provides that amounts in excess of required payments under
19 the repayment schedule are applied to future payments in the
20 order of their respective due dates.

21 “(h i) ‘organization’ means a corporation, government
22 or governmental subdivision or agency, business or other
23 trust, estate, partnership, or association.

24 “(i) ‘advertisement in interstate commerce or affecting
25 interstate commerce’ includes, but is not limited to,

1 ~~“(1) the advertising of goods, services, loans, or~~
2 ~~open end credit plans through any means or instru-~~
3 ~~mentality of interstate commerce; and~~

4 ~~“(2) the advertising~~

5 ~~“(A) of any goods which are made in whole~~
6 ~~or in part of any item which has been shipped and~~
7 ~~received in interstate commerce,~~

8 ~~“(B) of any service which is to be performed~~
9 ~~using any item which was shipped and received in~~
10 ~~interstate commerce, or~~

11 ~~“(C) of any loan or of any extension of credit~~
12 ~~under an open end credit plan which is to be made~~
13 ~~in whole or in part in interstate commerce.~~

14 “(j) ‘State’ means any State, the Commonwealth of
15 Puerto Rico, or the District of Columbia.

16 “DISCLOSURE OF FINANCE CHARGES; ADVERTISING

17 “SEC. 203. (a) Each creditor shall furnish to each per-
18 son to whom credit is extended and upon whom a finance
19 charge is or may be imposed the information required by
20 this section, in accordance with regulations prescribed by the
21 Board.

22 “(b) This subsection applies to consumer credit sales
23 other than sales under an open end credit plan. For each
24 such sale the creditor shall disclose, to the extent applicable,

1 “(1) the cash price of the property or service pur-
2 chased;

3 “(2) the sum of any amounts credited as down-
4 payment (including any trade-in) ;

5 “(3) the difference between the amounts set forth
6 in paragraphs (1) and (2) ;

7 “(4) all other charges, individually itemized, which
8 are included in the amount of the credit extended but
9 which are not part of the finance charge ;

10 “(5) the total amount to be financed (the sum of
11 the amounts disclosed under (3) and (4) above) ;

12 “(6) the amount of the finance charge (such charge,
13 or a portion of such charge, may be designated as a
14 time-price differential or as a similar term to the extent
15 applicable) ;

16 “(7) the finance charge expressed as an annual
17 percentage rate, *unless the finance charge does not exceed*
18 *\$10, and in ascertaining the applicability of this para-*
19 *graph, a creditor may not divide a consumer credit sale*
20 *into two or more sales to avoid the disclosure of an an-*
21 *ual percentage rate pursuant to this paragraph ;*

22 “(8) the number, amount, and due dates or periods
23 of payments scheduled to repay the indebtedness; and

24 “(9) the default, delinquency, or similar charges
25 payable in the event of late payments.

1 Except as otherwise hereinafter provided, the disclosure re-
2 quired by this subsection shall be made before the credit is
3 extended. Compliance may be attained by disclosing such in-
4 formation in the contract or other evidence of indebtedness to
5 be signed by the obligor. Where a seller receives a purchase
6 order by mail or telephone without personal solicitation by a
7 representative of the seller and the cash price and deferred
8 payment price and the terms of financing, including the an-
9 nual percentage rate, are set forth in the seller's catalog or
10 other printed material distributed to the public, the disclosure
11 shall be made on or before the date the first payment is due.

12 “(e) This subsection applies to extensions of credit
13 other than consumer credit sales or transactions under an
14 open end credit plan. Any creditor making a loan or other-
15 wise extending credit under this subsection shall disclose, to
16 the extent applicable,

17 “(1) the amount of credit of which the obligor will
18 have the actual use, or which is or will be paid to him or
19 for his account or to another person on his behalf;

20 “(2) all charges, individually itemized, which are
21 included in the amount of the credit extended but which
22 are not part of the finance charge;

23 “(3) the total amount to be financed (the sum of
24 items (1) and (2) above);

25 “(4) the amount of the finance charge;

1 “(5) the finance charge expressed as an annual per-
2 centage rate, *unless the finance charge does not exceed*
3 *\$10, and in ascertaining the applicability of this para-*
4 *graph, a creditor may not divide an extension of credit*
5 *into two or more transactions to avoid the disclosure of an*
6 *annual percentage rate pursuant to this paragraph;*

7 “(6) the number, amount, and due dates or periods
8 of payments scheduled to repay the indebtedness; and

9 “(7) the default, delinquency, or similar charges
10 payable in the event of late payments.

11 Except as otherwise hereinafter provided, the disclosure re-
12 quired by this subsection shall be made before the credit is
13 extended. Compliance may be attained by disclosing such in-
14 formation in the note or other evidence of indebtedness to be
15 signed by the obligor. Where a creditor receives a request for
16 an extension of credit by mail or telephone without personal
17 solicitation by a representative of the creditor and the terms
18 of financing, including the annual percentage rate for repre-
19 sentative amounts of credit, are set forth in the creditor's
20 printed material distributed to the public, or in the contract
21 of loan or other printed material delivered to the obligor,
22 the disclosure shall be made on or before the date the first
23 payment is due.

24 “(d) (1) This subsection applies to open end credit
25 plans.

1 “(2) Before opening any account under an open end
2 credit plan, the creditor shall, to the extent applicable, dis-
3 close to the person to whom credit is to be extended—

4 “(A) the conditions under which a finance charge
5 may be imposed, including the time period, if any, within
6 which any credit extended may be repaid without incur-
7 ring a finance charge;

8 “(B) the method of determining the balance upon
9 which a finance charge will be imposed;

10 “(C) the method of determining the amount of the
11 finance charge (including any minimum or fixed amount
12 imposed as a finance charge), the ~~annual~~ percentage
13 rate *per period* of the finance charge to be imposed, if
14 any, and, in the case of an installment open end credit
15 plan, the equivalent annual percentage rate; and

16 “(D) the conditions under which any other charges
17 may be imposed, and the method by which they will be
18 determined.

