

Q. Yes, apparent bad debts; that is, what remains?—A. That is correct.

Q. So that is a real reserve; I mean, it is an actual reserve?—A. Yes.

Q. That is invested, I suppose, in loans probably on this instalment plan?—

A. Quite so.

Q. It is not invested in any outside security?—A. No.

Q. I notice that you have transferred to bad debt accounts the following figures; I will read these figures because I think it is probably desirable to get them on the record. In 1932, there was transferred to the reserve for bad debts, or there stood as a reserve for bad debts \$9,280.03. In 1933, in December, there was transferred to the reserve \$9,500; is that right? It is on the front of that sheet there, at the bottom of the page.—A. Yes.

Q. And in 1934, \$26,668.67 was transferred to bad debt reserves. Is that correct?—A. That is right.

Q. In 1935, \$14,692 was transferred to bad debt reserves?—A. Yes.

Q. And in 1936, \$40,229.67?—A. Quite so.

Q. That makes a total of \$100,370.37. Would the difference between \$93,000 and the \$100,000 represent the losses, or have you a statement showing the actual losses for bad debts?—A. There have been recoveries too.

Q. I mean, recoveries.—A. As I explained to the committee at the previous hearing, those figures are just a little bit misrepresentative for this reason, that during the past two years we have bought four unregulated provincially incorporated companies who, for one reason or another, wanted to get out of this business; and we bought their paper at a discount in some cases. Our method of buying the paper was that we simply appraised the accounts and offered a certain price for them, just like you buy merchandise on a shelf; and there were some accounts that were bought for 10 per cent or for nothing; and as they were collected and they were recorded—they were taken on our books as bad debts, and as they were collected, the income was credited to bad debts recovered which tends to indicate that our losses were lower during that period than they actually were. In other words, we did not encroach on our reserves to the same extent which we would have done had we not purchased those particular companies.

Q. Are bad debt recoveries credited to this account?—A. Yes, sir.

Q. They are all credited?—A. Yes.

Q. There is no question about that, is there?—A. There is no question about it at all.

Q. Will you agree with this as to the amount of bad debt recoveries in 1932, that bad debt recoveries were \$772.22?—A. Yes

Q. In 1933, it was \$7,071.13?

Mr. MARTIN: The first one was \$772, was it?

Hon. Mr. STEVENS: \$772.

The WITNESS: \$7,071.13.

*By Hon. Mr. Stevens:*

Q. And 1934, was \$9,438.39?—A. Yes.

Q. And in 1935 it was \$13,671.45?

Mr. FINLAYSON: Page 36.

The WITNESS: Thanks. \$13,671.45.

*By Hon. Mr. Stevens:*

Q. In 1936 it was \$16,525.48?—A. Yes.

Q. That makes a total of recoveries of bad debts of \$47,478.67. You agree with that?—A. Would you like me to add those as you go along?

Q. I simply want you to agree to that. I think that is quite right?—A. Yes.

[Mr. Arthur P. Reid.]