

The CHAIRMAN: All right.

The WITNESS: Consignment purchases represent slightly more than 1 per cent of the total purchases of the store and slightly more than 4 per cent of the total purchases of those departments in which any consignment purchases were made.

An examination of a large number of the invoices shown in the company's records as representing 1933 consignment purchases was made. Very few of these invoices are marked "consignments." Most of them have a mark thereon, the usual terms of credit. An examination was also made of many of the debit notes by which amounts are charged back to the vendors either for merchandise sent back or for price reductions.

By Mr. Sommerville:

Q. Did you find this condition existing: That goods had been purchased on an invoice just as you indicate here, in the ordinary way, and that when they did not sell well, they had been returned to the manufacturer, and those that had been sold were treated as having been sold on consignment?—A. No.

Q. You did not find that condition?—A. No. Consignment accounts of the nineteen largest vendors were analyzed in detail and are summarized on statement No. TT-13. The volume of consignment transactions with these nineteen firms represents 60 per cent of the consignment business in 1933. An analysis is given on the statement of the amounts charged back to these vendors, i.e., as between goods returned and charge-backs for price reductions. This shows that of \$28,481.84 charged back to the nineteen vendors whose accounts were examined, \$20,459.82 represented returned merchandise and the balance, \$8,022.02, represented price reductions.

Mr. FACTOR: Can you tell me what percentage of the returned merchandise was of the total merchandise purchased in the analysis?

The WITNESS: To the total merchandise?

Mr. SOMMERVILLE: The 19 accounts.

The WITNESS: Of those 19 accounts, yes.

The CHAIRMAN: The consigned goods.

Mr. SOMMERVILLE: It represents \$99,464, and the goods returned amounted to \$20,459.

The CHAIRMAN: About 20 per cent.

The WITNESS: 20 per cent.

Mr. SOMMERVILLE: \$8,000 represents the amount charged back as reductions, so that about \$28,000 of the \$90,000 would mean more than 25 per cent was affected in this way.

The WITNESS: The debit notes respecting price reductions give little information, the usual explanation being "allowance as arranged with"—the person with whom we are dealing. The debit notes indicate the selling price as well as the cost price, and in many cases the amount charged back to the vendor was in the same ratio to the original cost as the reduction in selling price to the indicated original selling price. That is what we have gone over.

The CHAIRMAN: It is six o'clock, and I think we will call it a day. The committee stands adjourned until to-morrow at 11 o'clock.

The committee adjourned at six o'clock, to meet on Thursday, June 7, at 11 o'clock.