19 “(3) For each billing cycle at the end of which there is
20 an outstanding balance under any such account, the creditor
21 shall disclose, to the extent applicable,

22 “(A) the outstanding balance in the account at
23 the beginning of the billing period;

24 “(B) the amount and date of each extension of
25 credit during the period and, if a purchase was involved,

1 a brief identification (unless previously furnished) of
2 the goods or services purchased;

3 “(C) the total amount credited to the account
4 during the period;

5 “(D) the amount of any finance charge added to
6 the account during the period, itemized to show the
7 amount, if any, due to the application of a percentage
8 rate and the amount, if any, imposed as a minimum or
9 fixed charge;

10 “(E) ~~the finance charge expressed as an annual per-~~
11 ~~centage rate the rate, if any, used in computing the~~
12 ~~finance charge and, in the case of an installment open end~~
13 ~~credit plan, the equivalent annual percentage rate;~~

14 “(F) the balance on which the finance charge
15 was computed and a statement of how the balance was
16 determined. *If such a balance is determined without*
17 *first deducting all payments during the period, that*
18 *fact and the amount of such payments shall also be*
19 *disclosed;*

20 “(G) the outstanding balance in the account at
21 the end of the period; and

22 “(H) the date by which, or the period (if any)
23 within which, payment must be made to avoid addi-
24 tional finance charges.

25 “(4) If a creditor adds to this billing under an open end
26 credit plan one or more installments of other indebtedness

1 from the same obligor, the creditor is not required to dis-
2 close under this subsection any information which has been
3 disclosed previously in compliance with subsection (b) or
4 (c).

5 “(5) Any creditor under an open end credit transac-
6 tion shall furnish any party to the transaction with a
7 written estimate of the approximate annual percentage rate
8 of the finance charge on the transaction determined in
9 accordance with regulations issued by the Board, if the
10 party making the request specifies or identifies the repay-
11 ments schedule involved and such other essential credit
12 terms as may be prescribed in the regulations issued by the
13 Board.

14 “(e) Written acknowledgment of receipt by a person to
15 whom a statement is required to be given pursuant to this
16 section shall be conclusive proof of the delivery thereof and,
17 unless the violation is apparent on the face of the statement,
18 of compliance with this section in any action or proceeding
19 by or against an assignee of the original creditor without
20 knowledge to the contrary by such assignee when he acquires
21 the obligation. Such acknowledgment shall not affect the
22 rights of the obligor in any action against the original creditor.

23 “(f) If there is more than one obligor, a creditor may
24 furnish a statement of required information to only one of
25 them. Required information need not be given in the sequence
26 or order set forth in this section. Additional information or

1 explanations may be included. So long as it conveys sub-
2 stantially the same meaning, a creditor may use language or
3 terminology in any required statement different from that
4 prescribed by this title.

5 “(g) If applicable State law requires disclosure of items
6 of information substantially similar to those required by this
7 title, then a creditor who complies with such State law may
8 comply with this title by disclosing only the additional items
9 of information required by this title.

10 “(h) If information disclosed in accordance with this
11 section and any regulations prescribed by the Board is sub-
12 sequently rendered inaccurate as the result of a prepayment,
13 late payment, adjustment, or amendment of the credit agree-
14 ment through mutual consent of the parties or as permitted
15 by law, or as the result of any act or occurrence subsequent
16 to the delivery of the required disclosures, the inaccuracy re-
17 sulting therefrom shall not constitute a violation of this
18 section.

19 ~~“(i)(1) Prior to July 1, 1968, whenever an annual~~
20 ~~percentage rate is required to be disclosed by this section, the~~
21 ~~rate may be expressed either as a percentage rate per year,~~
22 ~~or as a dollars per hundred per year rate of the average~~
23 ~~unpaid balance.~~

24 ~~“(2) After June 30, 1968, all rates required to be dis-~~
25 ~~closed by this section shall be expressed as percentage rates.~~

1 ~~“(j) No creditor, in order to aid, promote, or assist,~~
 2 ~~directly or indirectly, any consumer credit sale, extension of~~
 3 ~~credit, or open end credit plan, may state or otherwise repre-~~
 4 ~~sent in any advertisement in interstate commerce or affecting~~
 5 ~~interstate commerce~~

6 ~~“(1) that specific credit terms are available with~~
 7 ~~the purchase of goods or services or the obtaining of~~
 8 ~~a loan, unless the advertisement clearly and conspicu-~~
 9 ~~ously sets forth~~

10 ~~“(A) the cash sale price,~~

11 ~~“(B) the number, amount, and period of each~~
 12 ~~installment payment,~~

13 ~~“(C) the downpayment, if any,~~

14 ~~“(D) the time sale price, and~~

15 ~~“(E) the finance charge, expressed as an an-~~
 16 ~~nual percentage rate;~~

17 ~~“(2) that a specified periodic credit amount or in-~~
 18 ~~stallment amount can be arranged, unless the creditor~~
 19 ~~usually and customarily arranges credit payments or in-~~
 20 ~~stallments for that period and in that amount; or~~

21 ~~“(3) that a specified downpayment is required,~~
 22 ~~unless the creditor usually and customarily arranges~~
 23 ~~downpayments in that amount.~~

24 ~~“(k) No creditor, in order to aid, promote, or assist,~~

1 directly or indirectly, the extension of credit under an open
2 end credit plan, may state or otherwise represent in any
3 advertisement in interstate commerce or affecting interstate
4 commerce any of the specific terms of such plan unless the
5 advertisement clearly and conspicuously sets forth

6 “(1) the conditions under which a finance charge
7 may be imposed, including the time period, if any,
8 within which any credit extended may be repaid without
9 incurring a finance charge;

10 “(2) the method of determining the balance upon
11 which a finance charge will be imposed;

12 “(3) the method of determining the amount of the
13 finance charge (including any minimum or fixed amount
14 imposed as a finance charge), and the percentage rate
15 per period and the annual percentage rate of the finance
16 charge to be imposed; and

17 “(4) the conditions under which any other charges
18 may be imposed, and the method by which they will be
19 determined.

20 “(i) If a creditor, in order to aid, promote, or assist
21 directly or indirectly, any consumer credit sale, loan, or other
22 extension of credit subject to the provisions of this section, other
23 than an open end credit plan, states or otherwise represents in
24 any advertisement

25 “(1) the rate of the finance charge, the advertisement

1 shall state the rate of the finance charge expressed as an
2 annual percentage rate; or

3 “(2) the amount of an installment payment or the
4 dollar amount of finance charge, the advertisement shall
5 state:

6 “(A) the cash price or the amount of the loan, as
7 applicable;

8 “(B) the downpayment, if any;

9 “(C) the number, amount, and due dates or
10 period of payments scheduled to repay the indebted-
11 ness if such credit were extended; and

12 “(D) the rate of the finance charge expressed
13 as an annual percentage rate.

