

was vetoed by Governor Cross. We are making a rather exhaustive study of the small loan business in this state so that we can make constructive recommendations to the next session of the general assembly."

By Mr. Vien:

Q. The law at this moment is 3 per cent?—A. 3 per cent, yes.

The WITNESS: Do you want some more, Mr. Deachman?

By Mr. Deachman:

Q. I haven't any doubt whatever that you could find some people who would say that that would be the effect. That is quite possible.—A. That is what does happen and has happened to these loan companies, as you are quite aware from reading these investigations.

Q. I do not know that we can accept that as a fact as to what has taken place because many of these private loan companies are more or less hidden and their operations would be conducted in such a way that they would not become known to an investigation?—A. I think that in some of the states of the United States they have a very complete knowledge as to what they would be. I think if you were to ask any one of the large loan companies who operate in the United States they would say that they have eliminated the loan shark.

Q. Let us leave it at that, it is only insofar as the rate is concerned that I am interested. Your contention is first that we should eliminate all loans over three hundred dollars?—A. That is what I say.

Q. And then that we should apply a schedule of rates such as this?—A. I have a copy of the statement here from which I took these rates from the State of Massachusetts. I have a copy of the report of Mr. Earl Davidson on these line companies in that state. I have his letter in my hand, and he says that that rate in his state has practically eliminated loan sharks.

Q. That is what I wanted to get at. And your claim is that that would raise the cost of these small loans?—A. You say I claim that; I say it may, or it may not.

Q. Well then, I will put it to you this way; that you remove the part which the companies claim is their most profitable business?—A. I agree with that.

Q. And then I think we can leave it to the judgment of the committee as to what will happen?—A. I am not going to allow you to do that unless I have to. I am not going to allow you to leave an answer of mine up in the air like that. I say that if these people can get into the field where they should operate they may get sufficient volume to enable them to do business at these rates, and possibly at lower rates, I don't know.

Q. At these rates?—A. At the amounts I suggested, if they get volume enough to be able to do business at them.

By Mr. Vien:

Q. These rates are higher than those suggested by the company?—A. They are higher, if you like to take it that way.

Q. Take it this way, your own, take the case of a man who borrows one hundred dollars, the actual interest rate would be 3 per cent?—A. That is quite right.

Q. Therefore, insofar as such a man is concerned, the rate would be 1 per cent higher?—A. That is quite right.

Q. If you take the full rate on a \$300 loan it would be 2.73?—A. That is right.

Q. Therefore, on \$300 the effective rate of interest would be 2.73, and as you suggest a limit of \$300, a ceiling of that amount, the rate would be higher in every case?—A. If you took a maximum rate and applied it, that is true.