

The CHAIRMAN: All right. I thought probably Mr. Forsyth would like to be here when Mr. Finlayson was making his comments.

The WITNESS: I would.

Mr. TUCKER: It is just whatever you want.

The CHAIRMAN: All right, Mr. Tucker.

*By Mr. Tucker:*

Q. I understand, Mr. Forsyth, that the bulk of the loaning made by the Discount and Loan is largely on industrial loans, on guaranteed paper, it is not unsecured?—A. I have heard that statement made about industrial loans and I am not prepared to say that it is not true about Discount and Loan; my impression is that Discount and Loan do both, they loan on chattel mortgage—but, as I say, I have not followed their loaning business very closely and I do not know. Mr. Finlayson would know about that.

Q. I see. Well, I will ask you this question—Mr. Finlayson can give us the facts. You say that a very large proportion of the loaning by Industrial Loan was on guaranteed paper, on endorsements, the rate on those could not be raised higher than 1.5 per cent a month, even on the most favourable construction of the law?—A. Yes, if you have that qualification in mind, under the most favourable construction I would say that they could not get more than 1.5 per cent altogether. I would say that in the most favourable construction it gives them only 1.5 per cent.

Mr. VIEN: I do not believe that is true of Industrial. Industrial is 1.82, if I mistake not.

The WITNESS: I think you are wrong about that.

The CHAIRMAN: I propose to leave the examination for the moment with Mr. Tucker and to allow him to proceed.

Mr. VIEN: All right.

*By Mr. Tucker:*

Q. It is apparent that the right given to them to charge 7 per cent interest per annum gives them the right to charge an effective rate of 10 per cent per annum, and the right to deduct 2 per cent ahead of time, making the effective rate 14 per cent, and that brings it to 1.18?—A. That is right.

Q. And on the most favourable construction of the law that is the limit that they can charge on that type of business in Quebec?—A. That is right.

Q. And the Industrial Loan & Finance does business in Quebec almost exclusively?—A. I do not know anything about the division of their business, I know they do a large volume of business in Quebec.

Q. So, when we pass that legislation giving them the right to charge an effective rate of 7 per cent, we are increasing the rate in regard to that type of loan?—A. That is my understanding of it, yes.

Q. How long have you been practising law, Mr. Forsyth?—A. I started in 1918, that is nineteen years.

Q. You have been practising law for nineteen years?—A. For nineteen years, yes.

Q. I would like to have your opinion as to section 2 of chapter 94 of the Statutes of 1929?—A. What company is that?

Q. Page 73 of the Statutes.

The CHAIRMAN: Mr. Forsyth is here as a witness, not as counsel.

The WITNESS: What company is that? Is that the charter of the company?

Mr. TUCKER: Central Finance Corporation, the 1929 Act, chapter 94.

[Mr. Lionel A. Forsyth.]