

a disbursement, when it was disbursed in the ordinary expenses; and they were apparently advised in order to make the matter perfectly clear that it was a disbursement that a separate company should be incorporated and should receive that money. That is what I think was that situation.

Q. I suggest to you that the advice was given to the Discount & Loan Company by yourself?—A. I suggest it was not given by myself.

The CHAIRMAN: By your firm.

*By Mr. Cleaver:*

Q. By your firm?—A. Yes.

*By the Chairman:*

Q. What is the name of your firm?—A. Brown, Montgomery & McMichael.

*By Mr. Cleaver:*

Q. Let us not be confused; I understood you to say a moment ago that you were counsel for the Discount & Loan Company, and that you were not counsel for the Consolidated Credit Service?—A. Oh, no, I think you are mistaken. I do not think I said that. If I did say that it is not accurate. What I said was that as a member of my firm I advised Discount & Loan Company on certain aspects of their situation, and with respect to the operation of their loan business, which I intended if I did not make it clear, to include the operations of the Consolidated Credit Service Corporation; that I was not at the time that advice was given doing that particular work for them. That is what I wanted to convey to you. Somebody else in my office did that. I am not trying to evade it at all.

Q. As I understand your evidence then the advice given was that in order to keep within the law and to preserve all of these charges for the benefit of Discount & Loan a subsidiary company would have to be incorporated who would take these charges and who would be paid the money, and then Discount & Loan would eventually get everything back again through being the stockholder or owner of Consolidated Credit?—A. I do not think that is right. I do not think that is what I said.

Q. You might tell us again why the company was incorporated?—A. Well, I thought that I made that perfectly clear. In the first place, I did not say that. You are incorrect when you say that the Discount & Loan Company is the owner of Consolidated Credit Service, and I do not think you are right; I do not know, but I do not think you are right.

Q. That should be quite easy to clear up, and I would suggest that you address yourself to that immediately?—A. I will be very glad to do that. I will make a note of that and get it for you to-day.

Q. Can you suggest any reason why this subsidiary company was incorporated, other than for the purpose of doing that part of the work, and for the purpose of keeping the profits in the same corporation, in the hands of the same individuals?—A. I beg your pardon?

Q. Can you suggest any reason as to why Discount & Loan Company would arrange for the incorporation of Consolidated Credit other than so that the profits could be retained by the same group of individuals?—A. Well, what I suggested to you before is what I still think is the case; I think the Discount & Loan Company became very perplexed with the proper interpretation of that section.

Q. And it became necessary later to incorporate this second company?—A. They didn't argue that way at all, they argued it the other way. They said, this is a disbursement, it is money actually disbursed even although you do not pay it to a third party, do you see; and I think the advice they were given in