



CCPA-23

August 12, 1970

This is in reply to your letter of June 24, 1970, concerning the restriction on discharge from employment provision of section 304(a) of Title III, Restriction on Garnishment, of the Consumer Credit Protection Act.

Section 304(a) provides that no employer may discharge any employees by reason of the fact that his earnings have been subjected to garnishment for any one indebtedness. We consider the words "one indebtedness" as meaning a single debt, regardless of the number of levies made or the number of procedures brought for its collection. This interpretation recognizes the distinction between a single debt and the garnishment proceedings brought to collect it, and has particular importance in those States which allow garnishments only of wages earned prior to the time of service of a garnishment order. In such States the judgment-creditor may secure a number of garnishment orders to effect collection of the full amount of the debt represented by the judgement.

We also wish to indicate that the Act defines "garnishment" to mean any legal or equitable procedure through which the earnings of any individual are required to be withheld for payment of any debt. It is our opinion that a garnishment within the meaning of this definition refers to a court proceeding. Since an assignment of wages is generally a private transaction, Title III would not apply to an assignment of wages effected prior to legal proceedings.

Your present policy provides that if an employee receives three (3) wage attachments in any consecutive 24 months he will be discharged upon receipt and investigation by the company of the third wage attachment. An additional restriction provides that if any consecutive 60 months, receipt of the fifth wage attachment will result in his discharge.

On the basis that each of the wage attachment you refer to is a "garnishment" and refers to a single or separate debt, as defined above, your present policy would not violate the discharge provision of section 304(a) of Title III.

Sincerely,

Robert D. Moran  
Administrator