14 The provisions of this subsection shall not apply to advertise-
15 ments of residential real estate except to the extent that the
16 Board may by regulation require.

17 “(j) No creditor, in order to aid, promote, or assist,
18 directly or indirectly, the extension of credit under an open
19 end credit plan may state or otherwise represent in any
20 advertisement any of the specific terms of that plan unless
21 the advertisement clearly and conspicuously sets forth

22 “(1) the conditions under which a finance charge
23 may be imposed, including the time period, if any,
24 within which any credit extended may be repaid without
25 incurring a finance charge;

1 “(2) the method of determining the balance upon
2 which a finance charge will be imposed;

3 “(3) the method of determining the amount of the
4 finance charge (including any minimum or fixed
5 amount imposed as a finance charge), and the annual
6 percentage rate; and

7 “(4) the conditions under which any other charges
8 may be imposed, and the method by which they will be
9 determined.

10 “(k) No creditor may state or otherwise represent in
11 any advertisement

12 “(1) that a specified periodic credit amount or in-
13 stallment amount can be arranged, unless the creditor
14 usually and customarily arranges credit payments or
15 installments for that period and in that amount; or

16 “(2) that a specified downpayment is required,
17 unless the creditor usually and customarily arranges
18 downpayments in that amount.

19 “(l) For the purposes of subsections (i), (j), and (k),
20 a catalog or other multiple-page advertisement shall be con-
21 sidered a single advertisement if the catalog or other multiple-
22 page advertisement clearly and conspicuously displays a
23 credit terms table on which the information required to be
24 stated by subsections (i), (j), and (k) is clearly set forth.

25 “(m) The prohibitions and requirements of subsections

1 *(i), (j), (k), and (l) of this section shall apply only to a*
2 *creditor or his agent directly or indirectly causing the*
3 *publication or dissemination of an advertisement and not*
4 *to the owner, employees, or distributors of the medium in*
5 *which the advertisement appears or through which it is dis-*
6 *seminated.*

7 ~~“(1) No creditor may demand or accept any finance~~
8 ~~charge in connection with any extension of credit to a~~
9 ~~natural person which exceeds~~

10 ~~“(1) the maximum rate or amount permitted under~~
11 ~~the applicable State law, or~~

12 ~~“(2) 18 per centum per annum,~~

13 ~~whichever is less.~~

14 ~~“(m) No creditor may demand or accept in connection~~
15 ~~with any extension of credit any note or other document~~
16 ~~authorizing the confession of judgment against the debtor.~~

17 “(n) The provisions of this section shall not apply to

18 “(1) credit transactions involving extensions of
19 credit for business or commercial purposes, or to gov-
20 ernments or governmental agencies or instrumentalities,
21 or to organizations;

22 “(2) transactions in securities or commodities in
23 accounts by a broker-dealer registered with the Securities
24 and Exchange Commission; or

25 “(3) credit transactions, other than real property

1 transactions, in which the total amount to be financed
2 exceeds \$25,000.

3 "REGULATIONS

4 "SEC. 204. (a) The Board shall prescribe regulations
5 to carry out section 203, including provisions

6 "(1) describing the methods which may be used in
7 determining annual percentage rates under section 203,
8 including, but not limited to, the use of any rules, charts,
9 tables, or devices by creditors to convert to an annual
10 percentage rate any add-on, discount, or other method of
11 computing a finance charge;

12 "(2) prescribing procedures to insure that the in-
13 formation required to be disclosed under section 203 is
14 set forth clearly and conspicuously; and

15 "(3) prescribing reasonable tolerances of accuracy
16 with respect to disclosing information under section 203.

17 "(b) In prescribing regulations with respect to reason-
18 able tolerances of accuracy as required by subsection (a) (3),
19 the Board shall observe the following limitations:

20 "(1) The annual percentage rate may be rounded
21 to the nearest quarter of 1 per centum for credit transac-
22 tions payable in substantially equal installments when
23 a creditor determines the total finance charge on the
24 basis of a single add-on, discount, periodic, or other
25 rate, and such rates are converted into an annual

1 percentage rate under procedures prescribed by the
2 Board.

3 “(2) The use of rate tables or charts may be author-
4 ized in cases where the total finance charge is determined
5 in a manner other than that specified in paragraph
6 (1). Such tables or charts may provide for the dis-
7 closure of annual percentage rates which vary up to 8
8 per centum of the rate as defined by section 202 (f).
9 However, any creditor who willfully and knowingly uses
10 such tables or charts in such a manner so as to con-
11 sistently understate the annual percentage rate, as defined
12 by section 202 (f), shall be liable for criminal penalties
13 under section 206 (b) of this title.

14 “(3) In the case of creditors determining the annual
15 percentage rate in a manner other than as described
16 in paragraph (1) or (2), the Board may authorize
17 other reasonable tolerances.

18 “(4) In order to simplify compliance where irreg-
19 ular payments are involved, the Board may authorize
20 tolerances greater than those specified in paragraph (2).

21 “(c) Any regulation prescribed under this section may
22 contain such classifications and differentiations and may pro-
23 vide for such adjustments and exceptions for any class of
24 transactions as in the judgment of the Board are necessary

1 or proper to effectuate the purposes of section 203 or to pre-
2 vent circumvention or evasion of, or to facilitate compliance
3 by creditors with, section 203 or any regulation issued under
4 this section. In prescribing exceptions, the Board may con-
5 sider, among other things, whether any class of transactions
6 is subject to any State law or regulation which requires dis-
7 closures substantially similar to those required by section
8 203.

9 “(d) In the exercise of its powers under this title, the
10 Board may request the views of other Federal agencies
11 which in its judgment exercise regulatory functions with
12 respect to any class of creditors, and such agencies shall
13 furnish such views upon request of the Board.

14 “(e) The Board shall establish an advisory committee,
15 to advise and ~~conduct~~ *consult* with it in the exercise of its
16 functions with respect to section 203 and this section. In ap-
17 pointing the members of the committee, the Board shall seek
18 to achieve a fair representation of the interests of sellers of
19 merchandise on credit, lenders, and the public. The com-
20 mittee shall meet from time to time at the call of the
21 Board, and members thereof shall be paid transportation
22 expenses and not to exceed \$100 per diem.

