

Mr. WALKER: Is that question going on the record? That is not in accordance with the evidence that this witness has given. I think Mr. McPhee ought to withdraw that.

The CHAIRMAN: I wonder if you would come forward, Mr. McPhee. I understood Mr. McPhee to make a remark that nothing was paid out.

Mr. LAWSON: That has been said.

The CHAIRMAN: Would you mind coming forward, Mr. McPhee. I find it difficult to follow you.

*By Mr. McPhee:*

Q. Possibly I have the wrong return. The return that I have shows that \$125,264 was paid out by this company in 1936 for expense charges?—A. That is revenue; that is not expenses.

Mr. FINLAYSON: May I explain that. That is my statement, I must explain it. The term "expense charge" as used in the statement Mr. McPhee is quoting from is exactly the same item which in this statement is called "service charge." In using it I meant to indicate that it is a charge authorized by the special act for expenses. The word "service" does not appear in the special act. They are permitted to charge to the borrower 2 per cent of the amount of the loan for expenses; therefore in this statement I called it an expense charge; but it is exactly the same item.

Mr. TUCKER: Two per cent of the amount of the loans?

Mr. FINLAYSON: Whether you call it expense charge or service charge I do not think it makes very much difference. In both cases it is revenue to the company.

*By Mr. McPhee:*

Q. Well, now there are \$227,695 represented as fees. That is revenue to the company?—A. Yes.

Q. If you break it down what does it amount to?—A. Break it down in what way?

Q. Has that been paid out to anybody, or is it revenue earned to the company?—A. I explained that this morning, Mr. McPhee. Our expenses in conducting this business have exceeded, I think, the total of both of these figures.

Q. What is your total revenue at the end of 1936?—A. It is given right in the figures, Mr. McPhee.

Q. \$690,000. What does that figure out to in per centum on the amount of your assets as at the beginning of 1936?—A. Beginning of 1936?

Q. Yes?—A. That is not a fair way to figure.

Q. I am asking the question?—A. I know, Mr. McPhee. You cannot figure it that way because you have to figure your assets over the whole year.

Q. Take it on the mean assets?—A. 2.45 per cent per month.

Q. What does that amount to per annum?—A. 29.40 per cent.

Q. Practically 30 per cent per annum received by this company in 1936?—A. Yes.

Q. Whereas under your charter you are permitted to charge 7 per cent per annum, and there might be some debate as far as the legal men around this board concerned as to whether or not that 7 per cent amount means the total rate per annum and not the discount rate. However, you say you charge 29 per cent in the face of the fact that your charter provides for 7 per cent?—A. Oh, no; you are confusing several things there. That 29.40 is interest plus fees and all expenses connected with it.

[Mr. Arthur P. Reid.]