

Q. That is a very substantial recovery in these times of depression and distress, Mr. Reid?—A. I would ask you to bear in mind the statement that I have just made that a substantial part of that recovery resulted from the purchase of other companies at a depreciated value.

Q. Have you any evidence to offer of the amount of that, or the extent of that?—A. No, I have not, because it has all been grouped in together. From an operating standpoint it does not matter to us very much.

Q. Well, can you give an estimate of what the amount was?—A. Oh, I could; but after all, I am under oath here. I do not think I should be asked to give an estimate on that. It would be a pure guess.

Q. Let me put it this way to you: \$47,478 recoveries of bad debts in a business of this character in these times is a very substantial recovery?—A. We are a very efficient organization.

Q. I am glad to hear that. I have no doubt of it. From what I hear, you are. But I ask you to agree or disagree with that statement?—A. Yes, sir; if that is all a result of recoveries from those bad debts written off, that would be right.

Q. You are unable to tell me what proportion is due to the companies you bought?—A. I could guess at it, just as long as you are insisting that I guess. I may be out \$5,000 one way or the other.

Q. Make an estimate?—A. I would say perhaps \$25,000 or \$30,000 had resulted from recoveries from these companies we had purchased. Our actual reserves would perhaps be reduced by that figure.

Q. Then if we add the recovery of bad debts, the \$47,000, to the difference between the \$93,000 and the \$100,000 that have been carried to the reserve over that period, that is \$7,000, giving \$54,500, roughly, that would represent—the balance represents your losses in that period, or how can you show me what the losses are in that period?—A. I would say that would be a reasonably accurate way of calculating that.

Q. Will you admit this, that this demonstrates that your business during the past five years has not been an unduly risky business?—A. No, sir. I will not admit that. I will admit that we have got our losses down, because as I say we are a very efficient organization. But we have kept the losses down by employing a large number of people and by collecting accounts in our own way, by educating people to budget, by helping them to find jobs in many cases, by helping them to manage their whole business better and in divers ways we have helped them to help themselves pay.

Q. All right. I am going to put the question to you again.—A. And that has cost money.

Q. Having in view your high efficiency, and giving you full credit for it, you will admit that the losses indicated by your company show that this is not an unduly risky business?—A. I think that is quite hypothetical. It may be very risky under certain circumstances.

Q. Any business is risky with bad management?—A. Yes, or even with mediocre management or ordinary management.

Q. But you have good management?—A. I am not particularly good at all, but we have the benefit of six years' experience. Our parent company has been in this business for sixty years.

Q. In its present form?—A. Yes, very much in its present form.

Q. Well, the laws have changed a lot.—A. Well, but the principle is the same—the same class of business.

Q. It might not be good to go back too far into the history of some of these loan companies, so we will not go into that.

Mr. MARTIN: I think we ought to.

Hon. Mr. STEVENS: I will go back as far as you like.