23 “EFFECT ON STATE LAWS

24 “SEC. 205. (a) This title shall not be construed to
25 annul, alter or affect, or to exempt any creditor from comply-

1 ing with, the laws of any State relating to the disclosure of
2 information in connection with credit transactions, except
3 to the extent that such laws are inconsistent with the provi-
4 sions of this title, or regulations issued thereunder, and then
5 only to the extent of the inconsistency. This title shall not
6 otherwise be construed to annul, alter or affect in any manner
7 the meaning, scope or applicability of the laws of any
8 State, including, but not limited to, laws relating to the
9 types, amounts or rates of charges, or any element or ele-
10 ments of charges, permissible under such laws in connection
11 with the extension or use of credit, nor to extend the appli-
12 cability of such laws to any class of persons or transactions to
13 which such laws would not otherwise apply, nor shall the dis-
14 closure of the annual percentage rate in connection with any
15 consumer credit sale as required by this title be evidence in
16 any action or proceeding that such sale was a loan or any
17 transaction other than a credit sale.

18 “(b) The Board shall by regulation exempt from the
19 requirements of section 203 any class of credit transactions
20 which it determines are subject to State law or regulation
21 substantially similar to the requirements under that section,
22 with adequate provision for enforcement.

23 “(c) Except as specified in section 206, section 203 and
24 the regulations issued thereunder do not affect the validity

1 or enforceability of any contract or obligation under State or
2 Federal law.

3 "CIVIL AND CRIMINAL PENALTIES

4 "SEC. 206. (a) (1) Any creditor who, in connection
5 with any credit transaction, knowingly fails in violation of
6 section 203 (*except sections 203(i), 203(j), and 203(k)*), or
7 any regulation issued thereunder, to disclose any information
8 to any person to whom such information is required to be
9 given shall be liable to such person in the amount of \$100,
10 or in any amount equal to twice the finance charge required
11 by such creditor in connection with such transaction, which-
12 ever is the greater, except that such liability shall not exceed
13 \$1,000 on any credit transaction.

14 "(2) In any action brought under this subsection in which
15 it is shown that the creditor disclosed a percentage rate or
16 amount less than that required to be disclosed by section 203
17 or regulations prescribed by the Board (after taking into
18 account permissible tolerances), or failed to disclose informa-
19 tion so required, there shall be a rebuttable presumption
20 that such violation was made knowingly. The presumption
21 is rebutted if the creditor shows by a preponderance
22 of evidence that the violation was not intentional and re-
23 sulted from a bona fide error notwithstanding the mainte-
24 nance of procedures reasonably adapted to avoid any such
25 error. A creditor has no liability under this subsection

1 if within fifteen days after discovering the error, and prior
2 to the institution of an action hereunder or the receipt of
3 written notice of the error, the creditor notifies the person
4 concerned of the error and makes whatever adjustments in
5 the appropriate account as are necessary to insure that the
6 person will not be required to pay a finance charge in excess
7 of the amount or percentage rate so disclosed.

8 “(3) Any action under this subsection may be brought
9 in any United States district court, or in any other court of
10 competent jurisdiction, within one year from the date of
11 the occurrence of the violation. In any such action in which
12 a person is entitled to recover a penalty as prescribed in
13 paragraph (1), the defendant is also liable for reasonable
14 attorneys’ fees and court costs as determined by the court.

15 “(b) Any person who knowingly and willfully gives
16 false or inaccurate information or fails to provide informa-
17 tion required to be disclosed under the provisions of this title
18 or any regulation issued thereunder, or who otherwise know-
19 ingly and willfully violates any provision of this title or any
20 regulation issued thereunder, shall be fined not more than
21 \$5,000 or imprisoned not more than one year, or both. The
22 Attorney General shall enforce this subsection.

23 “(c) No punishment or penalty provided for a viola-
24 tion of section 203 or any regulation issued under section
25 204 applies to the United States, or any agency thereof, or to

1 any State, any political subdivision thereof, or any agency
2 of any State or political subdivision.

3 “(d) No person is subject to punishment or penalty
4 under this section solely as the result of the disclosure
5 of a finance charge or percentage which is greater than the
6 amount of such charge or percentage required to be disclosed
7 by such person under section 203, or regulations prescribed
8 by the Board.

9 “REGULATION OF CREDIT FOR COMMODITY FUTURES

10 TRADING

11 “SEC. 207. For the purpose of preventing the excessive
12 speculation in and the excessive use of credit for the creation,
13 carrying, or trading in commodity futures contracts having
14 the effect of inflating consumer prices, the Board of Gov-
15 ernors of the Federal Reserve System shall prescribe regula-
16 tions governing the amount of credit that may be extended
17 or maintained on any such contract. The regulations may
18 define the terms used in this section, may exempt such trans-
19 actions as the Board may deem unnecessary to regulate in
20 order to carry out the purpose of this section, and may make
21 such differentiations among commodities, transactions, bor-
22 rowers, lenders, as the Board may deem appropriate.

23 “EMERGENCY CONTROL OF CONSUMER CREDIT

24 “SEC. 208. (a) Whenever the President determines that
25 a national emergency exists which necessitates such action,

1 the Board shall issue regulations, which may include defini-
2 tions of terms used in this section, to control, to such extent
3 as the Board determines appropriate,

4 ~~“(1) the extension of consumer credit, by means of~~
5 ~~any prohibitions, restrictions, or requirements relating to~~

6 ~~“(A) the amounts in which and the purposes~~
7 ~~for which credit may be extended to any person,~~

8 ~~“(B) the maximum maturity or other require-~~
9 ~~ments as to the repayment or liquidation of any~~
10 ~~extension of consumer credit,~~

11 ~~“(C) where consumer credit is used for the~~
12 ~~purchase of identifiable property, maximum loan-to-~~
13 ~~value ratios,~~

14 ~~“(D) the terms of any arrangement for the~~
15 ~~lease or rental of personal property, and~~

16 ~~“(E) such other elements in any extension of~~
17 ~~credit as may, in his judgment, require regulation in~~
18 ~~order to carry out the purposes of this title.~~

19 ~~“(2) the extension of credit to finance directly or~~
20 ~~indirectly the extension of consumer credit. Controls~~
21 ~~imposed pursuant to this paragraph may be related to~~
22 ~~the borrower's financial history, or to the lender's other~~
23 ~~loans and investments, or to such other factors as the~~
24 ~~Board may deem appropriate.~~

1 “(2) in the case of any lender engaged both in the
2 extension of consumer credit and in other types of
3 financing, the proportion of such lender's assets which
4 may be devoted to the extension of any type of con-
5 sumer credit.

