

Mr. TUCKER: Continuing with the section:—

Provided that the borrower shall have the right to repay the loan at any time before the due date, and, on such repayment being made, to receive a refund of such portion of the interest paid in advance as has not been earned, except a sum equal to the interest for three months.

The CHAIRMAN: What is your question, Mr. Tucker? The witness is an expert.

Mr. TUCKER: I want that in the record, though.

The CHAIRMAN: We will put it on the record.

Mr. TUCKER: I want the rest of the section on the record.

The CHAIRMAN: All right. Hand it to the reporter.

Mr. TUCKER: All right.

The remainder of section 2 is as follows:

(ii) charge, in addition to interest as aforesaid, for all expenses which have been necessarily and in good faith incurred by the Company in making a loan authorized by the next preceding sub-paragraph (i), including all expenses for inquiry and investigation into character and circumstances of the borrower, his comaker or surety, for taxes, correspondence and professional advice, and for all necessary documents and papers, two per centum upon the principal sum loaned;

(iii) notwithstanding anything in the next two preceding sub-paragraphs (i) and (ii) the company shall, when a loan authorized by the said sub-paragraph (i) has been made on the security of a chattel mortgage, be entitled to charge an additional sum equal to the legal and other actual expenses disbursed by the company in connection with such loan but not exceeding the sum of ten dollars;

but no charge for expenses of any kind shall be made or collected unless the loan has been actually made, or unless such a loan has been renewed after one year from the making thereof or after one year from the last previous renewal thereof."

*By Mr. Tucker:*

Q. What is your view, Mr. Forsyth? Does that give the right to charge 7 per centum per annum on money loaned or an effective rate of 14 per cent per annum?—A. My opinion about that, Mr. Tucker, is that that allows that company to charge 7 per cent per annum; that is, a rate of interest of 7 per cent per annum. If they deduct that interest in advance so that they receive an effective rate of 14 per cent. I do not think the act authorizes that myself.

Mr. MARTIN: Mr. Chairman,—

The CHAIRMAN: Order.

Mr. MARTIN: I rise to a point of order.

The CHAIRMAN: All right I cannot stop you.

Mr. MARTIN: This witness has been called here as an expert on the business of loaning money—loaning and borrowing money by small loan companies. That is the only reason why he is before this committee. He is not called upon here in his capacity as counsel for that loan company or as a lawyer generally at all. I suggest that the question put by Mr. Tucker is not a proper question, and that the answer is likewise not proper and that both question and answer should be taken from the record; and that any other questions directed to this witness should be in reference to the reasons for which he is brought

[Mr. Lionel A. Forsyth.]