

Mr. HAMILTON (*York West*): And in the other report, would that show up in the general statement "other current liabilities"? Would that be where the reserve was?

Mr. WILSON: Yes, that is in current liabilities.

Mr. HAMILTON (*York West*): It amounted to approximately \$3,000 or \$4,000?

Mr. WILSON: \$3,700.

Mr. HAMILTON (*York West*): Have we gained any experience from any other company which would indicate that that was a proper reserve?

Mr. WILSON: The only experience—in regard to the company itself. Of course, there has not been enough time to have gained too much experience, but there has been taken into consideration what is known of this type of plan, and it is considered that that is a reasonable amount. It is not anticipated that there will be any substantial losses on this type of sale.

Mr. HAMILTON (*York West*): This is all discounted with the bank, is that right?

Mr. WILSON: That is right, yes.

Mr. HAMILTON (*York West*): Who does the credit check on these people?

Mr. WILSON: The credit check is done by the bank.

Mr. HAMILTON (*York West*): The company simply sells the fare to anyone, and then the bank makes the credit check, is that it?

Mr. WILSON: The arrangement with the bank is, that the bank must investigate the credit. There must be an approved application, which means, approved for credit, before the actual deal is made.

Mr. HAMILTON (*York West*): Before the ticket is issued?

Mr. WILSON: That is right.

Mr. HAMILTON (*York West*): This is fairly important, because, of course, banks usually do not lose their money on this type of arrangement. They obviously have a recourse to come back against the company. Do you know anything about the type of security that they take?

Mr. WILSON: There is the normal type of arrangement, whereby the bank may recharge a bad account to the company.

Mr. HAMILTON (*York West*): To the company?

Mr. WILSON: Yes.

Mr. HAMILTON (*York West*): But what type of security do they require, do you know? Is this a straight promissory note transaction, or what guarantee have we got that there is not going to be a lot of this back on the company's hands?

Mr. WILSON: It is a note, actually.

Mr. HAMILTON (*York West*): A promissory note?

Mr. WILSON: That is right.

Mr. HAMILTON (*York West*): No other security. You do not take a chattel mortgage on their living-room furniture?

Mr. WILSON: No. That is not the type of arrangement.

Mr. FULTON: Do they take a note from the purchaser of the ticket? Yes, I suppose the company takes that.

Mr. WILSON: It is from the purchaser of the ticket, and then it is discounted with the bank.

Mr. FULTON: They discount that at the bank?

Mr. WILSON: That is right.