6 This section does not apply to extensions of credit to finance
7 the acquisition of real property.

8 “ADMINISTRATIVE ENFORCEMENT

9 “SEC. 209. (a) Whenever the Board has reason to
10 believe that any person has engaged, is engaged, or is about to
11 engage in a violation of this title, and it appears to the Board
12 that a proceeding by it in respect thereof would be in the
13 public interest, it shall serve upon that person a complaint
14 stating its charges and containing a notice of a hearing upon
15 a day and at a place therein fixed at least thirty days after
16 the service of the complaint. The person so complained of
17 shall have the right to appear in opposition to the charges set
18 forth in the complaint. The Board may upon good cause
19 shown allow any person to intervene by counsel or in person
20 in such a proceeding. The testimony in any such proceeding
21 shall be reduced to writing and filed in the office of the
22 Board. If upon the hearing the Board is of the opinion that
23 the person charged in the complaint has violated, is violat-
24 ing, or is about to violate this title, the Board shall state its
25 findings of fact in writing and shall issue and serve an order

1 requiring the person not to engage in the violation. Until
2 the expiration of the time allowed for filing a petition for
3 review, if no such petition has been duly filed within such
4 time, or, if a petition for review has been filed within such
5 time then until the record in the proceeding has been filed
6 in a court of appeals of the United States, as hereinafter
7 provided, the Board may at any time, upon such notice and
8 in such manner as it shall deem proper, modify or set aside,
9 in whole or in part, any report or any order made or issued
10 by it under this section. After the expiration of the time
11 allowed for filing a petition for review, if no such petition
12 has been duly filed within such time, the Board may at any
13 time, after notice and opportunity for hearing, reopen and
14 alter, modify, or set aside, in whole or in part, any report or
15 order made or issued by it under this section, whenever in
16 the opinion of the Board conditions of fact or of law have
17 so changed as to require such action or if the public interest
18 shall so require. The person subject to the order may, within
19 sixty days after service of the report or order entered after
20 such a reopening, obtain a review thereof in the appropriate
21 court of appeals of the United States, in the manner provided
22 in subsection (b) of this section.

23 ~~“(b) REVIEW OF ORDER; REHEARING.~~—Any person
24 required by an order of the Board not to engage in a violation
25 of this title may obtain a review of such order in the court of

1 appeals of the United States, within any circuit where the act
2 or practice in question was used or where such person resides
3 or carries on business, by filing in the court, within sixty
4 days from the date of the service of such order, a written
5 petition praying that the order of the Board be set aside.
6 A copy of such petition shall be forthwith transmitted by
7 the clerk of the court to the Board, and thereupon the
8 Board shall file in the court the record in the proceeding,
9 as provided in section 2112 of title 28. Upon such filing
10 of the petition the court shall have jurisdiction of the pro-
11 ceeding and of the question determined therein concurrently
12 with the Board until the filing of the record and shall have
13 power to make and enter a decree affirming, modifying,
14 or setting aside the order of the Board, and enforcing the
15 same to the extent that such order is affirmed and to issue
16 such writs as are ancillary to its jurisdiction or are neces-
17 sary in its judgment to prevent injury to the public or to
18 competitors pendente lite. The findings of the Board as
19 to the facts, if supported by evidence, shall be conclusive.
20 To the extent that the order of the Board is affirmed, the
21 court shall thereupon issue its own order commanding
22 obedience to the terms of such order of the Board. If either
23 party shall apply to the court for leave to adduce addi-
24 tional evidence, and shall show to the satisfaction of the
25 court that such additional evidence is material and that

1 there were reasonable grounds for the failure to adduce
2 such evidence in the proceeding before the Board, the court
3 may order such additional evidence to be taken before the
4 Board and to be adduced upon the hearing in such manner
5 and upon such terms and conditions as to the court may
6 seem proper. The Board may modify its findings as to the
7 facts, or make new findings, by reason of the additional
8 evidence so taken, and it shall file such modified or new
9 findings, which, if supported by evidence, shall be conclu-
10 sive, and its recommendation, if any, for the modification
11 or setting aside of its original order, with the return of
12 such additional evidence. The judgment and decree of the
13 court shall be final, except that the same shall be subject
14 to review by the Supreme Court upon certiorari, as pro-
15 vided in section 347 of title 28 of the United States Code.

16 “(c) JURISDICTION OF COURT.—Upon the filing of the
17 record with it the jurisdiction of the court of appeals of the
18 United States to affirm, enforce, modify, or set aside orders
19 of the Board shall be exclusive.

20 “(d) SERVICE OF COMPLAINTS, ORDERS, AND OTHER
21 PROCESSES; RETURN.—Complaints, orders, and other pro-
22 cesses of the Board under this section may be served by
23 anyone duly authorized by the Board, either (1) by de-
24 livering a copy thereof to the person to be served, or to a
25 member of the partnership to be served, or the president,

1 secretary, or other executive officer or a director of the cor-
2 poration to be served; or ~~(2)~~ by leaving a copy thereof at
3 the residence or the principal office or place of business of
4 such person; or ~~(3)~~ by mailing a copy thereof by registered
5 mail or by certified mail addressed to such person at his or
6 its residence or principal office or place of business. The
7 verified return by the person so serving said complaint,
8 order, or other process setting forth the manner of said serv-
9 ice shall be proof of the same, and the return post office
10 receipt for said complaint, order, or other process mailed by
11 registered mail or by certified mail as aforesaid shall be
12 proof of the service of the same.

