

servicing this and similar corporations in taking chattel mortgages and otherwise"; do I understand you correctly, that you did not know that?—A. I think what I said was this, that so far as I speak today I would have to speak from hearsay. I did not say I did not know that.

Q. Who incorporated that company?—A. I think that company was incorporated by my office.

Q. The company was incorporated in your office?—A. Oh, yes.

Q. Then it is hardly giving the complete answer to say that your opinion would be hearsay; it would be rather definite professional information would it not?—A. I think, if you will allow me to say so, that the answer I gave you was perfectly truthful as an answer; that the company was incorporated by other people in my office. The purpose of its incorporation was decided without any reference to me at all, and so far as I am concerned all I know about that company is what other people in my office have told me. I did not handle their incorporation at all, that was done by associates of mine in the office.

Q. You do know that this company though is receiving from the Discount and Loan more than half of their total earnings?—A. I do not know that.

Q. You do not know that?—A. No.

Q. You did not know that they were providing this service for Discount Loan?—A. I was preparing to tell you when you interrupted.

Q. Please answer the question I ask; you did know this company was incorporated for the express purpose of doing this service work for Discount and Loan?—A. Yes, I know that.

Q. Yes, of course you do; and you do know that the company was incorporated by your office?—A. Oh, yes.

Q. So that if you did not take the trouble to get the facts it is really no one else's fault but your own?—A. I have not suggested anybody else is to blame for it.

Q. All right. Why was that company incorporated Mr. Forsyth?—A. You have just read me from that pamphlet that it was incorporated for the purpose of handling the chattel mortgage business for Discount and Loan; and I see that is the information I have about it.

Q. Did you not advise the Discount Loan Company as to the advisability of incorporating this subsidiary?—A. Personally I did not give them that advice. I know it was given to them by one of my partners.

Q. You know it was given?—A. Yes.

Q. You might elaborate to the committee as to why that advice was given, and why the company was formed?—A. I would say (excuse me a moment, while I look up the charter of the company—that is chapter 63 of the Statutes of 1933) that that is explained by the charter of the Discount and Loan Company. I would refer you to section (iii) to sub-section (b) of section 5: It provides there that:—

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 or renewed on the security of a chattel mortgage, or of a subrogation of taxes, be entitled to charge an official 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.

I think that that section means—I would say that there was a good deal of argument as I recall it that if the company was to make this additional charge it had to show that it disbursed the money, and somebody apparently thought that it had to be disbursed to somebody else; and as I recall it the advice given was that this special type of security involved certain additional expenses; and so the argument was I think that that expense could only be shown when it was