

Q. What rebate do you allow him of charges?—A. We keep back as our earned income $2\frac{1}{2}$ per cent per month on the balances that have been in his possession, if you follow what I mean—the actual cash that has been in his possession. Let us take a typical example of a \$300 loan. We held back in the first place when that loan was made, \$34. The borrower got the use in cash of \$266. Now, his balance is \$266 for one month. That is what he has had the use of. We figured $2\frac{1}{2}$ per cent interest on that, $2\frac{1}{2}$ on \$266—\$5.32 and \$1.33, \$6.65.

By Mr. Vien:

Q. You mean interest and service charges?—A. That is everything. That is what we regard as what we have earned, \$6.65.

By Hon. Mr. Stevens:

Q. Yes?—A. And we apply out of the first \$25 payment—\$6.65 is interest; we set that aside for interest and apply the \$18.35 on account of the principal. Now, the next month he has had the use of \$300 less \$18.35.

Q. No, \$266.—A. Correct, \$266, less \$18.35. What is that?

Q. \$247.65.—A. \$247.65. We calculate $2\frac{1}{2}$ per cent on that.

Mr. FINLAYSON: \$6.19.

The WITNESS: \$6.19; and out of his \$25 payment we set aside \$6.19 on the interest side and and the \$18—

Mr. FINLAYSON: \$18.81.

The WITNESS: \$18.81 is deducted from the principal, bringing his principal balance down to \$229.

Hon. Mr. STEVENS: \$228.84.

The WITNESS: \$228.84; and figure $2\frac{1}{2}$ per cent on that.

Mr. FINLAYSON: \$5.72.

The WITNESS: \$5.72; a total for those three figures in the interest column—was it three or four months?

Hon. Mr. STEVENS: Three months.

The WITNESS: That comes to what?

Hon. Mr. STEVENS: It comes to \$18.56.

The WITNESS: He gets a rebate of everything between the \$34 we originally held back and the \$18.

By Hon. Mr. Stevens:

Q. Except another month's interest you have charged.—A. No, we are not doing that. I explained that to you yesterday. We have a perfect right to hold back three months' interest on our present set-up and we are not called upon to rebate any of the service charges or fees, but we are doing that.

Q. You submit that you rebate him that \$15.44?—A. Yes, the difference between whatever those two figures were.

Q. You did not do so in that loan I submitted here?—A. No. I am telling you that is before the amendment to the Loan Companies Act in 1934. If you would like me to give to the committee the full details of that loan, I will be happy to do so. It is quite an interesting story.

Mr. MARTIN: I think we ought to have that.

[Mr. Arthur P. Reid.]