13 “(c) FINALITY OF ORDER.—An order of the Board to
14 cease and desist shall become final

15 “~~(1)~~ upon the expiration of the time allowed for
16 filing a petition for review, if no such petition has been
17 duly filed within such time; but the Board may there-
18 after modify or set aside its order to the extent provided
19 in the last sentence of subsection ~~(a)~~; or

20 “~~(2)~~ upon the expiration of the time allowed for
21 filing a petition for certiorari, if the order of the Board
22 has been affirmed, or the petition for review dismissed by
23 the court of appeals, and no petition for certiorari has
24 been duly filed; or

25 “~~(3)~~ upon the denial of a petition for certiorari, if

1 the order of the Board has been affirmed or the petition
2 for review dismissed by the court of appeals; or

3 ~~“(4) upon the expiration of thirty days from the~~
4 ~~date of issuance of the mandate of the Supreme Court, if~~
5 ~~such Court directs that the order of the Board be affirmed~~
6 ~~or the petition for review dismissed.~~

7 ~~“(f) SAME; ORDER MODIFIED OR SET ASIDE BY SU-~~
8 ~~PREME COURT.—If the Supreme Court directs that the~~
9 ~~order of the Board be modified or set aside, the order of the~~
10 ~~Board rendered in accordance with the mandate of the~~
11 ~~Supreme Court shall become final upon the expiration of~~
12 ~~thirty days from the time it was rendered, unless within~~
13 ~~such thirty days either party has instituted proceedings to~~
14 ~~have such order corrected to accord with the mandate, in~~
15 ~~which event the order of the Board shall become final when~~
16 ~~so corrected.~~

17 ~~“(g) SAME; ORDER MODIFIED OR SET ASIDE BY~~
18 ~~COURT OF APPEALS.—If the order of the Board is modified~~
19 ~~or set aside by the court of appeals, and if (1) the time al-~~
20 ~~lowed for filing a petition for certiorari has expired and no~~
21 ~~such petition has been duly filed, or (2) the petition for~~
22 ~~certiorari has been denied, or (3) the decision of the court~~
23 ~~has been affirmed by the Supreme Court, then the order of~~
24 ~~the Board rendered in accordance with the mandate of the~~
25 ~~court of appeals shall become final on the expiration of thirty~~

1 days from the time such order of the Board was rendered,
2 unless within such thirty days either party has instituted
3 proceedings to have such order corrected so that it will
4 accord with the mandate, in which event the order of the
5 Board shall become final when so corrected.

6 ~~“(h) SAME; REHEARING UPON ORDER OR REMAND.—~~

7 If the Supreme Court orders a rehearing; or if the case is
8 remanded by the court of appeals to the Board for a rehear-
9 ing; and if ~~(1)~~ the time allowed for filing a petition for
10 certiorari has expired, and no such petition has been duly
11 filed, or ~~(2)~~ the petition for certiorari has been denied, or
12 ~~(3)~~ the decision of the court has been affirmed by the
13 Supreme Court, then the order of the Board rendered upon
14 such rehearing shall become final in the same manner as
15 though no prior order of the Board had been rendered.

16 ~~“(j) DEFINITION OF MANDATE.—As used in this sec-~~
17 ~~tion the term ‘mandate’, in case a mandate has been recalled~~
18 ~~prior to the expiration of thirty days from the date of issu-~~
19 ~~ance thereof, means the final mandate.~~

20 ~~“(k) PENALTY FOR VIOLATION OF ORDER.—Any~~
21 ~~person who violates an order of the Board to cease and~~
22 ~~desist after it has become final, and while such order is in~~
23 ~~effect, shall forfeit and pay to the United States a civil~~
24 ~~penalty of not more than \$5,000 for each violation, which~~
25 ~~shall accrue to the United States and may be recovered in~~

1 a civil action brought by the United States. Each separate
2 violation of such an order shall be a separate offense, ex-
3 cept that in the case of a violation through continuing
4 failure or neglect to obey a final order of the Board each
5 day of continuance of such failure or neglect shall be deemed
6 a separate offense.

7 "ADMINISTRATIVE ENFORCEMENT

8 "SEC. 207. All of the functions and powers of the
9 Federal Trade Commission are applicable to the administra-
10 tion and enforcement of this title to the same extent as if this
11 title were a part of the Federal Trade Commission Act, and
12 any person violating or threatening to violate any provision
13 of this title or any regulation in implementation of this title
14 is subject to the penalties and entitled to the provisions and
15 immunities provided in the Federal Trade Commission Act,
16 except as follows:

17 "(1) The exceptions stated in section 5(a)(6) of
18 the Federal Trade Commission Act (15 U.S.C. 45(a)
19 (6)) are not, as such, applicable to this title.

20 "(2) No bank or thrift institution is subject to the
21 jurisdiction of the Federal Trade Commission or to the
22 provisions of the Federal Trade Commission Act with
23 respect to this title if the bank or institution is subject to
24 section 5(d) of the Home Owners' Loan Act of 1933
25 (12 U.S.C. 1464(d)), section 407 of the National Hous-

1 *ing Act (12 U.S.C. 1730), or section 8 of the Federal*
2 *Deposit Insurance Act (12 U.S.C. 1818). The Comp-*
3 *troller of the Currency, the Board of Governors of the*
4 *Federal Reserve System, the Federal Deposit Insurance*
5 *Corporation, and the Federal Home Loan Bank Board*
6 *(acting directly or through the Federal Savings and*
7 *Loan Insurance Corporation) shall enforce this title and*
8 *regulations in implementation thereof with respect to*
9 *banks and other institutions under their respective*
10 *jurisdictions.*

11 *“(3) No common carrier subject to the acts to regu-*
12 *late commerce is subject to the jurisdiction of the Federal*
13 *Trade Commission or to the provisions of the Federal*
14 *Trade Commission Act with respect to this title. The*
15 *Interstate Commerce Commission shall enforce this title*
16 *and regulations in implementation thereof with respect*
17 *to such carriers.*

18 *“(4) No air carrier or foreign air carrier subject*
19 *to the Federal Aviation Act of 1958 is subject to the*
20 *Federal Trade Commission or to the provisions of the*
21 *Federal Trade Commission Act with respect to this title.*
22 *The Civil Aeronautics Board or the Federal Aviation*
23 *Administration, as may be appropriate, shall enforce*
24 *this title and regulations in implementation thereof with*
25 *respect to any such carrier.*

1 “(5) Except as provided in section 406 of the Act
2 of August 15, 1921 (7 U.S.C. 227)—

3 “(A) no person, partnership, or corporation
4 subject to the Packers and Stockyards Act, 1921,
5 is subject to the jurisdiction of the Federal Trade
6 Commission or to the provisions of that Act with
7 respect to this title, and

8 “(B) the Secretary of Agriculture shall enforce
9 this title and regulations in implementation thereof
10 with respect to persons, partnerships, and corpora-
11 tions subject to the Packers and Stockyards Act,
12 1921.

13 “REPORTS

14 “SEC. ~~210~~ 208. Not later than January 3 of each year
15 commencing after the effective date of this title, the Board of
16 Governors of the Federal Reserve System and the Attorney
17 General shall, respectively, make reports to the Congress con-
18 cerning the administration of their functions under this title,
19 including such recommendations as the Board and the Attor-
20 ney General, respectively, deem necessary or appropriate.
21 In addition, reports of the Board of Governors of the Federal
22 Reserve System shall include the Board's assessment of the
23 extent to which compliance with the provisions of this title,
24 and regulations prescribed thereunder, is being achieved.

1 "EFFECTIVE DATE

2 "SEC. ~~211~~ 209. The provisions of this title shall take
3 effect July 1, 1968 on the first day of the ninth calendar
4 month which begins after the date of enactment of this title,
5 except that section 204 shall take effect immediately."

6 TITLE II—~~PROHIBITION~~ RESTRICTION OF
7 GARNISHMENT OF WAGES

8 SEC. 201. The Congress finds that garnishment of wages
9 is frequently an essential element in predatory extensions of
10 credit and that the resulting disruption of employment, pro-
11 duction, and consumption constitutes a substantial burden
12 upon interstate commerce.

13 SEC. 202. (a) No person may attach or garnish wages
14 or salary due an employee, or pursue in any court any similar
15 legal or equitable remedy which has the effect of stopping
16 or diverting the payment of wages or salary due an employee.

17 (b) Whoever violates subsection (a) of this section
18 shall be fined not more than \$1,000, or imprisoned not more
19 than one year, or both.

20 SEC. 202. (a) Except as provided in subsection (b) of
21 this section, not more than 10 per centum of the excess over
22 \$30 per week, or its equivalent for any pay period of a dif-
23 ferent duration, of any wages, salary, or earnings in the
24 form of commission or bonus as compensation for personal
25 services may be attached, garnished, or subjected to any

1 similar legal or equitable process or order. No court of the
2 United States or of any State may make, execute, or enforce
3 any order or process in violation of this section.

4 (b) The prohibition contained in subsection (a) of this
5 section does not apply in the case of any debt due—

6 (1) under the order of any court for the support of
7 any person; or

8 (2) for any State or Federal tax.

9 (c) The Secretary of Labor is authorized to make such
10 regulations as may be necessary to carry out the purposes of
11 this section. Whoever willfully and knowingly violates any
12 regulation issued under authority of this section shall be fined
13 not more than \$1,000, or imprisoned not more than one year,
14 or both.

15 (d) The Secretary of Labor, acting through the Wage
16 and Hour Division of the Department of Labor, shall enforce
17 the provisions of this section.

18 SEC. 203. (a) No employer may discharge any em-
19 ployee by reason of the fact that, on one occasion, wages or
20 other compensation due the employee for personal services
21 have been subjected to attachment, garnishment, or any simi-
22 lar legal or equitable process.

23 (b) The Secretary of Labor, acting through the Wage
24 and Hour Division of the Department of Labor, shall enforce
25 the provisions of this section.

1 (c) Whoever willfully violates subsection (a) of this
2 section shall be fined not more than \$1,000, or imprisoned
3 not more than one year, or both.

4 SEC. 204. This title shall not be construed to annul,
5 alter, or affect, or to exempt any creditor from complying
6 with, the laws of any State relating to the garnishment of
7 wages, salary, or earnings in the form of commission or
8 bonus, as compensation for personal services in connection
9 with credit transactions, where such laws—

10 (1) prohibit such garnishments or provide for more
11 limited garnishments than are provided for in section
12 202(a) of this title, or

13 (2) prohibit the discharge of any employee by rea-
14 son of the fact that, on any occasion, wages or other
15 compensation due the employee for personal services have
16 been subjected to attachment, garnishment, or any similar
17 legal or equitable process.

18 TITLE III—COMMISSION ON CONSUMER FINANCE

19 SEC. 301. ESTABLISHMENT.—There is established a bi-
20 partisan National Commission on Consumer Finance (re-
21 ferred to in this title as the “Commission”).

22 SEC. 302. MEMBERSHIP OF THE COMMISSION.—(a)
23 The Commission shall be composed of nine members, of
24 whom—

1 (1) three are Members of the Senate appointed
2 by the President of the Senate;

3 (2) three are Members of the House of Representa-
4 tives appointed by the Speaker of the House of Repre-
5 sentatives; and

6 (3) three are persons not employed in a full-time
7 capacity by the United States appointed by the Presi-
8 dent, one of whom he shall designate as Chairman.

9 (b) A vacancy in the Commission does not affect its
10 powers and may be filled in the same manner as the original
11 appointment.

12 (c) Five members of the Commission constitute a
13 quorum.

14 SEC. 303. COMPENSATION OF MEMBERS.—(a) Mem-
15 bers of Congress who are members of the Commission shall
16 serve without compensation in addition to that received for
17 their services as Members of Congress; but they shall be
18 reimbursed for travel, subsistence, and other necessary ex-
19 penses incurred by them in the performance of the duties
20 vested in the Commission.

21 (b) Each member of the Commission who is appointed
22 by the President may receive compensation at a rate of
23 \$100 for each day he is engaged upon work of the Com-
24 mission, and shall be reimbursed for travel expenses, includ-

1 ing per diem in lieu of subsistence as authorized by law
2 (5 U.S.C. 5703) for persons in the Government service
3 employed intermittently.

4 SEC. 304. DUTIES OF THE COMMISSION.—(a) The
5 Commission shall study and appraise the functioning and
6 structure of the consumer finance industry, *as well as con-*
7 *sumer credit transactions generally.* The Commission, in its
8 report and recommendations to the Congress, shall include
9 treatment of the following topics:

10 (1) The adequacy of existing arrangements to pro-
11 vide consumer ~~financing~~ *credit* at reasonable rates.

12 (2) The adequacy of existing supervisory and reg-
13 ulatory mechanisms to protect the public from unfair
14 practices, *and insure the informed use of consumer*
15 *credit.*

16 (3) The desirability of Federal chartering of con-
17 sumer finance companies, or other Federal regulatory
18 measures.

19 (b) The Commission may make interim reports, and
20 shall make a final report of its findings, recommendations,
21 and conclusions to the President and to the Congress by
22 December 31, 1969.

23 SEC. 305. POWERS OF THE COMMISSION.—(a) The
24 Commission, or any three members thereof as authorized
25 by the Commission, may conduct hearings anywhere in

1 the United States or otherwise secure data and expres-
2 sions of opinions pertinent to the study. In connection there-
3 with the Commission is authorized by majority vote

4 (1) to require, by special or general orders, cor-
5 porations, business firms, and individuals to submit in
6 writing such reports and answers to questions as the
7 Commission may prescribe; such submission shall be
8 made within such reasonable period and under oath or
9 otherwise as the Commission may determine;

10 (2) to administer oaths;

11 (3) to require by subpoena the attendance and testi-
12 mony of witnesses and the production of all documentary
13 evidence relating to the execution of its duties;

14 (4) in the case of disobedience to a subpoena or
15 order issued under paragraph (a) of this section to
16 invoke the aid of any district court of the United States
17 in requiring compliance with such subpoena or order;

18 (5) in any proceeding or investigation to order
19 testimony to be taken by deposition before any person
20 who is designated by the Commission and has the power
21 to administer oaths, and in such instances to compel
22 testimony and the production of evidence in the same
23 manner as authorized under subparagraphs (3) and (4)
24 above; and

25 (6) to pay witnesses the same fees and mileage as

1 are paid in like circumstances in the courts of the United
2 States.

3 (b) Any district court of the United States within the
4 jurisdiction of which an inquiry is carried on may, in case
5 of refusal to obey a subpoena or order of the Commission
6 issued under paragraph (a) of this section, issue an order
7 requiring compliance therewith; and any failure to obey
8 the order of the court may be punished by the court as a
9 contempt thereof.

10 (c) The Commission is authorized to require directly
11 from the head of any Federal executive department or
12 independent agency available information deemed useful in
13 the discharge of its duties. All departments and independent
14 agencies of the Government are hereby authorized and di-
15 rected to cooperate with the Commission and to furnish
16 all information requested by the Commission to the extent
17 permitted by law.

18 (d) The Commission is authorized to enter into con-
19 tracts with Federal or State agencies, private firms, in-
20 stitutions, and individuals for the conducting of research
21 or surveys, the preparation of reports, and other activities
22 necessary to the discharge of its duties.

23 (e) When the Commission finds that publication of
24 any information obtained by it is in the public interest and
25 would not give an unfair competitive advantage to any

1 person, it is authorized to publish such information in the
2 form and manner deemed best adapted for public use,
3 except that data and information which would separately
4 disclose the business transactions of any person, trade
5 secrets, or names of customers shall be held confidential
6 and shall not be disclosed by the Commission or its staff.
7 The Commission shall permit business firms or individuals
8 reasonable access to documents furnished by them for the
9 purpose of obtaining or copying such documents as need
10 may arise.

11 (f) The Commission is authorized to delegate any of
12 its functions to individual members of the Commission or to
13 designated individuals on its staff and to make such rules
14 and regulations as are necessary for the conduct of its busi-
15 ness, except as herein otherwise provided.

16 SEC. 306. ADMINISTRATIVE ARRANGEMENTS.—(a)
17 The Commission is authorized, without regard to the pro-
18 visions of title 5, United States Code, relating to appoint-
19 ments in the competitive service or to classification and
20 General Schedule pay rates, to appoint and fix the compen-
21 sation of an executive director and the executive director,
22 with the approval of the Commission, shall employ and fix
23 the compensation of such additional personnel as may be
24 necessary to carry out the functions of the Commission, but
25 no individual so appointed shall receive compensation in

1 excess of the rate authorized for GS-18 under the General
2 Schedule.

3 (b) The executive director, with the approval of the
4 Commission, is authorized to obtain services in accordance
5 with the provisions of section 3109 of title 5 of the United
6 States Code, but at rates for individuals not to exceed \$100
7 per diem.

8 (c) The head of any executive department or independ-
9 ent agency of the Federal Government is authorized to de-
10 tail, on a reimbursable basis, any of its personnel to assist
11 the Commission in carrying out its work.

12 (d) Financial and administrative services (including
13 those related to budgeting and accounting, financial report-
14 ing, personnel, and procurement) shall be provided the Com-
15 mission by the General Services Administration, for which
16 payment shall be made in advance, or by reimbursement,
17 from funds of the Commission in such amounts as may be
18 agreed upon by the Chairman of the Commission and the
19 Administrator of General Services. The regulations of the
20 General Services Administration for the collection of in-
21 debtedness of personnel resulting from erroneous payments
22 shall apply to the collection of erroneous payments made to
23 or on behalf of a Commission employee, and regulations of
24 said Administrator for the administrative control of funds

1 shall apply to appropriations of the Commission. The Com-
2 mission shall not be required to prescribe such regulations.

3 (e) Ninety days after submission of its final report, as
4 provided in section 304 (b), the Commission shall cease to
5 exist.

6 SEC. 307. AUTHORIZATION OF APPROPRIATIONS.—
7 There is hereby authorized to be appropriated such sums not
8 in excess of \$1,500,000 as may be necessary to carry out the
9 provisions of this title. Any money appropriated pursuant
10 hereto shall remain available to the Commission until the
11 date of its expiration, as fixed by section 306 (e).

12 TITLE IV—SEVERABILITY

13 SEC. 401. If any provision of this Act is judicially held
14 to be invalid, that holding does not necessarily affect the
15 validity of any other provision of this Act.

Amend the title so as to read: "A bill to safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by restricting the garnishment of wages; and by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes."

Union Calendar No. 403

90TH CONGRESS
1ST SESSION

H. R. 11601

[Report No. 1040]

A BILL

To safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by establishing maximum rates of finance charges in credit transactions; by authorizing the Board of Governors of the Federal Reserve System to issue regulations dealing with the excessive use of credit for the purpose of trading in commodity futures contracts affecting consumer prices; by establishing machinery for the use during periods of national emergency of temporary controls over credit to prevent inflationary spirals; by prohibiting the garnishment of wages; by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes.

By **Mrs. SULLIVAN, Mr. GONZALEZ, Mr. MINISH,**
Mr. ANNUNZIO, Mr. BINGHAM, and Mr.
HALPERN

JULY 20, 1967

Referred to the Committee on Banking and Currency

DECEMBER 13, 1967

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed