REPORT

FROM THE

SELECT COMMITTEE

ON

MONEY LENDING;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

APPENDIX, AND INDEX.

THE SERVANTS OF INDIA SOCIETY. POONA.

Ordered, by The House of Commons, *to be Printed*,
29 *July* 1897.

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364.

Money Lending.

Ordered,—[*Tuesday*, 6*th April* 1897] :—That a Select Committee be appoin inquire into the alleged evils attending Money Lending transactions at high rates of in or under oppressive conditions as to repayment, between the poorer classes and profe Money Lenders, and to report thereon.

That the Committee have power to send for Persons, Papers, and Records

Committee nominated—[*Monday*, 10*th May* 1897]—of—

Mr. Ascroft.	Dr. M'Donnell.
Mr. Thomas Bayley.	Mr. Price.
Mr. Caldwell.	Mr. T. W. Russell.
Captain Chaloner.	Mr. Warr.
Mr. Garfit.	Mr. George Whiteley.
Mr. Hazell.	Mr. Yerburgh.
Mr. Jeffreys.	

That Five be the Quorum of the Committee.

Ordered,—[*Tuesday*, 25*th May* 1897] :—That Mr. Lloyd-George and Mr. A. K. Ld added to the Select Committee on Money Lending.

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REPORT.

THE SELECT COMMITTEE appointed to inquire into the alleged evils attending MONEY LENDING TRANSACTIONS at high rates of interest, or under oppressive conditions as to Repayment, between the poorer classes and professional Money Lenders;——HAVE agreed to the following REPORT:—

YOUR Committee find that at this late period of the Session it is not in their power to conclude their inquiry. They have, therefore, agreed to report the Evidence already taken to the House, and to recommend that a Committee on the same subject be appointed in the next Session of Parliament.

29 *July* 1897.

PROCEEDINGS OF THE COMMITTEE.

Thursday, 13*th May* 1897.

MEMBERS PRESENT:

Mr. T. W. Russell.	Mr. Jeffreys.
Mr. Thomas Bayley.	Dr. M'Donnell.
Captain Chaloner.	Mr. Price.
Mr. Garfit.	Mr. Warr.
Mr. Hazell.	Mr. Yerburgh.

Mr. T. W. RUSSELL was called to the Chair.

The Committee deliberated.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 18*th May* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Yerburgh.	Mr. Warr.
Mr. Ascroft.	Mr. George Whiteley.
Mr. Thomas Bayley.	Dr. M'Donnell.
Mr. Garfit.	Mr. Jeffreys.

The Committee deliberated, and resolved, "That the evidence of all witnesses examined before the Committee shall be taken on oath."

Mr. *Thomas Farrow* was sworn, and examined.

[Adjourned till Thursday next, at Twelve o'clock.

Thursday, 20*th May* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Captain Chaloner.	Mr. Hazell.
Mr. Ascroft.	Mr. Price.
Mr. Jeffreys.	Mr. Warr.
Mr. Thomas Bayley.	Mr. Yerburgh.
Mr. Garfit.	

Mr. *Thomas Farrow* was further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 25*th May* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Garfit.
Dr. M'Donnell.
Mr. Price.
Mr. Warr.
Mr. Yerburgh.

Mr. *Thomas Farrow* was further examined.

[Adjourned till Thursday next, at Two o'clock.

Thursday, 27*th May* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Thomas Bayley.
Mr. Ascroft.
Captain Chaloner.
Mr. A. K. Loyd.
Mr. Garfit.
Mr. George Whiteley.
Mr. Warr.
Mr. Hazell.

Mr. *Thomas Farrow* was further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 1*st June* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Thomas Bayley.
Captain Chaloner.
Mr. Garfit.
Dr. M'Donnell.
Mr. A. K. Loyd.
Mr. Price.
Mr. Warr.
Mr. George Whiteley.
Mr. Lloyd-George.
Mr. Ascroft.
Mr. Jeffreys.

Mr. *Thomas Farrow* was further examined.

[Adjourned till Thursday next, at Twelve o'clock.

Thursday, 3*rd June* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Garfit.
Mr. Price.
Mr. Warr.
Mr. A. K. Loyd.
Mr. Lloyd-George.

Mr. *Thomas Farrow* was further examined.

[Adjourned till Tuesday, 29th June, at Twelve o'clock.

Tuesday, 29*th June* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.	Mr. A. K. Loyd.
Mr. Thomas Bayley.	Mr. Warr.
Mr. Garfit.	Captain Chaloner.

Mr. *M. J. G. Scobie*, Mrs. *Isabel Russell*, and Mr. *Isaac Samuel* were sworn, and examined.

[Adjourned till Thursday next, at Twelve o'clock.

Thursday, 1*st July* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Thomas Bayley.	Mr. A. K. Loyd.
Mr. Caldwell.	Mr. Price.
Mr. Garfit.	Mr. Warr.
Mr. Hazell.	

Mr. *Isaac Samuel*, Mr. *H. H. Hope*, Mr. *Edward Ives*, Mr. *C. W. Inman*, Mr. *Frederick Corbett*, and Mr. *Thomas Higgs* were sworn, and examined.

Mr. *Thomas Farrow* was further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 6*th July* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Warr.	Mr. Jeffreys.
Mr. Ascroft.	Dr. M'Donnell.
Mr. Thomas Bayley.	Mr. Price.
Mr. Caldwell.	Mr. George Whiteley.
Captain Chaloner.	Mr. Lloyd-George.
Mr. Garfit.	Mr. A. K. Loyd.

Mr. *Isaac Gordon* was sworn, and examined.

[Adjourned till Thursday next, at Twelve o'clock.

Thursday, 8*th July* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.	Mr. Price.
Mr. Thomas Bayley.	Mr. Warr.
Mr. Garfit.	Mr. George Whiteley.
Mr. Jeffreys.	Mr. A. K. Loyd.

Mr. *Hamilton Cuffe*, C.B., and Mr. *John Smith*, C.B., were sworn, and examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 13*th July* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Garfit.
Mr. Hazell.
Mr. A. K. Loyd.
Mr. Warr.
Mr. George Whiteley.

Mr. *William Carless*, Mr. *F. A. Sargeant*, and Mr. *John Faux* were sworn, and examined.

Mr. *John Kirkwood* affirmed, and was examined.

[Adjourned till Thursday next, at Twelve o'clock.

Thursday, 15*th July* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Jeffreys.
Mr. Warr.
Captain Chaloner.
Mr. Garfit.
Mr. Hazell.
Mr. A. K. Loyd.

Mr. *John Kirkwood* was sworn, and further examined.

Mr. *W. H. Goodman* was sworn, and examined.

On the witness, *John Kirkwood*, refusing to answer certain questions addressed to him—

Room cleared.—The Committee deliberated.

REPORT, proposed by the *Chairman*, read the first time, as follows:—

Mr. *T. W. Russell* reported from the Select Committee on Money Lending; That *John Kirkwood*, a witness summoned to attend the Commitee, had refused to answer certain questions addressed to him by the Committee.

Question, That the Report be read a second time,—put, and *agreed to*.

Ordered, To Report.

[Adjourned till Tuesday next, at Eleven o'clock.

Tuesday, 20*th July* 1897.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.
Mr. Thomas Bayley.
Captain Chaloner.
Mr. Garfit.
Mr. Hazell.
Mr. Jeffreys.
Dr. M'Donnell.
Mr. Price.
Mr. Warr.
Mr. George Whiteley.
Mr. A. K. Loyd.

A letter was read from *W. H. Goodman*, clerk to *John Kirkwood*, stating that *John Kirkwood* was unable on account of illness to attend, and enclosing a medical certificate to that effect.

Room cleared.—The Committee deliberated, and decided to summon *John Kirkwood* to attend on Tuesday next, at Twelve o'clock.

His Honour Judge *Owen* was sworn, and examined.

His Honour Judge *Lumley-Smith* was sworn, and examined.

[Adjourned till Tuesday next, at Twelve o'clock.

EXPENSES OF WITNESSES.

NAME OF WITNESS.	PROFESSION OR CONDITION.	From whence Summoned.	Number of Days Absent from Home under Orders of Committee.	Allowance during Absence from Home.	Expenses of Journey to London and Back.	TOTAL Expenses allowed to Witness.
				£. s. d.	£. s. d.	£. s. d.
Mrs. Isabel Russell	- - -	Oxford - - -	1	- 5 -	- 15 7	1 - 7
Mr. M. J. G. Scobie	Official Receiver and Solicitor.	Hereford - - -	2	4 4 -	2 6 -	6 10 -
Mr. Isaac Samuel	Gentleman - -	Cardiff - - -	4	4 4 -	1 13 4	5 17 4
Mr. Henry H. Hope	Gentleman - -	Leominster - -	3	3 3 -	2 1 3	5 4 3
Mr. Thomas Higgs	Tradesman - -	Condover - - -	2	1 10 -	1 16 2	3 6 2
Mr. Frederick Corbett	Solicitor - - -	Worcester - - -	2	4 4 -	1 17 6	6 1 6
Mr. Isaac Gordon	Gentleman - -	Birmingham - -	2	2 2 -	1 17 -	3 19 -
Mr. William Carless	Solicitor - - -	Hastings - - -	1	2 2 -	1 2 4	3 4 4
Mr. F. A. Sargeant	Solicitor - - -	Reading - - -	1	2 2 -	- 14 6	2 16 6
Mr. John Faux	Tradesman - -	Shenton, Nuneaton -	2	1 10 -	1 5 10	2 15 10
His Honour W. S. Owen.	County Court Judge -	Abergavenny - -	3	3 3 -	2 13 6	5 16 6
Dr. Furner	Physician - - -	Brighton - - -	1	3 3 -	- 18 -	4 1 -
Mr. John Kirkwood	Gentleman - -	Brighton - - -	3	3 3 -	2 14 -	5 17 -
Mr. W. H. Goodman	Gentleman - -	Brighton - - -	1	1 1 -	- 18 -	1 19 -
				TOTAL - - - £.		58 9 -

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MINUTES OF EVIDENCE.

Tuesday, 18th May 1897.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Garfit.
Mr. Jeffreys.
Dr. M'Donnell.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley.
Mr. Yerburgh.

Mr. T. W. RUSSELL IN THE CHAIR.

Mr. THOMAS FARROW, sworn; and Examined, as follows:

Chairman.

1. I THINK you have devoted a great deal of attention to this question of money lending?—Yes, I have.

2. You are the author of a book upon the subject?—Yes.

3. How long have you taken an interest in it?—From the end of 1893 up to the present time.

4. What was it that first caused you to direct your attention to the matter?—I may explain that I am the honorary secretary to the Agricultural Banks' Association, an association which is a philanthropic body, and has been established in order to encourage the formation of village credit societies in England on the lines of those in existence in Germany, Italy, and elsewhere. On looking into the subject I found, especially in Italy, that these banks were established in order to suppress the practices of usurers, and I naturally felt interested in the subject, and determined to see for myself whether there was the same need for credit in this country as abroad.

5. How did you commence operations?—First, having secured the sanction of the Agricultural Banks' Association, I commenced by studying the operations of a so-called bank which lays itself out specially to assist agriculturists—the Southern Counties Deposit Bank, Limited, of Brighton, Bristol, and Leicester, having agencies all over the kingdom. I found, on reference to the Bills of Sale Registry, that during the past six years that bank had taken £,686 bills of sale at 60 per cent. In the six months of 1893-94, 215 bills of sale were taken for the minimun sum allowed by the Act, that is 30*l.*, while 105

Chairman—continued.

of these stood in the names of small farmers and dairymen. I called upon some of these borrowers and obtained much useful information from them as to how they had been treated.

6. Before you go further, would you be good enough to tell us what the Agricultural Banks' Association really is; I understand you are the honorary secretary?—I am the honorary secretary of that association.

7. Will you tell us what that banking association has been formed for?—It has been formed to encourage in the rural districts of England co-operative credit societies on the lines of those existing in Germany known as the Raiffeisen Societies.

8. Is it a registered association?—The association is not registered, but each credit society is registered under the Friendly Societies Act. They are co-operative societies. They all pledge their credit in order to secure advances. I then turned to "Stubbs' Gazette," and extracted the names of persons who had given bills of sale and warrants of attorney, and either called upon them myself, or sent a representative in London and in various parts of the country, including Ireland, and found out how they had been treated by money lenders.

9. How many people might you have visited?—I visited about a hundred.

10. In different parts of the country?—In different parts of the country. Of course there is no published record of promissory note transactions, and I could not call upon those persons; only those where I could obtain the names and addresses. I also advertised in a large number

Chairman—continued.

of newspapers, and issued pamphlets inviting people who considered themselves to be badly treated to communicate with me, when I would help them and give them advice; and from that source I received a good deal of information; but, as the Committee are aware, persons are naturally reticent in giving details of their financial troubles to strangers.

11. I do not find that in the least since the announcement has been made that I am Chairman of this Committee?—I am glad to hear it, but the Committee is now an accomplished fact. There were many people who distrusted me, who knew nothing about me, and would not give me information; I found that to be the case.

Mr. *Warr.*

12. Your association is not a money-making association?—Not at all. It is a purely philanthropic body. We have vice-presidents, including the Duke of Argyll, the Earl of Coventry, the Earl of Yarborough, and the Committee itself is composed of Members of Parliament from both sides of the House, and is a purely missionary body advocating the establishment of these credit societies.

Chairman.

13. After you had secured your information what steps did you take?—I then published a record of them in book form, in my larger book and in a small book which has had a sale of upwards of a hundred thousand during the last year. This which I hold in my hand is written specially for the working classes. In the paper which I edit I wrote a series of articles also.

14. What class of people did you visit and did you hear from?—I visited persons who had given bills of sale; I visited the money lenders themselves; I also obtained information from clerks who had been in money-lending offices, and, in fact, I exhausted every means in order to arrive at the real facts of the situation.

15. You have seen, no doubt, numbers of people who have borrowed money in this way?—Yes.

16. What class of people were they?—I found them, as a rule, honourable, straightforward people.

17. Were they farmers?—Farmers; a large number of farmers; lodging-house keepers.

18. Artisans?—Artisans; yes.

Mr. *Warr.*

19. Professional people?—Professional people restricted to clergymen and medical men.

Mr. *Yerburgh.*

20. Did you ever come across any case of small tradesmen?—Yes.

21. Small traders?—Yes; and the evidence which I hope to give will describe the way in which all these persons have been badly treated, and I may say also that, as the result of information which I gained, I prosecuted or obtained prosecutions. I asked the Board of Trade to undertake one prosecution, the Treasury to undertake another (in both cases with success),

Mr. *Yerburgh*—continued.

against money lenders about whom I had received information.

Mr. *Ascroft.*

22. Badly treated in all cases?—In all the cases I shall bring before the Committee.

Mr. *Garfit.*

23. You said you asked questions in a paper; what paper is that?—A paper called "The Councillor," which is the property of Mr. Yerburgh.

24. Connected with these banks?—Yes; it is the organ of the Agricultural Banks' Association. I had a long series of articles there, entitled "The Ways of Money Lenders," in which I brought everything up to date.

Chairman.

25. Now that you have introduced the subject in this way, will you, not in any undue detail, but in whatever detail you think necessary to make your case, give the information as regards this business; how it is carried on?—Yes. My evidence under the first division is "the steps taken by money lenders to secure business." This is done in the first place by means of advertisements in nearly every London and Provincial newspaper, and specially in the religious press. These advertisements contain misleading statements as to the rate of interest and terms on which loans are granted, and as to the status of the lender. To a trained mind they would appear to come from a usurer, but to the working classes, the ignorant or the trustful, they appear to contain the exact facts of the case. I propose to read a selection from last Saturday's advertisements, which will give an idea of the statements contained in these papers. Mr. Fisher, a money lender at Worcester, says——

26. From what paper do you take this?—"The Worcester Chronicle": "Money.—Important to Borrowers; 3*l.* to 500*l.* may be had immediately on application at The Avenue, Cross, Worcester. If you want to pay your rent; if you want to pay your debts, or any matter or thing, however urgent and pressing, you can be accommodated without delay by applying at this old-established private office, where business is done in a thoroughly genuine manner, viz.: The money always advanced in full and the interest added to the amount lent, the whole to be repaid by easy payments for any length of time as will best suit the convenience of the borrower, and the money always lent on the borrower's own security, and a guarantee of the strictest secresy given, if required. Money lent to householders (male or female), farmers and cowkeepers, innkeepers, tradesmen, working men, and all classes residing within 50 miles of Worcester, in sums varying from 3*l.*, 5*l.*, 8*l.*, 10*l.*, 20*l.*, 30*l.*, 50*l.*, to 500*l.* Letters by post immediately replied to, and no enclosed stamped envelope required for reply. Apply to Mr. M. Fisher, The Avenue, Cross, Worcester. N.B.—Mr. Fisher thinks it necessary to caution borrowers against unscrupulous persons who pretend to advance money when in some cases they are even in a worse position than the person who applies

Chairman—continued.

applies for the loan, and yet some are impudent enough to pretend to have been established before they were actually born. Mr. F. has now been established in Worcestershire since 1869, and borrowers may depend upon it that if a loan cannot be obtained at his offices it cannot be got anywhere. If borrowers will persist in trading with people of no standing they have only themselves to blame if they are treated unfairly. Mr. M. Fisher, The Avenue, Cross, Worcester."

Mr. *Ascroft.*

27. Does Mr. Fisher's name appear further on in your evidence?—Yes. The advertisers do not, in all cases; but I have selected many, and I am, I hope, to give evidence of them. "The Belfast News Letter" contains this advertisement: "Finance.—Fifty pounds to ten thousand pounds lent. A wealthy capitalist, residing in a private house, and having a large amount of uninvested money lying idle at his command, is prepared to advance same in sums of not less than 50*l.* to 10,000*l.* to the nobility, gentry and the learned professions, as well as officers in the Army, merchants, manufacturers, schoolmasters, gentlemen farmers, private householders, and to all persons of undoubted respectability, ladies or gentlemen, on their own promissory note alone, simply written promise to repay, without having to lodge any securities or obtain sureties, and no beforehand charges" (those are preliminary fees) "whatsoever will be made. Strictly private and confidential. As this advertisement does not emanate from the ordinary so-called banks or loan offices, and the terms are most reasonable, it is particularly requested that habitual borrowers will not apply. Further information will be supplied (gratis) on personal application, or by letter direct to the actual lender."

Chairman.

28. Now may I ask whether you intend to select a number of those advertisements, and afterwards, to-morrow or at the proper time, to give us evidence in regard to these firms or banks?—Yes, that is so.

29. You have read two; you can read two more, and after that put as many in as you like; you will put in the cases you are going to follow up?—Yes.

Mr. *Ascroft.*

30. Is there any reference in the second one you read to who the party is?—Mr. James Cameron, 73, Harcourt-street, Dublin. I did not select these quite from the point of view that I should have to give evidence on all of them. I have other advertisements on which I shall give evidence which I do not put in; it is to give the Committee a general idea. I will now take two on which I will give direct evidence. "Money lent at 5 per cent."

Mr. *Bayley.*

31. What paper is this taken from?—This particular advertisement is a cutting from my book.

32. You have not the name?—No; but in this case the money-lender has since been imprisoned, and is now trading under an *alias*, and does not advertise in this name; but on the advertisement and the information I obtained upon it I succeeded in getting a prosecution This shows the evil attached to issuing an advertisement of this kind.

Mr. *Bayley*—continued.

Chairman.

33. Did you prosecute in this case?—Yes.

34. Then read it?—"Money lent at 5 per cent. From 5*l.* to 2,000*l.* Why pay more, when a private gentleman is prepared to grant advances to male or female upon their promissory note alone, in any part of England or Wales, without loan office formalities? No bill of sale or sureties required. The advance can be paid back by easy instalments, or can remain out from one to 15 years, by paying the interest only. Call or write to the actual lender, Wilfred Wilberforce, Esq., 11, Stroud Green-road, Finsbury Park, London, N. (near Finsbury Park Station." His real name is Pocket. Here is another one: "250,000*l.* to lend by the Provincial Union Bank, in sums of 10*l.* to 500*l.*, on note of hand alone, without any other security, at a few hours' notice, to all classes, repayable by easy instalments. With and without sureties. No good application is ever refused. All communications strictly private. The business of this bank was originally established in 1863, and has grown to be the largest in the kingdom, owing to the honourable and straightforward manner in which it has been conducted, the uniform courtesy and prompt attention of its officials having inspired the confidence and recommendation of its numerous customers. The public are cautioned against those loan offices and money-lenders whose only object is to obtain fees. If desired, an official from the bank will attend at applicant's residence with cash, and carry out the advance without delay. Apply to the Manager, Midland Branch, Mr. A. J. Suffolk, 114, London-road, Leicester, or to Mr. Geo. G. Miles, 70, Osmaston-road, Derby."

35. What paper is that taken from?—"The Derbyshire Courier" of 15th May.

36. Now that is four that you have read. We will not ask you to put them in at this moment; you can put in a selection at the close of your evidence of the cases on which you propose to give evidence. I think that will be the best way. Now will you proceed with your statement?—The next point is that money-lenders, in addition to advertising, issue prospectuses and circulars. These circulars contain ensnaring statements, and are really an amplification of the statements contained in the advertisements. In some there is an interest table inserted, and a form of promissory note which shows that the money is actually lent at five per cent. per annum. Statements of the most alluring type are made; but I ought to explain that the prospectus is relied upon in order to secure the preliminary fee, hence the attractiveness of it. I have one or two specimens here (*handing in the same*).

37. These are substantially the same as the advertisements?—Yes, substantially the same. I have selected from a large number of these prospectuses a certain number here. Should I be allowed to refer to one or two of them?

Chairman—continued.

38. Yes, one or two as a sample?—This is a prospectus of the Imperial Deposit Bank.

39. Where does it carry on business?—It has recently ceased to exist.

40. Ceased to exist?—Ceased to exist.

41. Then I should say there is no use going into that?—This happened to be an excellent type of prospectus.

Mr. *Yerburgh.*

42. Why has this institution ceased to exist?—Through the failure of the London and Universal Bank, which we were the means of breaking up, and in which the money, a good deal of the money at any rate, of that bank was used. I will take this prospectus, the Provincial Credit Bank, 7, Cookridge-street, Leeds. The proprietor of that is a man named Townend. He starts by saying, "This bank, opened in 1875, was the first and only bank established in the north of England for the purpose of affording temporary cash accommodation on borrower's note of hand alone. The Provincial Credit Bank, 7, Cookridge-street, Leeds. Mr. Charles H. James, manager. Bank hours, 9 to 6; Saturdays, 9 to 2. Advances from 15*l.* to 4,000*l.* Small advance department. The bank is prepared to make immediate advances in any part of town or country without disappointment, delay, or unnecessary expenses. From 15*l.* to 500*l.* to responsible persons on their own note of hand alone. Easy repayments. Cash advanced to professional gentlemen, merchants, tradesmen, private householders, cab proprietors, farmers, clerks, lodging-house keepers, managers, mechanics, or any person of respectability, male or female; also to enable persons to enter into business without having to ask friends or relations to become bond for them. Distance from the bank is no object, and applications received by letter from any part of England or Wales receive precisely the same attention, and are conducted with the same amount of promptitude as those applying in town. Repayments can be made at the bank, or sent by stamps, cash (in registered envelopes), or post office orders. Urgent cases attended to, and cash advanced on day of application." There is a "special notice" on the second page, that "All responsible applicants can safely rely upon the amount applied for being granted; and the manager fully assures them that no sureties are required to guarantee the repayment of the money borrowed. No deductions are made for legal charges. No publicity given to any communications sent into the bank. No inquiries made in the applicant's neighbourhood; and, if desired, the manager will give a written guarantee to that effect. The following particulars and questions must be correctly answered."

Chairman.

43. This is an amplified advertisement?—An amplified advertisement. These questions may be taken as a type of the questions asked in all these prospectuses; I mention that for a special reason: "Amount required, £.; Name; Address; Trade or Profession. Have you any loan elsewhere? Are you surety for anyone, either for a loan or any sum of money? If so, state particulars. Are you a householder? How long have you resided at your present address? What is your rent, and how payable? Nearest railway station; distance therefrom. State newspaper in which the advertisement was seen. The sum of 1*l.* 11*s.* 6*d.* must be paid on returning this application to defray the necessary expenses attending the proposal, and upon receipt of the same it shall have immediate attention, and one of the agents of the bank will call on you at once and see you privately in order to arrange the matter as early as possible." The other prospectus (I think the two will do), which I will put in, is that of Mr. Edwin Franks, 28, Glasshouse-street, Regent-street, London, W.: "Notice.—Should you or any of your friends require an advance without delay or trouble, I would advise you to write or see me personally, and I shall be pleased to do business with you on the most reasonable terms. I do not require references, nor ask you to give me unreasonable security, nor to pay an exorbitant rate of interest, such as no honest person could hope to do. My business is done in a straightforward way, and you can rely on no inquiries being made in your neighbourhood. I would draw your attention to the importance of applying direct to the lender, and warn you against loan offices and self-styled banks. No genuine application refused, and if you cannot obtain an advance from me then you cannot obtain it anywhere. I will send my secretary with the cash to arrange personally any advance you may require should you wish it. Distance no object. All communications to be addressed to Mr. Franks, at 28, Glasshouse-street, London, W. Office hours, 10 to 5; Saturdays, 10 to 1." On the other side: "Scale of interest. The following rate of interest is charged for advances upon approved promissory notes alone. Advances also made on furniture and stock-in-trade, without removal, farm stock, plant, growing crops, and to assist persons in business. Loans are repayable by weekly, monthly, or quarterly instalments, as arranged. One year (these payments include both principal and interest): 25*l.*, 12 monthly repayments of 2*l.* 3*s.* 9*d.*; 50*l.*, 12 monthly repayments of 4*l.* 7*s.* 6*d.*; 100*l.*, 12 monthly repayments of 8*l.* 15*s.*;" and so on, up to 1,000*l.*, the repayments representing the scale of interest as 5 per cent. per annum. On the inside are a few questions on the lines of those I have already read.

44. Your point, I suppose, on this prospectus is the fee question?—The fee question, yes; to which I will turn next. And these are the circulars which are sent out mainly by West-end money lenders to professional gentlemen, to Members of Parliament, to judges and magistrates, and so on. Could I read two of these?

45. Yes?—This is one from D. Jay, whose telegraphic address is "Blushingly. London." "Sir,—Should you desire to obtain cash quickly, and in confidence, I am prepared to advance same to any amount on note of hard simply. Loans from 4 per cent. per annum on Life Interests,

Chairman—continued.

Interests, Reversions, &c. No minors dealt with under any circumstances whatever.—I am, Sir, yours truly." Another, 2, Marlborough Mansions, Victoria-street, London, S.W." Crest and motto, " Deus Mihi Providebit," " The Lord will provide," " Madam,—If you ever require an immediate loan from a genuine private source will you favour me with a call or letter? I can offer the following advantages, the money can be advanced at 5*l.* per cent. per annum, and the capital can remain as long as the interest is paid. No preliminary fees or charges of any kind. — Yours truly, *E. Cooper.*" And this other one is from Mr. E. Kelland, Buckland-street, Plymouth. This is sent to farmers: " Dear Sir,—At this time of the year, and considering the low prices which agricultural produce of all kinds are realising, many farmers and stockbreeders find it advantageous to hold over their produce till the arrival of a greater demand in the English market. The trying ordeal, on account of bad trade, through which producers and consumers alike have passed during the year 1894, has so shaken the financial condition of agriculturists and others that many are unable to resist the necessity of selling at present prices, even at a sacrifice. Having had considerable experience in the private financing of some of the largest farms in the home counties, and possessing a considerable amount of uninvested capital, I am prepared to assist farmers and agriculturists with temporary financial aid in any sum from twenty to one thousand pounds, at a very low rate of interest, upon note of hand alone, and in a manner of repayment easy and satisfactory to clients who cannot afford to pay the exorbitant fees and charges of so-called advance companies and professional lenders. Should you therefore feel desirous of availing yourself of this offer, I shall be pleased to hear from you, when the matter shall receive my immediate attention, and I will wait upon you and arrange the same without delay.—Yours faithfully, *E. Kelland.*"

46. So far as the advertisements and prospectuses are concerned, I think the Committee have had enough. I do not suppose there is any doubt that this business is an extensive business, and that it is pushed in this way. Will you now come to the next stage?—These money lenders show a great anxiety to conceal their identity; they describe their businesses as " Banks," " Companies," " Finance and Advance Corporations," and so on. One man, whose name is Baron Cohen, trades also as Sydney Russell, R. Beresford, L. Leon, W. Turner, J. Wilson, J. Watson, L. Percy, and Arthur Russell; he also runs banks in Manchester, Liverpool, and Dublin, and he also trades as a widow lady of the name of Mrs. Vincent. Mr. J. F. Townend trades, or I may say has traded, in one or two of these cases as a bank. The Strand Bank has been closed, but he traded at one time as the Strand Bank, the Pall Mall Bank, the National Mercantile Bank, Bristol, the Provincial Credit Bank, Leeds, the Union Bank, Birmingham, the City and County Bank, Manchester, and he is now running as "the Commercial Bank of London." Mr. C. E. Percy Pipe trades as T. R. Murray at Clapham Junction, and as Bevan and Company in the Strand. They appropriate the names of bankers and others. Henry Trowbridge Pockett traded as Trowbridge, Wilfrid Wilberforce, and Cecil Courtney; he took the name of Courtney after my prosecution of him under the name of Wilberforce.

Chairman—continued.

47. He dropped Wilberforce?—Yes, he dropped that after the prosecution. The Charing Cross Bank is another. The proprietor of the Charing Cross Bank, Mr. A. W. Carpenter, trades under the name of the Charing Cross Bank. Josiah Isaacs and Isaac Abrahams trade as the Bedfordshire Loan Company at Bedford, Luton, Cambridge and Watford. John Kirkwood has traded, or is now trading, as the Midland Credit and Deposit Bank, East Retford, Sheffield Deposit Bank, Yorkshire Advance Bank, Nottingham Advance Bank, the Eastern Advance Bank (Cambridge), Hadfield and Company, Strand, London and Counties Deposit Bank, Southern Counties Deposit Bank, Limited. Then the Board of Trade having prosecuted him for running a bank in Leicester, under the name of the Provincial Union Bank, while he was registered as a limited company, he dropped that, and is now running his banks under the title of the Provincial Union Bank.

Mr. *Thomas Bayley.*

48. That is the one referred to in the advertisement in the " Derbyshire Courier," I think?—Yes, he advertises all over the kingdom. The " Derbyshire Courier" is one of the papers. We now come to Division 2; the question of preliminary fees. A fee is sent in response to this circular or prospectus. If the fee is not immediately forthcoming, the money lender writes an assuring letter that the money can be had for the asking, and urging the applicant to forward the fee. The fee asked for varies from 10*s.* in the case of the working classes to a guinea and a-half or two guineas; and the recipient of that letter or of the prospectus argues thus; he says: Well, it will cost the money lender at least 10*s.* to reach me; the third-class railway fare alone will exhaust that sum; and he therefore sends on the 10*s.* In Ireland, where English money lenders advertise, fees ranging from 10*s.* to 30*s.* are asked, usually 30*s.* There they consider that it will cost at least 30*s.* to get over to Ireland and back, and they send the 30*s.*; but the money lender has no intention of advancing money, and having pocketed the fee, he will either remain quiet, or he will send to the intending borrower a list of questions of the most insulting and inquisitorial nature; questions which no one in real need of money could fill up satisfactorily. I should like to read extracts from these questions, which are sent purposely to enable the money lender to keep the fee.

49. Is this sent from any of the names that we have?—Yes, it is. I may say that I can vouch for these questions, because they were brought out in the Wilberforce prosecution, and I myself, in order to test the matter, applied for a loan to a Mr. Hunter, and obtained this list of questions which I quote.

Chairman.

50. They were brought out on the trial?—They were brought out on the trial. You can only get the list of questions after having paid the fee.

Mr. *Garfit.*

51. Did you send the fee?—I sent the fee, I got that back again, but I kept the questions: "(1.) How long have you been in your present residence? (2.) Also state your previous address. (3.) Are you a householder, or do you reside in apartments? (4.) What rent do you pay? (5.) Up to what date is the rent paid? (6.) What is the name and address of your landlord (no inquiries are made of him)? (7.) Is your life insured? If so, in what office, and for how much? (8.) How old is the policy, and is it in your possession? (9.) Are you in business for yourself? (10.) If so, how long have you been established? (11.) Are you in any one's employ? If so, insert the name and address of your employer, and the length of time you have been in his service (no inquiries are made of him). (12.) Are you married or single? If married, please state in what year? (13.) What is your average income per annum? (14.) What do you estimate the value of your furniture and effects? (15.) Is the furniture absolutely your own property, or is it settled upon your wife or any other person? (16.) If you are in business for yourself, state the present value of your stock in trade. If there is any further information you can give to assist in granting the advance required, please write it at the foot of this form. (17.) Have you any bill of sale upon your furniture and effects? If so, state to whom it was given, and when it was paid off, also how much money did you borrow? (18.) Is any of the furniture or musical instruments in your house upon hire? If so, give name and address of person you hired same from. (19.) Are your furniture and effects insured? If so, for how much? (20.) What is the utmost amount of your debts and liabilities? (21.) How much money do you owe? (22.) Have you a loan at any other office? If so, where and how much? (23.) Have you ever had a loan, or applied for one at any office? If so, where? (24.) Have you ever been surety for a loan or been proposed as such? (25.) Have you ever filed your petition for liquidation, or been bankrupt, or compounded with your creditors? (26.) Please state if you offer your furniture as a security. I declare the above answers to be true and correct, and agree that the same shall form the basis of my application for any advance you may feel disposed to grant me. Special Notice.—It is absolutely necessary that all the above questions are answered correctly, for every proposal is sent to two trade protection societies to have inquiries made into the responsibility of the applicant or surety before any loan is granted, and should their report be unsatisfactory, or any answer given by the borrower be found to be incorrect, the loan applied for will not be granted, and the expenses paid, if any, be absolutely forfeited."

Mr. *Ascroft.*

52. Which particular question there do you consider objectionable, assuming it to be a paper sent by a *bonâ fide* money-lending company?—It depends upon the earlier circumstances. If a borrower answers the advertisement of a man who says he does not want bills of sale, that he does not take bills of sale, and that he only wants a promissory note without surety, then this is objectionable: "Please state if you offer your furniture as security," which can only be taken by means of a bill of sale, and as to whether he offers some one as a surety. The majority of these advertisements say that no sureties are required.

Mr. *Ascroft*—continued.

Mr. *Warr.*

53. They are on printed forms?—Yes.

Chairman.

54. I rather agree with Mr. Ascroft; given that this business should exist, they are entitled to make some inquiries; but what I want to get at particularly is the charging of these fees without any intention of lending the money. As to these questions that they put to borrowers; well, if the borrower chooses to go to them, he has a right to answer the questions he is asked, if he can; but what I want to get at is this: you assert that these fees are charged without any intention of lending the money at all?—That is a point that I should like to give evidence upon; I have very strong evidence upon that.

55. That goes to the root of the matter at once?—I may say here that one of the men referred to in this small book was sentenced last week to five years' penal servitude. He had for a large number of years taken fees, and never lent money; he had taken fees from five to seven guineas.

56. Give us cases, if you please, on that?—I have scores of cases upon that point. I can give the cases now, but I am going generally through it.

57. You wish to give the cases afterwards?—Yes.

58. But you have them?—Yes.

Mr. *Thomas Bayley.*

59. What is the name of the small book?—"In the Money-lender's Clutches."

60. Have you the name of the firm who sent out that circular?—Wilberforce.

61. Wilberforce has been prosecuted, has he?—Yes, he has been prosecuted.

62. And now Wilberforce is trading under what name?—I could not say now. He traded as Courtney after my original prosecution, which failed; then the Treasury took it up, and he was sentenced to six months' imprisonment. I believe he is trading as "Scott" now. He promised the judge he would never lend money again. If this form be filled up the application is registered at "Perry's Gazette Office." Money-lenders use this; it is what is termed "The Secret Circle." They pay six guineas for every 500 inquiries, about 3*d.* each

Mr. *Ascroft.*

63. Is not that done by all inquiry offices?—This circle is only available to money-lenders.

64. But

Mr. *Garfit.*

64. But perhaps they have other circles?—Yes, like "Stubbs' Gazette."

Mr. *Ascroft.*

65. Through "Stubbs' Gazette" commercial men make inquiries, do they not?—Yes. I explain in my original memorandum that some of these points I do not regard as evils, but I thought it necessary to mention them to show the ramifications of the system.

66. But it is a system?—It is a system; some of this I do not attach much importance to as an evil in itself, but as part of the evil.

Mr. *Warr.*

67. Do you distinguish between such an association as you have mentioned and such an association as "Stubbs' Gazette"?—Yes, I do; because those inquiries are necessary. Here the borrower when he sees the circular and the prospectus is assured that everything is treated as strictly private and confidential; I impress that upon the Committee; he thinks that his application which has gone in will be regarded as private and confidential. Then he gets a further form. He says, "I have parted already with the fee, and I have given this man certain facts; I may as well fill this up." He has no idea even then that this information of his, or any part of it, is registered privately; he trusts to the money lender. But the money lender immediately pays his 3*d.*, and goes to "Perry's Gazette," and there records the fact that Mr. John Brown has applied to Mr. Wilfrid Wilberforce for a loan of so-and-so.

68. But that is not open to public inspection in any way, is it?—It is open to the public inspection of all other money lenders, and, I believe, to insurance companies.

69. It circulates privately, does it?—It circulates privately. It is open to public inspection, so that the man whose name is registered there, if the money lender refuses to lend him money, will be likewise refused by every other money lender to whom he may apply.

70. It is a money lender's "black list," so to speak?—Yes; because they will say, "So-and-so applied there, and if he was not good enough for them he is not good enough for me." But the man keeps on sending fees all the way round, and in the case of a man like Wilberforce there was no intention whatever to lend the money, and the fact of having made the application damages the credit of the borrower, who may be a responsible man.

71. Do they confine themselves to Perry's Association?—Perry's Association, yes.

Mr. *Thomas Bayley.*

72. Do all the money lenders who advertise also pay their six guineas to Perry?—Yes, for every 500 inquiries.

Mr. *Ascroft.*

73. Is it alleged that Perry's Association are acting in collusion with a body of money lenders, or is it a legitimate association for the purpose of getting information for money lenders?—A legitimate association.

74. It is a legitimate association?—Yes.

Mr. *Ascroft*—continued.

75. For the purpose of getting information?—Yes; but I think it inflicts an evil on a responsible man when they give information to another money lender which was given in confidence to the man who originally made the inquiry; and if by chance any statement is proved to be incorrect it creates difficulty. The man, perhaps, is anxious to get his loan through, and he meets the question, "Have you ever applied for a loan elsewhere?" He says, "Well, now I must answer that question, but if I answer it I shall not get my loan."

Chairman.

76. But what distinction do you draw between that and a proposal for life insurance, when you are asked the question, "Are you insured in any other office, or have you ever made any application to any other office"?—I will tell you.

Mr. *Garfit.*

77. "Have you been refused?" is the question they put?—Yes; "Have you been refused?"

Mr. *Ascroft.*

78. "Have you made application, and been refused"?—Yes.

Chairman.

79. What distinction do you draw between the money lender and the insurance office, apart from merits altogether; it seems to me to be a perfectly legitimate question, "Have you applied for a loan anywhere else, and been refused?" If money is to be lent and borrowed, that appears to me to be as legitimate a question as for the directors of an insurance company to ask the proposed assurer, "Have you applied to any other office and been refused?" I see no difference?—No.

Mr. *Thomas Bayley.*

80. I understand one of the points you are going to make is that the money is not refused, it is continued; neither accepted nor declined; is not that so?—Yes; I draw a distinction between the two in this way, that the life assurance office has an established reputation, and it does do genuine business; but this is used largely by money lenders who do not intend to lend money; what I term fee robbers.

Mr. *Ascroft.*

81. You made the remark that the man did not reply, I think, because he knew if he stated that he had previously borrowed money he would not get that loan?—Yes.

82. Have you grounds for saying that; shall we hear of that later?—Yes.

Mr. *Jeffreys.*

83. I understand you put this as part of a system?—As part of a system. I was going to say that if these questions had been sent in the first instance the borrower would not have sent the fee; but after having got the fee the money lender sends these questions which gives him an excuse. After he has received the 10*s.*, and presuming the borrower has filled up these questions to his satisfaction, he then demands another

Mr. *Jeffreys*—continued.

two or three guineas. He thinks that the first fee has covered the initial expenses. The money lender writes to say, "I am satisfied with your application, and I am sure we can do business. I find the expense to which I shall be put in visiting and seeing the security myself will be two or three guineas. It often happens that he gets the three guineas; in other cases it happens that he gets the three guineas and does nothing further even then. I have scores of cases proving that, so that the first fee is really to cover the expense of his inquiry, although the borrower sends it believing it will be the whole of the preliminary expenses attending the proposal. Next, in regard to the way borrowers are tricked into giving bills of sale, which comes under the heading of the nature of the documents used by money lenders. I will briefly mention those. The money lender has now decided to lend his money, and, in some cases, he sends his clerk or valuer out on the Monday morning, giving him two or three hundred pounds, to call upon those who have applied, those who have sent fees, and if there are other persons in the same neighbourhood who have not sent up the fees, he is also to call upon them; he gives him absolute power to take either a bill of sale or promissory note from them. In many cases which I shall bring before the Committee the money lender's clerk tells the intending borrower that he is taking an inventory of the furniture in order to report to his principal as to what sort of security is behind the promissory note, or that he is taking an inventory for insurance purposes, or that he is signing a promissory note or a receipt for the money.

Mr. *Ascroft.*

84. Is that when he is signing a bill of sale?—When he is signing a bill of sale.

85. You did not mention that?—I started, I think, by saying that these are tricks.

86. It is rather a serious part of the case?—Yes; he represents that the whole transaction will be regarded as strictly private and confidential, whereas he knows that the bill of sale must be registered. The document is also folded in a certain form, and I shall be able to prove that it is given to the borrower in that way (*describing with a document*). That is the form of a conditional bill of sale, and he is told to put his signature at the bottom; the borrower is not in many cases allowed to read the document; the clerk who attests it is usually in a great hurry to get off and catch a train.

87. He signs on the inside?—Yes; I shall be able to show that the document has been folded and covered up by blotting paper and in other ways to hide the effective part of it.

88. Is the seal on at the time he signs in this case, or is it subsequently put on; this is in the nature of a deed, you know?—I am unable at the moment to answer that. You see in this case, prior to the passing of the Bills of Sale Amendment Act these documents used to be attested before a solicitor, but now anybody can attest it, even a money-lender's clerk who is "in the swim." On that point I shall have to make a recommendation, and, in some cases, to show that the borrower has not known of the

Mr. *Ascroft*—continued.

nature of the document which he has signed. He receives on the next morning a printed form or letter from the money lender, commencing in this way: "Dear Sir,—Referring to the bill of sale which you signed yesterday, or which you gave to me yesterday, please forward me the last receipt for your rent, rates, and taxes.' Now, the money lender should have insisted upon the production of these receipts before he took the bill of sale. That notice is the first intimation to the man that he has given a bill of sale; and I have correspondence upon that subject. There are other evasions of the Act. I may start by saying that I know that bills of sale not given in accordance with the Act are legally bad; but people are too ignorant to appreciate it; they do not know that the bill of sale is bad, and if it is found out by them they are too poor to prosecute, or they are afraid of exposure.

Mr. *Warr.*

89. I understand that it is not necessary now for a bill of sale to be attested by a solicitor?—No, it is not necessary to be attested by a solicitor.

90. Was that provision that it should be attested by a solicitor for the benefit of the borrower or of the lender?—Of the borrower.

91. Of the borrower?—Yes; but they found in many cases that it did not work to the benefit of the borrower. The most common form of evading the Bills of Sale Act is this: 30*l.* is the minimum allowed by the Act; a man applies to borrow 10*l.* The money lender, having got his fee, asks him to call, or calls upon him, and he says, "I will lend you 10*l.*;" and the borrower signs the bill of sale, the lender handing over either a cheque for 30*l.* or 30 sovereigns. 10*l.* or 20*l.* is immediately handed back to the money lender; that becomes an evasion of the Act, and it is one which is largely adopted. A bill of sale filed at the Law Courts has to show the true consideration, and, on searching many of these, I found that it was stipulated in the conditions that the sum of 10*l.* or 15*l.* had to be repaid within three days or seven days from the date of the transaction. The money lender, although he had it back at the time, prepared a post-dated receipt to overcome that difficulty. In other cases interest has been filled in after the date of execution; "five per cent." appears as in the terms of the advertisement, and "per month" has either been added after the borrower has left, or has been omitted when the document has been read to him. The word "six" has appeared, and "ty" has been added after the borrower has left, making it "sixty" per cent.; and a solicitor, who will give evidence, says that he has seen the word "six" printed, and this word with the "ty" added to it.

92. In England?—In England. The interest clause has been struck out, or "five per cent." inserted, and interest deducted at the time of the advance. In Dublin I went to the Bills of Sale Office, and there I looked at some of the bills of sale. I called upon one man in company with Mr. Yerburgh, who was represented to have borrowed

Mr. *Warr*—continued.

borrowed 50*l.*, and I found, on calling upon him, that he had actually only had 34*l.*; charges had been deducted, and yet, according to the bill of sale, he had borrowed 50*l.* at the interest of five per cent. per annum.

93. The Bills of Sale Registry is open to anyone, is it not?—On payment of a shilling for inspection of each document; but in Ireland they gave me facilities as also here. There are also costs, commissions, and fees which are deducted at the time of the advance and upon which the borrower has to pay his 60 per cent. In connection with prommissory notes statutory declarations are taken as to the precise income and liabilities of the borrower. This declaration has to be taken of course before a solicitor, who does not explain the nature of the document; he simply swears the party to it, but if by any chance the borrower fails to keep up his payments, or from enquiries made the declaration proves to be incorrect, there is a threat held out to prosecute for obtaining money under false pretences, perjury, and so on. In the case of clergymen and doctors this has been resorted to, and I shall be able to give evidence to that effect.

Mr. *Ascroft.*

94. Before you leave that part of the case will that evidence be in reference to one or more particular solicitors? Do you, from your investigations, find that the money lender goes to one particular solicitor to swear this declaration? —No. This would be evidence from the victims who have been prosecuted or threatened to be prosecuted. If a borrower turns out to be unsubstantial then the money lender falls back upon the declaration.

95. That is not my point. My point is this: I want to know when you say that solicitors are in the habit of taking these declarations without reading them or explaining them, whether the result of your investigation is that you found one particular solicitor dealing with the matters in hundreds of cases, or is it a general practice with all solicitors?—I think it is the general practice of all solicitors, simply to take a declaration without explaining to the person who makes it the nature of the document.

Mr. *Warr.*

96. Have you had access to these declarations? —Yes, I have seen declarations.

97. You could only have seen those at a money-lender's office I suppose?—The original declaration?

98. Yes, these things that are declared or sworn?—In one case it must have been the original declaration or a copy. There is a form of statutory declaration which is taken; and this was the case of a minister at Leicester (Trethewey) who ultimately committed suicide, and in that case I believe I have the original declaration which was returned.

99. It is made before a solicitor, is it?—Yes, in all cases it is made before a solicitor.

100. A commissioner?—Yes. In addition to the statutory declaration warrants of attorney are taken. This document had become practically obsolete; it was about 200 years old, an old form of cognovit which was revived on the passing of the Bills of Sale Act. It is briefly a confession to the money lender that he can at any time, on default, enter judgment and issue execution without notice to the debtor.

Mr. *Thomas Bayley.*

101. Have you one of those?—Yes, I have. These cover "default, distraint for rent or taxes, seized under writ, rent and insurance receipts, removal of any part of effects, borrowing upon same, assignment for benefit of creditors, arrest, 'absconding' from premises, in event of any statement turning out false, death or the giving of any other warrant of attorney." In case of any of these happening, the lender has a right without notice to the debtor to send in the sheriff.

Mr. *Warr.*

102. Are those warrants of attorney much used?—They are not largely used, but they are mostly used by money lenders.

103. Those are registered, of course?—Those are registered.

104. Is not there a provision that those must be read over by the solicitor to the man who signs them?—Yes, that is so.

105. And the solicitor has a duty imposed upon him to act on behalf of the borrower in that case, and explain the contents?—Yes, it is stipulated that the borrower shall have his own solicitor present as well as the money lender.

106. So that that precaution is taken?—It is taken, but there are ways of getting over that difficulty.

107. Are there?—The money lender can provide for a poor person, who does not as a rule possess a solicitor, a solicitor who will undertake the duty.

108. These are resorted to, are they?—They are resorted to, and I shall produce a money lender who will say that they are used mainly for the purposes of oppression. If they are taken for anything under 30*l.*, they are an evasion of the Bills of Sale Act, which authorises or requires possession for five days before sale of goods.

109. You said that these had become obsolete and were revived?—Yes; I have put before the Chairman a table under which all these evils are arranged under distinct headings, and under the heading of the number of the case on which I rely to prove that particular point; and I have here arranged in hundreds 500 cases (of course, I can give less than that), the cases being numbered, so that I can answer your questions upon that point; but it is hardly possible for me now to debate the subject which the information I have will enable me to answer. Then hire-purchase agreements are illegally used. These documents are used in connection with small loans to the working classes; they are illegal; but these are used to frighten the borrower; they are not known to the borrower, and they are used to frighten him. Under this agreement a borrower agrees to pay rent in advance, and to keep the furniture in good order, and to allow the owner, that is the money lender, to inspect the goods, and not to part with them; and in the event of default the money lender can take pos-

Mr. *Warr*—continued.

session by force or otherwise. Then I come to absolute bills of sale: I should say that about 5 per cent. of the bills of sale taken are absolute bills of sale, which vest the goods in the absolute possession of the money lender. It is practically an absolute sale to him, and in cases of money lending they are accompanied by a hire-purchase agreement, so that in the event of delay in the payment of instalments the money lender is in possession of, and does not take away, his own goods, which have really been pledged for about half their value. This also is an evasion of the Bills of Sale Act, which stipulates that a man shall be in possession five days before the sale of the goods; and I may here mention that a solicitor will give evidence on the point, that many of these money lenders are hire furnishers, and *vice versâ*, and that if the borrower wants to borrow and also buy furniture, and his furniture is not worth 30*l.*, he goes to the money lender or furnisher, who will give him furniture and a certain amount of money, a small further advance, and take an absolute bill of sale over the whole of the goods, which is, of course, accompanied by a hire-purchase agreement. Then there are loans on pension papers and jewellery: this also is illegal; but a large business is done in this direction. The loan is not made on the pension papers as such, but the money lender keeps them, and the pensioner has to go to the lender's office for the paper before he can take his pension, and then the money lender either goes himself or sends a clerk with him, who brings the instalment and the paper back again. In one case at Portsmouth upwards of 300 of these papers were discovered in a money lender's office.

Mr. *Jeffreys*.

110. Was the money lender prosecuted?—In that case he was prosecuted; some time ago he was prosecuted, but he is still guilty of the same practices. Money lenders also lend upon jewellery, taking the jewellery as a kind of collateral security for sums under 10*l.*, and the National Pawnbrokers' Association wish to give evidence upon this point, that money lenders not being licensed are really doing work which they alone are authorised to do. In regard to interest (Division 4): The ordinary rate of interest is 60 per cent., and I put in a list of some 40 money lenders with their rates of interest, ranging from 60 to 170 per cent., taken from bills of sale actually filed at the Law Courts. On promissory notes the interest is much higher. Default interest: In promissory note cases there is a clause to the effect that in the event of one instalment being in arrear the whole amount shall be forthcoming, together with interest, at the rate of a half-penny in the shilling per pound per week, which works out at 216 per cent. That has happened in the case of an Irish landowner who borrowed from a Hastings money lender. His instalment happened to be five days in arrear; he sent a cheque for 20*l.*, and the cheque was immediately paid and the whole sum demanded, which the man could not find; and ultimately the loan of 300*l.* was paid off by a payment of, I think, something like 800*l.* through this default interest clause. Renewals of loan:

Mr. *Jeffreys*—continued.

The borrower owes say 100*l.* on a promissory note. Prior to the date of the instalment, or the amount becoming due, the money lender will write him a letter asking him whether he can do with a few more pounds, and if no reply is sent the money itself is forwarded, Bank of England notes are forwarded to him, and in cases of clerks who are in the hands of several money lenders, they are practically bound to go on renewing the loans to stave off ruin. In bills of sale this is particularly hard on borrowers. In the bills of sale taken by Messrs. Bevan & Co., of the Strand (I have seen some of those), the borrower has borrowed at the rate, as he considers, of 5 per cent. per annum. He agrees to pay on the first bill of sale an instalment of 2*l.* for a certain number of months, and the balance on an agreed date. When that agreed date arrives he asks the amount which is due, and he is then surprised to find that he has been paying 5 per cent. per month, and that perhaps 20*l.* is still due, although he may have paid off the amount originally advanced. The money lender gets over it in this way: He says: Well, I will lend you another 10*l.*, or 6*l.*, if it is 20*l.*, and make it 26*l.*, charge you 4*l.* for a certain fee for the accommodation, and take a fresh bill of sale carrying the interest which was due under the old bill of sale into the new document; and in the forms which I have seen at the Law Courts this clause is printed, it is in type, that "whereas in consideration of a sum already owing by so-and-so to the money lender, and a further sum advanced this day"; so that the bill of sale becomes really an annuity in that case to the money lender. In many offices, having otherwise a good repute, fines and fees of so much in the shilling or the pound are charged per week if the instalments are in arrear; also a bonus whenever a slightly extended period is agreed upon in regard to any instalment; and in one large loan office which particularly works among the labouring classes when a borrower finds it difficult to keep up his instalments, the instalments agreed upon, he gets a letter from the money lender asking whether he will not take a fresh bill of sale on slightly reduced terms. They perhaps advance him a small further sum, and instead of paying 3*l.* per month the man will probably agree to pay 2*l.* per month; but in the new bill of sale they take a proportion of, if not all, the prospective interest. That is done in some offices in London who have otherwise a very good reputation. Promissory notes at times are made out for three months, but the loan agreed upon is for 12 months. I have the cases of many clergymen and doctors who have been deceived in that way. They agreed to borrow a hundred pounds at 15 per cent., I may say at once that these cases particularly apply to the Clerical and Medical Advance Bank of Bath and Bristol. At the time of signing the note the money lender says: "I am sorry I cannot make out my note for a longer period than three months, but that is my custom," but he says, "the loan is for 12 months." "Oh," he says, "it is all right; there will be no difficulty about the renewal of it; you may rest assured it will be all right, and that

Mr. *Jeffreys*—continued.

15*l.* is the amount of interest." These people who have been kept until they really require the money sign the document, and at the end of three months the whole sum of 115*l.* is demanded. In cases of bills of sale possession is taken. In the cases of these men, clergymen and doctors, with whom this bank deals, they find that they cannot get away from their signatures without local exposure, which would ruin them, and they are bound to submit to go on renewing, or to pay that extortionate interest.

[Adjourned for a short time.

Mr. *Yerburgh* (in the Chair).

111. Will you continue your evidence?—Yes. In conclusion of Division 4, I propose to show from evidence how difficult it is for a man having once obtained money from a money lender to get free. Escape in many cases becomes practically impossible. I have one case which will illustrate what I mean, where a borrower obtained a loan of 20*l.* upon giving a promissory note for 36*l.* 15*s.*, repayable by monthly instalments of 5*l.* 5*s.*; he paid on account 5*l.* 5*s.*, leaving 31*l.* 10*s.*; the default interest clause was then put into operation, and he had to pay default interest 28*l.* 17*s.* 6*d.*, making altogether 60*l.* 7*s.* 6*d.*; he then obtained a further advance of 40*l.* to cover the arrears, agreeing to repay 8*l.* 10*s.* per month; a promissory note was made out for 204*l.* Upon that default interest accumulated further default interest of 219*l.* 18*s.* 9*d.*

Mr. *Garfit.*

112. Is that the total, or is it default interest?—That would be default interest.

113. Alone?—Yes, alone He borrowed 60*l.*, repaid 58*l.* 15*s.*, and owed 689*l.* That is just a summary of the transaction.

114. We have heard nothing about this clause of default interest?—I mentioned that in promissory notes there was a default interest clause, which explained that, in the event of the non-payment of any instalment, default interest at the rate of a halfpenny in the shilling per pound per week was charged.

Mr. *Thomas Bayley.*

115. Shall we have this case brought before us later on?—Yes.

116. We shall have this case thoroughly gone into later on?—Yes.

Mr. *Yerburgh.*

117. You are only giving this by way of illustration of your general case; is that so?—Yes, on a point I could not otherwise describe.

Mr. *Thomas Bayley.*

118. What case is this; can we give a name to it so that we may bear it in mind?—You can bear the name of Kirkwood, money lender, in mind.

119. I will call it the Kirkwood case?—Yes. Another case was the case of a clerk who has a good position in a London firm, who is in the hands of nearly (I think there are) 24 money lenders; he has had to borrow from the one to pay off the other. His salary is 400*l.* a year.

Mr. *Thomas Bayley*—continued.

120. What case shall we call this, if we are going to have it put in?—If you could say "A Clerk to a Company," I would ask him to come here and give evidence. He made this statement out for me as to his exact position. He owes them at the present moment 1,129*l.*; his monthly interest and amounts payable for renewal of loans amount to 135*l.* 4*s.* 8*d.*

Mr. *Garfit.*

121. Monthly?—Monthly, on 1,129*l.*; so that his salary is about 34*l.*, and on interest alone he is 100*l.* further in arrear each month, which in this case will, of course, mean his dismissal from his post. Division 5: the conditions and evils connected with the repayment of loans. The interest here is secretly deducted by the money lender. In the bill of sale it is stated that a certain sum per month shall be paid on account of principal, together with interest at the rate of 5 per cent. per month. The actual amount of interest is not clearly stated, so that the borrower is often reminded by the money lender's clerk to send (and he often does) the exact sum which is mentioned in the bill of sale, which is 2*l.* or 3*l.*, on account of principal without sending the interest at 5 per cent. per month, which he is really unable to calculate. When he sends the 2*l.* to the money lender the money lender does not write and say, "You should have sent me your interest as well," but he sends the receipt for 2*l.* or 3*l.* "on account of loan." The result is that in the case of a bill of sale for 30*l.* the interest on that is 1*s.* in the pound per month, which is 30*s.*; the instalment of principal is 2*l.*, say; he sends 2*l.* The money lender deducts 1*l.* 10*s.* for interest, and gives him credit in his own books for 10*s.* on account of the principal; so that the next month 29*l.* 10*s.* of capital is due, and interest is then deducted of 1*l.* 9*s.* and so on, so that interest worked out in that way on a loan of 30*l.* comes to about 26*l.* 8*s.* 6*d.*

122. In what time?—In the course of about 18 months; but if the borrower makes any bother about the accounts, if he finds at a certain date when he thinks he has nearly paid off his loan that he owes nearly as much as he borrowed, the money lender can at once take possession, because the borrower has not complied with the terms of the bill of sale. Then no rebate of interest is given if the loan is paid off before the agreed time; the whole of the interest is demanded. This is particularly hard upon persons who have been tricked into giving a bill of sale. As soon as they find that the bill of sale is registered, or that they are suffering from its effects in any way, they will go to the money lender and ask to be allowed to pay it off. He says: "I have agreed to lend the money for a certain period; I do not want it back, but if you for your own purposes want to pay it back, then I must have the whole of the interest covered by that period"; the same in bills of sale as in promissory notes. I believe that this is not so in connection with ordinary mortgages; under the Conveyancing Act I believe that six months' notice on the part of the mortgagee can be given and three months on the part of the mortgagor for calling in the loan.

Mr. *Garfit*—continued.

123. Not entirely that, because in the case of many corporation loans that are payable by instalments with the interest, and that were borrowed a few years ago at 4 and 4½ per cent., they will not take the money back now?—No, they insist upon the terms agreed upon.

124. Most certainly; the best insurance offices do that?—Yes.

Mr. *Warr.*

125. It is all a question of bargain, of course?—Yes.

Mr. *Yerburgh.*

126. What is your next point?—When the bill of sale has been paid off the money lender refuses to enter up satisfaction. These bills of sale are all registered, and while they stand they add undoubtedly to the detriment of the borrower; he pays off the loan, and he writes to the money lender to return the bill of sale; the money lender may or may not return it, but he does not enter up satisfaction at the Law Courts. If he did that it would be made clear in "Stubbs' Gazette" and in trade circulars that the bill of sale had been paid off. In order to get this bill of sale satisfied you have to get the written consent of the money lender, and an affidavit on the part of the borrower that the loan has been paid off. The money lender cannot be compelled to enter up satisfaction; in the first instance it is a voluntary act on his part, and if the borrower wishes to have satisfaction to the bill of sale entered up he has, of course, to see a solicitor, who issues a summons. To that summons the money lender does not appear; he has no reason to appear; the bill of sale has been paid off, but the costs of that summons have to be borne by the borrower. In all cases the expense of entering up satisfaction is borne by the borrower; but even the cost of the summons after the registrar has ordered that the bill of sale shall be satisfied has to be borne by the borrower, which, with solicitor's costs and certain fees, come to some two or three guineas. In one case the money lender demanded two guineas from the borrower to enter up the satisfaction.

Mr. *Warr.*

127. That is the machinery of the Bills of Sale Act, is it; a summons?—Yes, a summons before the Master; and in one case, to test this question of payment, the solicitor took the question to the judge; he appealed to the judge, that the money lender might be made to pay the expenses; but the judge refused to order him to do that.

Mr. *Thomas Bayley.*

128. What is the reason why they object to enter up satisfaction?—Because the money has been paid off, and they do not wish to take any further trouble in the matter.

129. Have not they any further reason than that?—I cannot say.

Mr. *Ascroft.*

130. Have you ever heard of the same bill of sale being used twice?—As against the same borrower?

Mr. *Ascroft*—continued.

131. Yes, in respect of a different sum of money?—In respect of a fresh loan?

132. In respect of a fresh loan; the same bill of sale which has been paid off used for a fresh loan; have you heard of that?—No, I have not heard of that.

Mr. *Thomas Bayley.*

133. Is that the reason why they wish to put off the entering up of satisfaction, expecting that the man may borrow again on the same bill of sale?—It strikes me as being a very good reason for it.

Mr. *Yerburgh.*

134. Now will you take your next point?—Yes. Interest exceeds the amount of principal instalments. The case on which I rely here is the case of a man who gave a bill of sale for 60*l.*, payable by instalments of 2*l.* per month, together with 5 per cent. per month interest; he was told that he would pay this loan off in the course of about 18 months; certainly not longer than two years. The interest on that 60*l.* was 3*l.* per month, and he had been sending 2*l.* per month which had been received by the money lender without any intimation to him that he ought also to have sent the interest; so that, as a matter of fact, every month he owed the money lender another pound, and I was enabled to get that bill of sale wiped out, having discovered that the 2*l.* receipts had been given without a receipt stamp, and under some sort of threat I got the bill of sale put on one side, and the loan arranged on equitable terms.

Mr. *Warr.*

135. Otherwise you could have made nothing of it, I suppose; otherwise there was no point, was there, there?—No; often the interest exceeds the amount of principal, so that the borrower, although he is paying off, after some long period (and I have several cases), is really worse off at the end of the term agreed upon than at the time he started. In another case repayment books are destroyed or retained when the borrower calls to have his loan entered up, or if he calls to question the exact amount which is owing. In one case the money lender insisted on giving receipts on small slips of paper, relying (or thinking, at any rate) that the borrower would lose those slips, until at last the borrower compelled him to enter them in a book. In another case the receipt is not sent for the instalment; two or three instalments are acknowledged, but perhaps the third or fourth receipt is missing, which imposes upon the borrower the necessity of inquiring at every post office on the railway as to where that particular receipt has gone to.

Mr. *Ascroft.*

136. Will any evidence be adduced to show that when the books have been left they have been altered improperly by the money lender?—I think I have one or two cases on that; I have several where they have been destroyed or retained. Under the heading of "Frauds and attempted frauds" I give here five specimens. In one case the borrower was told he was signing as a witness.

137. What

Mr. *Thomas Bayley.*

137. What is the name of this case?—I can give you the name of the borrower because I happen to know it.

Mr. *Yerburgh.*

138. I do not think you need go into all these cases at the present moment. Give us this one case, and bring the others forward when you proceed to prove your case in detail?—Yes; shall I first read the point of the fraud?

139. Yes?—Lent further sum to borrower and endeavoured to make surety pay; attempting to bribe court official; adding to inventory a bill of sale after execution; seizure under bill of sale after payment of money due.

140. Those are the points?—Those are the points from frauds or attempted frauds.

141. Now you get to "procedure in connection with the recovery of borrowed money" in your case I believe?—Yes; distraint often takes place when rent is in arrear. Under the bill of sale the money lender has authority to demand the production of rent receipts; if these are not immediately forthcoming he takes possession, which involves the expense of a levy fee of 5*s.* a day for the man in possession. In a case at Sutton, a man had a thousand pounds on a bill of sale, instalments 16*l.* 13*s.* 4*d.* per month; the levy fee alone in that case (which was a few days in arrear) was 50*l.*, merely the fee for levying charged by the money lender.

Mr. *Warr.*

142. The money lender gets no profit out of that, does he?—Well, he often puts in his own men; he does not employ a solicitor, but levies himself; therefore he would get that 50*l.* under a bill of sale.

Mr. *Garfit.*

143. Was that at Sutton near London?—Yes. The landlord is often willing to wait for his rent, but in many cases the money lender forces the landlord's hand, either forces him to take possession, or to sell his tenant out; and if not, the money lender will pay out the landlord's claim in order that he may sell the tenant out. In cases which I have to present the money lender knowing that he has not paid the rent where the landlord has been willing to wait, yet has seized and removed the whole of the furniture. These homes when sold up are often subject to ruinous realisation. In some cases the money lender is his own auctioneer. For instance, Messrs. Hollingsworth and Messrs. Thomas, money lenders, of London, are auctioneers. They remove these goods to auction rooms when they have a set of dealers round them and sell, or are supposed to sell them, at ruinous prices. In any event it is difficult for the borrower to get a statement as to the result of the sale, and if it does come (it can be demanded by the borrower through a solicitor) there is generally something still due to the money lender. A case was mentioned to me only this morning by a solicitor, in which a woman's furniture was seized, the whole of her furniture, a piano for which she gave 40*l.* was also seized; she said she heard that it was sold for 19*l.*; they would not render a statement of account, the solicitor applied for a

Mr. *Garfit*—continued.

statement, when he was informed that all the goods were sold for 4*l.*, and as a matter of fact 27*l.* was still due. She thought something ought to come to her, but being a poor woman she could not go on with the case. The next point is, as to the power of issuing execution or snapping judgment by a trick. In the event of delay in the payment of an instalment, a writ is issued from the High Court. The money-lender's clerk calls with this writ and he informs the borrower that it will be perfectly easy to make an arrangement that he need not enter an appearance to it, and that as a matter of fact he can burn the writ. I know a money-lender's clerk who will give evidence to that effect; he has often burned a writ. The High Court does not inform the debtor that judgment has been entered against him as the County Court does, and therefore the borrower probably calls at the money-lender's office, or submits an offer as to which he hears nothing and does not enter an appearance, and he has no idea that judgment has been entered against him at the High Court. The result of it is that execution is issued, and the sheriff takes possession and sells the goods within two or three days, which is the first intimation to the borrower that judgment has been obtained.

Mr. *Warr.*

144. Shall you be able to give evidence of that?—Yes, several cases. The Bills of Exchange Act is largely used by money lenders for the recovery of moneys due under promissory notes and so on, and bills. The Act of 1835 is to the effect that in actions on bills of exchange, promissory notes, and cheques, the defendant shall not have leave to appear to such actions unless he files an affidavit stating he has a defence on the merits; and in many cases which have been brought to my notice, borrowers have been prevented by illness or loss of employment from keeping up the instalment, but they were unable to defend the action because they had no defence on the merits, and execution was issued.

145. Do I understand you that the money lender avoids the County Court. He goes to the High Court, you say; does he avoid the County Court?—No; but he also uses the County Court.

146. He does use the County Court?—Oh, yes, he does use the County Court, but in the majority of cases he sues under this particular Act (the Bills of Exchange Act), which prevents the defendant putting in an appearance, because there is never any defence on the merits of these transactions. I mean to say the borrower has agreed to pay. In another case, under the heading of "Oppressive Proceedings," I propose to show that persons—or that a person—has been committed to prison after having paid off the loan and a portion of the interest; and his wife and family had to close the house and had to go into the workhouse. That is one instance of what an oppressive proceeding is.

Mr. *Yerburgh.*

147. I suppose you have some more cases of that kind which you can put before us?—Yes; the Wass case is one. In that case the money

Mr. *Yerburgh*—continued.

lender took possession of the goods in respect of an instalment which was due on the Sunday and which was sent on Monday. The interest was 20*s.*; it was a 5*l.* loan. If a summons had been taken out, 10*l.* would have been claimable; he paid 1*l.*, but was sued for 10*l*, and they issued execution. In composition cases the money lender forces the borrower into bankruptcy if the amount is not paid in full. Oftentimes the money lender insists on execution being levied, although there may be illness and death in the house. In one case the signature was obtained to the document under a threat of violence. In another case the money lender compelled a rector to assign tithes; and for a slight delay, a renewal of loans on harsh terms is insisted on. My next point is "authority to draw salary." The City money lenders in lending money to clerks get them to sign an authority that they may apply to the employer for the salary as it becomes due; they also go to the Mayor's Court, which affords facilities for the rapid transaction of business, and they there obtain a garnishee order on the clerk's monthly salary; as a matter of fact the affidavit is made the day before. The garnishee order could only apply where the money is due, but the affidavit is made the night before. The order is rushed through quickly and obtained in time to serve it on the employers the next morning. Instances of blackmail levied by money lenders can be given, such as sending a wretched-looking man as a sort of collector at an office or bank, telephoning to the bank or place of business, writing to the employer, waiting outside offices and banks on pay-days, threatening to upset deeds of assignment, and collection of tithe. One specimen of hardship which occurred in connection with threatening to upset a deed was a case against a clergyman, against whom the money lender had no real claim, but he discovered that the clergyman was interested in a settlement effected, I believe, in 1852; and he is now carrying on proceedings to upset, or, at all events, has threatened to upset, that settlement; not that it can be upset, but for the mere sake of levying blackmail; and to get the money out of the clergyman through dread of local exposure. The London Mayor's Court and county courts are frequently used to the disadvantage of borrowers. The fees of the Mayor's Court are much lower and the costs higher than in the City of London Court. A case coming under this heading occurred in connection with the Carlton Bank. They took out a summons against a borrower at Swindon; the debtor could not appear; he could not leave his work; he was in the employ of the Great Western Railway Company; he could not put in an appearance. Judgment went by default, the judgment was transferred to the Swindon County Court, execution was levied, and the borrower was ultimately put in prison for the same debt. Another money lender named Pike, of Bristol, London, and elsewhere, dates all his promissory notes at Bristol, and I know that the judge there makes committal orders against persons in London. All the cases are tried in Bristol, and many of these poor borrowers cannot get down to Bristol to defend the action, and the committal orders are made against them without any questions being asked as to whether the borrower has had his fare paid there. In some cases the county court judge insists upon that; that the fare shall have been previously paid to enable the borrower to put in an appearance or to explain. Then I come to "summary diligence." This is a trick of Birmingham and other money lenders who head their bills with a Glasgow or Edinburgh address, some Scotch address, and make them payable there. The explanation is that by Scotch law, without any investigation into the merits of the case, by mere publication in a Scotch newspaper which the borrower never sees, "summary diligence" is obtained. The result is the execution is sent down to the English sheriff, and he levies, which is the first intimation the borrower has had that the money lender has taken any proceedings. In this matter, I believe, representations were made to the Home Secretary on the subject by the Worcestershire Chamber of Agriculture; but I have witnesses who will speak to defending some of these actions; and it is said that many Welsh farmers have been sold up under that process. Then I deal with "evasion of Section 23 of the Bankruptcy Act." There is a clause in this Act which Mr. Smith, the General Inspector of Bankruptcy, and official receivers, have urged me to try and get altered in some way, although it was framed specially to hit money lenders: "Where a debt has been proved upon a debtor's estate under the principal Act, and such debt includes interest, or any pecuniary consideration in lieu of interest, such interest or consideration shall, for the purpose of dividend, be calculated at a rate not exceeding 5 per cent. per annum, without prejudice to the right of a creditor to receive out of the estate any higher rate of interest to which he may be entitled after all the debts proved in the estate have been paid in full." The section is evaded in this way: the money lender stipulates that all payments, particularly in cases where he anticipates bankruptcy, or where he intends to force the man into bankruptcy, should be regarded as interest on the loan: thus he may have got the money back; but, in the Bankruptcy Court, he proves for the full amount of the loan, together with the 5 per cent. which is added here; and it appears that the official receiver has no power to go back on a transaction and find out which is interest and which is capital. My next point, in regard to "bankruptcy and suicide through the oppression of usurers," is this: in regard to bankruptcy, evidence was brought before the Welsh Land Commission by the Inspector General in Bankruptcy, and official receivers, who said that the rate of interest, especially, was a very frequent cause of failure on the part of the farmer. The Official Receiver of Merthyr, in an enumeration of what he considered to be "fair examples of the causes given by farmers for their failures," stated that "pressure by holder of bill of sale and heavy rate of interest were undoubtedly some of them." The Official Receiver for Carmarthen

Mr. *Yerburgh*—continued.

Mr. *Yerburgh*—continued.

Carmarthen said, that "The real cause in most cases has been want of capital, resulting in being obliged to borrow money at a high rate of interest." I communicated with a number of official receivers to get evidence on this point (I have evidence from two or three), but they naturally would not go to the trouble of going through their cases to give me information. That would be for this Committee to request; that official receivers in bankruptcy should be called, and I believe that the evidence which they will produce will be startling. I take one case, the case of the Yarmouth County Court, last week, and I found that money lending was mentioned in connection with each case; I believe that evidence would be largely multiplied by calling certain official receivers. The "evasion of the Companies Acts," under Division 7, includes trading in different names in which the company is registered, trading on a trivial amount of capital to save stamp duty. I might explain that by saying that a particular company trades on a thousand pounds capital, on which, perhaps, the stamp duty is, I think, about 5*l.*; I am not sure. As bankers they can take money on deposit, and they may do an enormous business during the year without paying anything further on the amount of capital in the shape of stamp duty. False returns are also sent to Somerset House, and full lists of shareholders, in order to give the impression of being a genuine company. I tested this in one case by sending a registered letter to every shareholder, and the whole of them came back through the Dead Letter Office. I do not think the people ever had an existence.

Chairman.

148. Is there nothing in the Companies Act to provide against that; a fraudulent list of shareholders?—I do not think there is. There would be no means of discovery; the company would be registered at Somerset House. The registrar merely registers the document; never looks into it. I induced the Board of Trade to take that up; that is one case where the Board of Trade prosecuted a company; it was the first case of an evasion of the Companies Act which they had undertaken upon that point. Then, "Loss to Investors in Loan Banks." There are many people in this country who believe from the advertisements that these loan offices are genuine banks; and through the failure of the London and Universal Bank, the Prudential Deposit Bank, and the Imperial Deposit Bank (all of which institutions I have exposed), people have lost enormous sums (they have written and explained that they thought it was a genuine bank they were dealing with), due, I believe to the rapacity of people at head-quarters. The Holborn Advance and Deposit Bank offered 2*l.* a month to investors, and I wrote them asking them whether the money would be safe on a deposit of 100*l.*, and the manager wrote me: "The rate of interest or charge on reinvestments is sufficiently high to leave us a good margin of profit, or else, of course, we could not afford to pay such a high rate as 24 per cent. As we have had a number of years' experience in money lending and financial

Chairman—continued.

matters of all kinds, we run no risk whatever, and exercise particular care that our advances are made to responsible men in good position only, and so avoid any risk of incurring a bad or doubtful debt." After he had taken a large sum of money from the public he bolted; and that is the kind of letter he would write to a depositor who doubted whether he could afford to pay that interest. Another point on which I would give evidence would be the "extent and profits of the whole system." Money lenders would not (nor anybody else) advertise largely unless a good deal of business was done. There are two London daily papers which I reckon insert over 18,000 money-lending advertisements during the year.

149. Two London dailies?—Two London daily papers. Would you like the names, or shall I give that in my later evidence?

Mr. *Ascroft.*

150. They are not responsible for the advertising?—No, they are not responsible. The papers are the "Daily Telegraph" and the "Standard." I thought I would test the matter, in order to ascertain whether the demand for money was great. I advertised in the name of a philanthropist, and agreed to offer money at 10 per cent. to respectable borrowers. I advertised in four London daily papers, and on one day I obtained 283 replies.

Mr. *Jeffreys.*

151. From what class of people?—From people of all classes—particularly bank clerks, civil servants, small tradesmen, and the working-classes. Then I advertised in a weekly paper which circulates mainly amongst the labouring classes, and I obtained to three advertisements 450 replies, all of which I have kept. A company in London has lent out over 1,000,000*l.* during the past few years.

Chairman.

152. What Company?—The Mutual Loan Company. The Carlton Bank has over 3,000 customers on its books, and a money lender in Queen Victoria Street writes to me that he can produce at any time the names of 20,000 borrowers. There is unfortunately no record of promissory note transactions. There is where most of the business is done. That is the special feature of the money-lending system, and I have heard from a money lender that a member of his class in London has over 500 farmers on his books borrowing upon the promissory note. As to Ireland, I have found on searching there that 1,118 bills of sale had been registered during the past three years. In 1891, for instance, the total number of bills of sale registered in Ireland was 391.

153. Have you come across Joyces' Bank in Ireland?—Yes, I have frequently; I believe that is a notorious place of extortion, the "Express Bank," I believe they call it. Of the 391 bills of sale which were given in 1891, 182 were given by farmers and dairymen; of 376 given in 1892, 174 were given by farmers and dairymen; in 1893, of 351 bills of sale, 163 were given by

Chairman—continued.

farmers and dairymen; so that half the bills of sale given were given by farmers and dairymen.

154. In Ireland?—In Ireland. I gathered that from the registry office (the office itself). The Bills of Sale Act does not apply to Scotland at all. Father Finlay, writing in the "New Ireland Review," speaks of the Gombeen system there, showing how many farmers have been ruined.

155. Can you give us any evidence about the Gombeen system, because that is very important?—I understood that it was not likely to be inquired into.

156. The Gombeen man is a money lender?—Yes. I have evidence in regard to money lending in Ireland; but not of the shopkeeper turned usurer. I have not collected evidence; but I have asked Father Finlay, who wrote his striking article on the subject, to come and give evidence upon the point. He says: "Unhappily, we have too much reason to fear that the operations of the usurer among the agricultural and industrial classes are widespread and ruinous in Ireland. There are few rural districts in which the Gombeen man is unknown. It has been argued that our Irish banks deal so liberally with the borrowers of small sums, that it is so easy to obtain advances on reasonable terms from the branches of the legitimate banking institutions which are multiplied over the country, that there can be no excuse for a recourse to the Gombeen man. In these matters it is useless to argue *à priori*. There, argument is proverbially worthless against fact; and the fact is, in spite of all these banking facilities, the usurer exists, and thrives upon the ruin of his neighbours."

157. So far as I have seen you have got to No. 9, "the reforms which appear to be needed before the system of money lending is placed on a satisfactory basis." That, I think, had better

Chairman—continued.

come in your evidence in detail?—Yes. I find I have other evidence here in regard to the profits of the system, but it generally supports the fact. I give extracts from my book to show that it is a profitable business also.

158. I think you have nothing further to say, except as to No. 9, have you?—Nothing further.

Mr. *Garfit.*

159. You mentioned one or two of these banks that had a large number of customers, 3,000 or 20,000, I am not sure which it was?—Yes.

160. Have you found much in your inquiries that shows that there are *bonâ fide* money-lending concerns, not fraudulent, but simply lending at a higher rate of interest and on worse security than most banks do; do you find that most of it is fraudulent, or not exactly fraudulent, but that the money is lent at an excessively high rate?—Well, my general impression is that the majority of it is fraudulent. I mean to say there are money lenders who merely charge their 60 per cent. against whom we cannot urge very much, or, in fact, anything; beyond that there is a lot of fraudulent money lending going on.

161. There is a lot of money lent at 10 or 15 per cent.?—There is practically no money lent under 25 or 30 per cent. These evils would not be, perhaps, so great if they were accompanied by a lower rate of interest; but, accompanied as they are by a minimum of 60 per cent., they do become evils. Several (I say "several;" I have not discovered more than six) genuine money lenders are prepared to give evidence in substantiation of this statement and in support of the reforms which, at a convenient time, I hope to recommend; and against them I have really nothing to say (not against their mode of business), beyond the rate of interest, which I think, even in their cases, is too high.

Thursday, 20*th May* 1897.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Captain Chaloner.
Mr. Garfit.
Mr. Hazell.
Mr. Jeffreys.
Mr. Price.
Mr. T. W. Russell.
Mr. Warr.
Mr. Yerburgh.

MR. T. W. RUSSELL IN THE CHAIR.

Mr. THOMAS FARROW, re-called; and further Examined.

Chairman.

162. WHEN we adjourned on Tuesday we had gone through the Paper which you submitted, and you promised to commence to-day by giving specific cases of hardship?—Yes.

163. Will you proceed, please?—The first point is in regard to money-lenders' advertisements. I think that the information already given you, the advertisements read out, together with the prospectuses and circulars, have convinced the Committee that these are misleading documents; but one case, being of a unique type, I would like to mention. A Nonconformist minister saw this advertisement in the "Freeman," a Baptist newspaper: "To ministers requiring temporary aid. A minister, having made special terms with a London bank for advances to ministers, will be glad to forward information on receipt of stamped addressed envelopes; Clericus, Mansion House Chambers, Queen Victoria-street, E.C." He wrote to "Clericus," and received from him a private and confidential circular which is addressed to clergymen and ministers only: "Reverend Sir,—Having made special arrangements with a bank in the City of London to secure advances for clergymen and ministers, I shall be glad to communicate with you either by post or personal interview, should you feel interested in the matter. Clergymen and ministers are occasionally requiring convenience of the kind suggested, and as the proposed easy method of securing this also precludes all possibility of publicity, it is believed that the arrangements will supply a long-felt need. The terms for clergymen and ministers are special in this, that no reference or security is asked, unless the applicant is willing to give such, in which event the rate of interest will probably be smaller. Advances can be made from 10*l.* to 200*l.*, payable by instalments, in one month, or from this period to three years, according to agreement. All communications received and advances arranged by myself exclusively and entire privacy pledged. I shall be glad to furnish any other particulars that may be desired.—I remain, dear sir, sincerely yours, (Rev.) *W. Braimbridge.*" This document has been printed at the expense

Chairman—continued.

of the bank, and inside is a letter in the Reverend William Braimbridge's own handwriting, and he says, "My dear Sir,—Yours of yesterday is this morning to hand. Your application of the 29th ult. I duly placed same day in the hands of the bank. Then, personally, the matter is transferred from myself for the bank to negotiate the arrangements. I shall this day further take in your letter of this day for additional directions. I shall feel a great pleasure in doing my utmost to further your requirements. With kind regards, and praying you every success in the great solemnities and vast responsibilities of your ministry, I remain, dear sir, yours very respectfully, (Rev.) *Wm. Braimbridge.*"

164. Now, have you made any inquiries about this reverend gentleman?—I have made inquiries.

165. Are you able to place any information concerning him before the Committee?—I have ascertained that at that time he was a paid agent of the bank.

166. Was he in any way entitled to assume the character of a minister of religion?—Yes.

167. He was?—He was; yes.

Mr. *Ascroft.*

168. Was he paid by commission or salary?—By commission.

Chairman.

169. Now you are going to give us the case?—The immediate result of this was a loan of 25*l.*, with 7*l.* interest added.

Mr. *Price.*

170. You mean he owed 32*l.*?—£. 32.

Chairman.

171. Was it by promissory note?—By promissory note.

172. And the promissory note was for 32*l.*?—For 32*l.*

173. For what period?—I have no information in his letters to me as to how long that loan was to run.

Mr. *Ascroft.*

174. Have you a copy of the promissory note?—No, I have not a copy of that.

175. Have you the deed he signed?—No, this is merely his statement to me; his original letters. In this case the loan was transacted in 1893, and he was still in their hands in 1896.

Mr. *Garfit.*

176. Had he any further advance?—It was probably due to the renewals of the loan.

Mr. *Thomas Bayley.*

177. Shall we have this gentleman as a witness?—Yes, I think you will have this gentleman as a witness.

Mr. *Price.*

178. How much did he pay in the meantime; you say he was indebted in 1896. Of course, if he merely renewed the loan there would be nothing remarkable (if he did not pay) in its being due in 1896?—It was due in 1896, because my brother-in-law paid it off for him.

Chairman.

179. Can you give us the history of the loan. The promissory note was for 32*l.*; 25*l.* being the loan and 7*l.* the interest?—Yes.

180. That was in 1893; can you trace the procedure from 1893 to 1896?—I could not. I rely upon him as a witness, and I merely mention this in connection with an advertisement containing a statement which is misleading.

181. Then you close that case by saying that you will produce this gentleman as a witness?—Yes.

182. This Nonconformist minister? — Yes. "Money lenders adopt aliases for unlawful purposes." I referred in my evidence to Baron Cohen trading as a widow lady.

Mr. *Ascroft.*

183. As Mrs. Vincent?—As Mrs. Vincent. A gentleman replied to the advertisement, and received a reply from Mr. S. H. Wilson, which is another alias for "Baron Cohen." Mr. Wilson negotiated the loan for him, and charged him 5 per cent. commission, which was deducted from the loan for services rendered to the widow lady.

Chairman.

184. What was the amount of the loan?—It does not say the amount of the loan; the interest was 225 per cent., it says.

Mr. *Jeffreys.*

185. Interest at that rate per annum, do you mean?—Yes, 225 per cent.

Mr. *Ascroft.*

186. And what was the amount of the loan?—The amount of the loan is not stated. That is, on the question of an alias. Another case reported to me from Chester was the case of a widow, who carried on the business of a milliner at Llangollen. She got into difficulties, and as the result of seeing a newspaper advertisement she applied to Benjamin Edwards, of Chester, for a loan of 50*l.*, agreeing to pay 70*l.* in instalments spread over 10 months.

187. Do you mean that she put that in her

Mr. *Ascroft*—continued.

application?—She agreed on signing the note to pay 20*l.* interest for the 50*l.* About four months afterwards she became unable to keep up her repayments, when Benjamin Edwards pressed the lady so that she felt compelled to have recourse to another money lender. This time the advertisement of W. Spencer, Esq., of Liverpool, attracted her attention. She obtained from him a loan of 70*l.* to pay off the first loan.

Mr. *Price.*

188. And interest?—Yes, and interest.

Mr. *Warr.*

189. What is the date of this, about?—This would be about 15 months ago. It was specially communicated to me and reported in my own paper, 31st January 1896. Spencer got her to sign a promissory note for 100*l.*, which she was to pay off in seven equal monthly instalments. She paid off two of these instalments, but found that Mr. Spencer was just as anxious to get his money back as Mr. Benjamin Edwards.

Mr. *Thomas Bayley.*

190. How much were the monthly instalments?—Seven equal monthly instalments.

Chairman.

191. What do you mean by that statement. Here is a lady proposes by a promissory note to pay in seven monthly instalments the sum of 100*l.*?—Yes.

192. What do you mean by saying that she found that Mr. Spencer was quite as keen to get his money as Mr. Edwards. She paid two instalments and then ceased paying?—Yes, and she found that Mr. Spencer was very prompt in getting his money back, which was quite correct; but my point is not the rate of interest; my point is as to aliases; I am now upon the question of aliases. In her trouble she again consulted a newspaper, and saw the advertisement of an Isaac Gordon, of Birmingham. From Gordon she borrowed 50*l.*, which enabled her to silence for a time W. Spencer.

Mr. *Thomas Bayley.*

193. What terms did she borrow the 50*l.* on, can we have that?—I cannot give you the terms of that loan, although I give you a summary of the whole transaction.

Chairman.

194. You say this enabled her to silence Mr. Spencer; what had become of Benjamin Edwards in the meanwhile, had he been paid off?—He had been paid off. Presently she became bankrupt, when it was discovered that Benjamin Edwards, and W. Spencer, Esq., of Liverpool, and Isaac Gordon, of Birmingham, were all one and the same person. Now, she actually borrowed in the 18 months 413*l.* 10*s.*

195. How do you make 413*l.* out of the three transactions?—In this way.

Mr. *Price.*

196. The first two are 170*l.*?—Yes. In this case renewals, no doubt, occurred, because the period covered 18 months.

Mr. *Price*—continued.

197. You mean her indebtedness at that time was 413*l.*?—Yes.

198. Your expression was that she had "borrowed" it, I think?—Her indebtedness was that; she repaid 577*l.*

Mr. *Warr.*

199. I understand you are only dealing with one point, that of aliases?—Aliases; yes, nothing else. My case on that point ends there; that she found those three people were practically the same.

Mr. *Ascroft.*

200. Have you any evidence that Spencer or Gordon were the means of giving her the particulars as to where the others lived to whom she was to apply, either by circular or otherwise?—No, it was by advertisement; she answered the advertisements.

201. It seems a very peculiar thing that this lady, who is in Edwards' hands, should, when she wants money to pay him off, apply to Spencer, and that when she wants money to pay Spencer off apply to Gordon, all of whom are the same person?—It does. She probably applied to other money-lenders, but Gordon is a man who is very keen in getting out his money.

202. But you have no evidence that either of them represented to her to whom she was to apply?—No direct evidence. That evidence could be got from the Registrar of the Bankruptcy Court.

Mr. *Thomas Bayley.*

203. What was the name of the man of all these aliases?—Isaac Gordon is his correct name; he trades under seven or eight aliases.

Mr. *Hazell.*

204. Then the fact that these three persons were one man is all on record in the Bankruptcy Court?—Yes, this is information from the proceedings in the Bankruptcy Court itself.

Mr. *Warr.*

205. Where did the bankruptcy take place?—It was in the Wrexham Bankruptcy Court. "Inquiry fees are charged without any intention of lending money." A farmer on 4th September 1894 replied to an advertisement of Walter Seary, of Harmony Villa, New England-road, Brighton. Seary forwarded him his prospectus, and 10*s.* was demanded; the 10*s.* was sent, when Seary wrote to him thus: "Dear Sir,—I have carefully considered your application, and find it necessary for my representative to wait upon you at your residence to make final arrangements concerning the advance. His visit will be perfectly private, and upon receipt of his expenses, 3*l.* 3*s.*, he shall attend without delay, when I trust matters will be concluded to our mutual satisfaction."

Mr. *Ascroft.*

206. What was the amount of the loan?—The amount of the loan is not stated.

Mr. *Hazell.*

207. Are you quoting from original letters?—I am quoting from original letters. Seary, in his prospectus, says the sum of 1*l.* must be paid on returning the application, for stamps to defray the necessary expenses attending the proposal. The farmer questioned why he should send a further 3*l.* 3*s.*, when Seary replied, "Dear Sir,—In reply to yours, my letter means that it is necessary for me to send to see you at your residence, and that the amount named is for the purpose of defraying the expense of same, but my representative will not attend until his expenses are paid." He sent the 3*l.* 3*s.* to Seary, when he received a lithographed or hectographed reply, with a space for "Sir," or "Madam," filled in in ink, and the date filled in in black ink, which is to this effect: "Dear Sir,—Having carefully studied your application and reports, I consider the security offered to be insufficient, but shall be pleased to do business with you, providing you submit me one responsible guarantee, who must be a householder.—Yours truly, *Walter Seary.*"

Mr. *Thomas Bayley.*

208. Have you any evidence as to whether the security was sufficient or not?—I have none; I am pinned down to one case. I have many cases of Seary, whom I should describe as a notorious fee-robber.

Chairman.

209. Have you any evidence to place before the Committee that this agent of Mr. Seary ever visited this farmer to make the inquiries. Now that is a vital point. There was 3*l.* 3*s.* charged for an agent to pay a visit; did he ever visit the proposed borrower?—Yes, I should say he did.

Mr. *Garfit.*

210. You rather rely upon that printed paper, as if that was a universal answer?—I rely upon the printed paper. Having taken the man's 10*s.* he had some idea whether he could lend him the money or not, but he writes a letter to him, assuring him he will call to make final arrangements concerning the advance, and it is a false pretence.

Mr. *Price.*

211. Do you understand the second letter of his to mean that he would send down an agent to make the loan, or to see whether the loan should be made at all?—He says in his letter, "final arrangements concerning the advance."

Mr. *Hazell.*

212. Where did the borrower live?—He lived at Tonbridge; he was a farmer living near Tonbridge.

Chairman.

213. May I press you a little further upon this?—Yes.

214. You have a number of these cases?—Yes, I have a couple of hundred altogether of cases of preliminary fees.

215. Preliminary fees of the same kind?—Yes.

216. Can you produce any of the proposed borrowers who are dealt with in this way, so that the Committee may ascertain whether the agents

Chairman—continued.

visited and made the inquiries, and whether the answer of the lender that the security was not good enough is a real answer or not; can you produce any evidence of that kind?—Yes.

217. You may proceed then.—The next case is the case of Mr. C. Openshaw, of Withington. In this case I have given the borrower's name. I am sorry; I would like his name withdrawn. The money lender's name was David Williams, of 15, York-road, Waterloo Bridge, whose advertisement was this: "Money lent upon note of hand without bill of sale or sureties as follows: 25*l.*, repayable 24 monthly instalments, 1*l.* 2*s.* 5*d.*; 50*l.*, repayable 24 monthly instalments, 2*l.* 4*s.* 10*d.*; 100*l.*, repayable 24 monthly instalments, 4*l.* 9*s.* 7*d.* Larger sums in proportion. Strict privacy guaranteed. No commission charged. Distance no object. Apply, D. Williams, 15, York-road, Waterloo Bridge, London, S.E." This man, seeing the advertisement and anxious to borrow money on note of hand without sureties or bill of sale, applied for a loan of 150*l.* He wanted the money to "fasten the property" (as he describes) in his name. I suppose he wanted practically to buy some property, and raise this money by way of mortgage. He applied to Mr. Williams, and on 8th June 1894 Mr. Williams wrote him: "Dear Sir,—Thanks for your favour. Herewith I enclose my prospectus giving full particulars as to cash advances upon promissory note, without sureties; strictly private and confidential; and upon receipt of same, duly filled up with your requirements, together with the sum stated therein, I will at once proceed to complete the required advance, 150*l.* Awaiting your reply, yours truly,——" In the prospectus a sum of 1*l.* 2*s.* 6*d.* was asked for; that was a preliminary fee to cover the preliminary expenses. On 14th June, six days afterwards, Mr. Williams writes: "Dear Sir,—The inquiries I have made into your proposal being now complete, I now deem it advisable to make a personal visit in order to corroborate the statements you have made, and to arrange the loan. If you will therefore remit me a Post Office Order for 3*l.* 15*s.* to defray the travelling and other expenses attending the journey, I will at once wait upon you with a view to complete the matter." The borrower questioned the right of demanding further fees.

Mr. *Hazell.*

218. Where did he live?—Near Manchester. On 18th June Mr. Williams writes: "Dear Sir,—In reply to your favour, the amount sent by you, which is distinctly set out in the prospectus filled up, and bearing your signature, was for inquiry expenses into your application for an advance, and has been duly expended for that purpose, the result of which leads me to believe that business can be done; therefore, I write asking you to send in the travelling and other expenses attending the journey of my representative in order that he may come down personally to corroborate the statements you have made, and if all is found correct the business will be duly carried through. No further inquiry expenses are asked from you." He sends up the 3*l.* 15*s.*, and two days afterwards Mr. Williams writes:—"Dear Sir,—*Re* Proposal for Advance. Thanks for receipt of my representative's travelling and other expenses attending the journey to W————. I have placed your papers in his hands, and states he will be with you on Friday, when I trust it will be convenient to see him." The representative called upon him.

Mr. *Hazell*—continued.

Mr. *Thomas Bayley.*

219. What date?—Between 20th June and 28th June, because on 28th June William writes to the intending borrower: "Dear Sir,—In reply to your favour my representative submitted at your suggestion the names of two persons to act as your sureties, and I have accordingly written them; and if, in reply, I find they are sufficiently responsible persons to act in that capacity, I will accept them, and complete the matter."

Chairman.

220. The prospectus proposal was "no sureties"?—Yes, it was on the strength of those statements that he sent the money. After 12 days' delay Williams writes: "Dear Sir,—From the inquiries I have made respecting your proposed sureties, I must express my surprise at your submitting much less responsible persons than yourself to act for you, and regret I cannot accept them, therefore I must ask you to submit more responsible persons to enable me to go on with the matter." On the 13th July he writes again, in answer to a letter: "Dear Sir,—In reply to yours, the reason I decline to accept" (the two persons mentioned) "as your sureties is on account of the very small income they are in receipt of, having, in my opinion, quite enough to do to meet their own liabilities, without entering into outside engagements (an opinion I am sure you, as a man of business, will quite agree with); and if you will submit the names of two good and substantial householders who will guarantee the faithful repayment of the advance the cash will be at your disposal. All I require is to be convinced of the safety of the money. Awaiting the favour of your reply."

Mr. *Ascroft.*

221. Is there any letter from the borrower to Williams that he never agreed to give sureties?—I have not the original letters from the borrower to Williams; Williams would have those.

Mr. *Price.*

222. Have you any copies?—No; these men do not keep copies of letters.

Mr. *Ascroft.*

223. Have you any letter written, or the receipt of the letter asking for sureties contrary to the prospectus (because money was to be lent without), in which the borrower wrote and said, "I never agreed to give sureties"?—I have his letters to me here.

224. Have you got the advertisement?—Yes, I have.

225. Will you let me see the advertisement; it all turns on the wording?—Yes.

226. You

Mr. *Warr.*

226. You are dealing now with the class of cases in which inquiry fees are charged without intention to lend money?—Yes.

227. These are the class of cases in which you have prosecuted?—I did not prosecute Williams.

228. They come under the class of cases in which you have prosecuted?—Yes.

229. Successfully prosecuted?—Yes.

230. You find that the criminal law enables you to bring these men to justice on this head?—If sufficient cases are brought before the magistrate. If one person were to go to the magistrate and ask for a summons it would be refused. A warrant might be granted on 20 cases. I have here an opinion of Counsel when I thought of having Wilberforce arrested.

Mr. *Ascroft.*

231. We had better not have that; I do not think counsel's opinion will assist us?—Let me explain then with regard to Wood, who was sentenced last week to five years' penal servitude for not having lent a penny. I got up a witness from Newcastle-on-Tyne, paid his expenses, sent him down with my solicitor at the Lambeth Police Court and applied for a warrant; the magistrate said he would not think of granting a warrant on one case; if we could bring plenty of cases and show that this man had carried on a complete system of fraud he would issue a warrant. There are further letters in the Williams case, which I wish to read: "In reference to your proposal, I must insist on your giving substantial sureties; it is contrary to my business principles to accept a bill of sale from a trader." The man then offered a bill of sale. After seven further days Williams writes: "Dear Sir,—In reply to yours, as before stated I cannot make you any advance unless you submit two substantial sureties. If you feel dissatisfied at my treatment, and will take out a plaint against me in your county court, and serve same upon my solicitor, W. Stuart, Esq., 11, Adam-street, Strand, London, W.C., he will accept service, and defend the action on my behalf, when the whole of the inquiries I have made respecting you will be submitted to the judge for his inspection, who, as a man of business, I am convinced will consider I am justified in asking for more substantial security in your case than a simple promissory note." He then offered in addition to the bill of sale his fire insurance and other policies—a life policy: "Dear Sir,—In reply to your favour, as there would not be any surrender value attached to the proposed policy, as security, for at least three to five years, I regret to say it is not a suitable security that I could accept." At last he writes: "In reply to your favour, unless you can comply with my requirements, I regret I cannot see my way clear to make you an advance."

Mr. *Price.*

232. Do you know whether the man who did go to make the inquiries really went from London to Manchester, because, of course, if he did, 3*l.* is not an unreasonable amount?—No, not very unreasonable. I myself applied to a gentleman (a money lender) who has banks all over the kingdom; I applied at the same moment to every bank for a loan. I received from his Bristol branch an application for 1*l.* 11*s.* 6*d.* fee in order to enable the representative to come to London. I received a similar request from the Leeds branch. Now, if I had taken up the Bristol case I should have written and asked him to call, and sent down 1*l.* 11*s.* 6*d.*; I might have sent fees to the whole of his banks; but in that case he would not have come up to London (I was then living at Wandsworth Common); he would have sent his clerk from the London office.

Mr. *Thomas Bayley.*

233. Shall we have Mr. Openshaw here?—Yes, if you request his attendance. The difficulty, if I may explain it, is this, that you request a particular case only (which I bring before you), whereas I have hundreds of cases here of poor people who have not parted with "three guineas," but with half-crowns and five shillings and ten shillings. I have much harder cases than three-guinea ones. I have been compelled to select one case and read the correspondence upon that, but I could produce any number of witnesses. The two cases on which I would rely and on which I ask that the Solicitor to the Treasury should be called as a witness, would be the cases of Wilberforce and Wood.

Chairman.

234. The Committee must exercise their own discretion as to that?—I suggest that, because then you could get at a glance the fact that here is a man who is getting thousands a year out of fees without doing anything for them.

Mr. *Warr.*

235. I understood you, in your opening statement, to indicate that there were cases in which some of these men had gone into the Bankruptcy Court, and, upon an examination of their books, it had appeared that they had never, in fact, advanced any money at all?—Yes.

236. Those are the kind of cases that would, of course, bring home to the Committee this particular point, that this man had taken these preliminary fees without any intention of advancing the money?—Yes. In regard to Wood's case, it was clearly proved in court that he had never lent a penny. In regard to a man in Newington Causeway, named Brown, it was clearly proved in court that he had never lent a penny.

Chairman.

237. How can we get the evidence as to that?—From the Solicitor to the Treasury, the Public Prosecutor, who prosecuted him.

Mr. *Garfit.*

238. One single case proves nothing, does it?—If the Committee had time to allow me to go through these cases I could show you many cases.

239. It looks very suspicious, but it does not absolutely prove the point?—Can I mention another case?

240. Certainly?

Chairman.

240. Certainly?—I called upon a man named John Hart, a money-lender, of Wellington-street, Strand. He had taken from a builder, of Norwood, who wanted to borrow money on a second charge on his houses there, a sum of 100*l.* He had taken a fee of two guineas. The two guineas were paid, and an appointment was made to meet him at Norwood Junction Station the next morning. Hart never turned up, but subsequently wrote to him to say that he had inspected the property. Now Hart would naturally have gone to the house of the intending borrower, who was living in one of his houses (there were three or four there), but no one called. He had a letter to say he would call (and that everything was satisfactory) on the Saturday morning. The deed was to be ready for signature. On calling at his office on Saturday morning, Hart explained that there had been some hitch in the title, and the solicitor would not have it ready until Monday; however, the interest for the first year would be 5*l.* on the hundred pounds at 5 per cent. per annum, which he required, paying in advance; if he handed him the 5*l.*, that would assist in getting the matter through; therefore he foolishly handed him another 5*l.*, that would be 7*l.* in all. The borrower called on the Monday, and he has called since; and he cannot get the money back nor has the advance been carried out. I myself called on Hart several times and tried to frighten him into submission, and when I called at his office he had absolutely no books there; a drunken-looking clerk in the outer office introduced me to him, and when I explained that I wanted the seven guineas back that had been paid by this borrower, he could not understand it; he had forgotten it. I said, Where are your books? He then opened a drawer, and pulled open a little book, which contained the names and addresses of people whom he had similarly fleeced; he then found that Hampton's name was down.

Mr. *Thomas Bayley.*

241. Hampton is the man's name; the builder?—Yes; it is difficult to keep these names out. He said: "I have gone to some expense in the matter, and if I find there is anything to return, I will let him have it;" but on the face of it, it will be seen that it was a fraud. I have several cases, and in my small book I explain that and other cases of Hart's. In my book I said, "Here is a man named John Hart, of Wellington-street, Strand, who, under the very nose of the Bow-street Police, is carrying on his preliminary fee livelihood."

Mr. *Ascroft.*

242. Did you ascertain the name of any solicitor to whom the title deeds had been submitted, or the abstract; did you ask him who the solicitor was who was preparing this deed?—I cannot say whether I did that or not.

Mr. *Warr.*

243. The offence you charge is obtaining money under false pretences, I suppose is it?—Yes.

Mr. *Warr*—continued.

244. Why does the magistrate refuse a summons, at all events, upon *primâ facie* evidence that there is a case?—In that matter I can speak from experience. I have applied for myself in the case of Wood and Wilberforce. In the case of Wilberforce, in the first prosecution, I took up four witnesses with me, four people who had been defrauded of fees, and the magistrate then refused.

Chairman.

245. Who was the magistrate; because this must be proved?—In the first place, we went before Mr. Bros, the magistrate.

246. What division?—That would be the Stoke Newington division.

247. Very well, let us have this out?—I would very much like that out; I commented upon it at the time.

248. What is the history of it?—I took up two or three cases, and I went with Mr. Geoghegan, our counsel. The magistrate then explained that he could not grant a warrant.

249. Could not grant a warrant; is that a summons, you mean?—No; a summons would be no use in the case of a man who has been obtaining a living from fees; he would at once destroy his books.

Mr. *Ascroft.*

250. You would get rid of him?—You would get rid of him, but he would soon crop up under another alias.

Mr. *Warr.*

251. Excuse me, it may be my ignorance; you proceeded by warrant, or tried to proceed by a warrant; is that in order that the police may have an opportunity then and there of seizing the books?—Yes, in order to get the exact facts.

Mr. *Price.*

252. Mr. Bros would have granted you a summons, but he would not grant you a warrant?—That is what it comes to; he would not grant a warrant. We had the greatest difficulty in getting a warrant. Ultimately a warrant was granted.

Mr. *Thomas Bayley.*

253. But not in this case?—Yes, a warrant was granted.

254. Afterwards?—Yes; I put in at the time 24 cases where people had been deprived of fees, and the case was dismissed. Mr. Lane, the magistrate who heard the case (not the magistrate who granted the warrant), said: "He did not think for a moment there was anything to go to a jury. What was it beyond the usual form of advertisement? In fact a little less flowery and ornate than some advertisements. There was nothing misleading about it. He said he would lend to responsible people, and he looked at all the risks. The 10*s.* had to be paid before the application was considered at all. He had not a word to say against the prosecutor. He had only taken a strong view of his own position. Assuming the prosecutor to be a responsible man and his security good, the onus would have been upon the prisoner to show that he had made inquiries

to

Mr. *Thomas Bayley*—continued.

to satisfy himself that the statement was true. But if he saw on the face of it that the application was not a good one, he might put the 10*s.* into his pocket for his attention to the matter. The prosecutor had not shown that he could have repaid the money except by the most rigid economy, and without considering contingencies of illness or lack of work. On this charge the prisoner was acquitted. Mr. Geoghegan asked for time in which to consider whether he would prefer another charge against the prisoner, which was granted. Subsequently Mr. Geoghegan said he knew there were legal difficulties in the case just decided because of the impossibility of giving a bill of sale for 10*l.* Mr. Lane: In every case, according to the terms of the printed agreements, the money lender says: 'Before I look at your papers or take any trouble in the matter, I must have 10*s.* for contingent expenses.' If a good application on the face of it is sent in, he is bound to go further and make independent inquiries, and if he shows a disregard to the statement and puts the money into his pocket, it is a fraud. But very often he sees it is a risky and dangerous application, and then he can put the money into his pocket without further inquiry. Mr. Young said he thought it due to his clients to say that he had in court over 300 bills of sale current at the present time, and the cashier of his bank was present to prove his balance to exceed 1,000*l.* He was a perfectly *bonâ fide* money lender. Mr. Geoghegan said Mr. Young had better not go into his client's character as yet, because he (Mr. Geoghegan) intended to prefer another charge, and there was another in connection with a bogus company. The prisoner was then charged with obtaining 10*s.* by false pretences from Henry Clements, an oil and colourman, of Croydon. Mr. Geoghegan mentioned that with regard to bills of sale the prisoner made it a frequent practice to advance 10*l.*, take a bill for 30*l.* and receive back 20*l.* at once, thus only lending 10*l.* Mr. Lane said such bills of sale were void in law. In this instance the prosecutor offered his stock and fixtures, which he then valued at 90*l.*, and which he had since sold for 98*l.* for a loan of 50*l.* The accused made no inquiry, but after receiving 10*s.* declined to grant the loan. Mr. Lane said that in his opinion the margin offered by the prosecutor was not sufficient to cover a loan of 50*l.* Mr. Geoghegan: But we say that he had no business to put the 10*s.* in his pocket without making inquiry and satisfying himself on the point. Even if he found afterwards that the risk was too great and had made the inquiry we might not complain. Mr. Lane: If I were lending money I should not have taken the risk. Mr. Geoghegan: But you would not have taken the man's 10*s.* Mr. Lane: Oh, yes, I should if he had put me to trouble by making an application for a loan, and not offering a suitable security. At the same time I am not prepared to say that the system of obtaining 10*s.* in this way is not more or less a fraud. I shall hold that this case also has not been made out, and I shall discharge the prisoner."

255. Did he take any trouble at all?—He took no trouble whatever. He may have made application through Perry's circle.

Chairman.

256. Will you proceed now with another case?—Do you wish for another case of fees, sir? I have many cases, and "fees" is a great part of this subject.

257. Not any other case that you can produce to make the question of fraud clearer than you have made it in the other two cases?—I think this case would.

Mr. *Ascroft.*

258. Can you give us a case showing an advertisement that the money will be found, say without security?—Yes.

259. A fee demanded and paid for inspection of goods; an inspection made; money refused to be found, and a witness to be brought here to prove that there was plenty of security. Can you give us all the facts to prove a clear case of fraud?—Yes, I could.

260. Before going into that case, and letting the Committee take it down, I want to see that all the necessities to constitute a charge of fraud are included in that case?—Yes. That would involve my going through my papers under these headings again. There, under "preliminary fees," I have some 200 cases, and I have selected one or two cases, because I am bound to 50; I have taken exactly 50.

261. You have already given us one which is a perfectly clear case; you have given us a second one (the case of Hart), that is a clear case of receiving interest on account. It does not carry the case any further. Have you another case as strong as that one where Openshaw borrowed money?—I thought I had the strongest case against Wood here. I handed them all over to Scotland Yard, and they prosecuted him. They had not returned my papers; I wired to them yesterday, and they brought the papers to my office; but they did not return the case of MacFarlane, a man I will get up as a witness. He was a most substantial man. He wanted to remove his deeds from the bank to there because the man advertised lower terms than those on which he was borrowing. This, however, is a case of a Norwich lady where they did return the papers.

Mr. *Warr.*

262. Was there a prosecution in this case?—Yes, there was a prosecution in this case.

263. And a conviction?—Not in this particular case. This is one of the cases which was brought before the magistrate.

Mr. *Thomas Bayley.*

264. This case has not been tried, has it?—It has been tried.

Mr. *Price.*

265. Did the magistrate grant the warrant?—He did not grant the warrant on this.

266. It is one of several cases?—It is one of several cases which were in the hands of the police and before the magistrate.

 267. A verdict

Mr. *Thomas Bayley.*

267. A verdict has been given here?—Yes.

Mr. *Warr.*

268. Then why do you say there was not a conviction in this case?—There was a conviction. He has obtained five years' penal servitude. Mrs. Hall applied for a loan of 650*l.*, having seen an advertisement in a Norfolk newspaper in which Wood offered to lend money at 3½ per cent.

Mr. *Ascroft.*

269. What date, what year?—In 1894, June 1894. She writes to him and Wood replies: "Kindly inform me of the amount you will require and for length of term of years. Upon receipt of same will send you full particulars." On the 8th June 1894, two days afterwards, he writes: "Dear Madam, I can entertain your application for 650*l.* for 21 years at 3½ per cent. per annum. Interest payable half-yearly, the 650*l.* at the end of the term of 21 years or before, by your giving three months' notice and paying interest only up to time of repayment of the amount lent. Send me the name of a friend as reference, I shall not inform him of the nature of our correspondence." She gives the name of Mr. J. Langlands, and he writes to her: "I have received a reply from Mr. J. Langlands, and enclose you letter to sign and return to me." The letter enclosed was this: "Let me have 650*l.* for 21 years at 3½ per cent. per annum. Interest payable half-yearly, the principal sum, 650*l.*, at the end of the term for 21 years or sooner if I wish to pay it before by my giving three months' notice and interest up to that time. I will give the necessary security to be satisfactory to both parties." She fills up that form, and he writes: "Dear Madam,—Your letter received. As I must send you the 650*l.* in full, free of any deductions, and being trust-money I am debarred from incurring any expenses or making charges, send me postal order for 3*l.* 3*s.* to defray the legal and incidental expenses appertaining to the advance, and I will carry out same; at same time inform me how you wish the money forwarded you. If you have any doubt you can see me between 11 and 1 or ask a friend to call." I did call upon him subsequently. She sends the 3*l.* 3*s.*, and I have Wood's receipt here: "I beg to acknowledge receipt of your letter and contents, and will attend to it without delay, yours truly." On the 21st he writes: "Dear Madam,—You have omitted to send the names of your proposed sureties; see to this, yours truly." On the 29th June, in answer to a letter from her: "Dear Madam,—650*l.* Send me the names and addresses of the proposed sureties, yours truly." On the 5th July he writes: "Dear Madam,—The drafts forwarded you were drawn in accordance with your undertaking, dated 13th June, and now before me."

Mr. *Warr.*

270. There is some letter omitted there?—The drafts in these cases were certain forms which he used to send down to them, which were of no value whatever. One was a form of a bill of sale, another a bond, and another a kind

Mr. *Warr*—continued.

of statutory declaration that the borrower did not owe more than 50*l.* and so on. There were a few facts on them, but the majority of the places were in blank, and they were forms which on no account could be used for such purposes.

Mr. *Price.*

271. Were they printed forms?—They were printed forms, which he had bought in large quantities from a law stationer. She then writes and asks him whether he intends to carry out the advance, and he replies: "Dear Madam,—Certainly I intend to carry out the advance, and am writing names of sureties." On the 19th July: "Dear Madam,—In your letter of 10th July you state you were going to borrow the money elsewhere, therefore I considered you had ended the negotiation. I will instruct my legal adviser to make out his bill of charges." Then she writes again protesting against it, and he says: "Dear Madam,—In the place of writing rude and unladylike letters you had better place the matter in the hands of a respectable solicitor."

Mr. *Warr.*

272. She had never offered him the security; and security was contemplated?—As a matter of fact she had sent him the three guineas. She had never told him where the property was, therefore he could not have inspected it.

Chairman.

273. Have you the advertisement which she saw first of all?—Not in this particular case, but the custom was proved before he was committed, that after having got fees from these people he frightened them by means of these documents which he sent down to them. Then he asked for an insurance upon their lives before going any further. He had arranged with an insurance office to take a commuted commission of about 30 per cent. on the first year's premium, and evidence was given by an insurance company that a large number of insurances had been effected; the prosecution proved that he had never lent a penny, so that these people lost, not only their fees, but their insurance premiums.

274. He got five years?—He got five years.

275. Not on this case?—Not on this case. I must ask whether I may be allowed to give evidence at a later date in regard to the other cases of fees. I selected one case at the request of the Committee, and it is rather hard upon me to be so bound down, when, as one member of the Committee has remarked, these selected cases are really of no use to prove the system.

276. The Committee will not shut out any relevant evidence, you may depend upon that; but I am bound to say, if you have made your selection of cases, and this one is standing by itself, not in company with other cases on which the man was tried, that selection in my opinion proves absolutely nothing?—I took that case at the request of the Committee. It was a case where the money-lender had been sent to prison.

277. He

Chairman—continued.

277. He was not sent to prison on that case?—It was one of the cases before the magistrate.

278. He was not tried at Norwich on that?—No; he was tried here, and this was one of the cases in the hands of the police.

Mr. *Ascroft.*

279. The police have the papers?—Yes, the police have the papers at Scotland Yard.

280. When you get those papers back you ask to bring that case before the Committee?—Yes; or that I may by reference to my other papers give evidence on this point as to the general system of obtaining money without an intention to lend.

Chairman.

281. What would be infinitely better would be to put the people in the chair who have been the victims in these cases; that would be very much better evidence?—Yes, I would gladly do that.

282. Will you go on, please?—"That bills of sale are given by borrowers without knowledge of their nature and effect." This is a case in which a money lender (Shuckburgh, of Bristol) is concerned. The intending borrower applied to the bank, at Bristol, for particulars of their terms, and received a call from the manager.

Mr. *Warr.*

283. The "bank," that is the money lender?—Yes, from the manager of the bank, when the borrower informed him that he wanted money on his personal security and in a private manner. The manager said his people would be willing to advance the money, but that they would require some sort of security, and mentioned his furniture; but the borrower declined to give a bill of sale, as he understood it would necessitate registration. The manager assured him it could be done by a private bill of sale without registration, and the borrower consented. The borrower found, of course, that the bill of sale was registered, and the fact published in "Stubbs' Gazette." He remonstrated with the bank very strongly, and offered to refund the 30*l.*, with 5 per cent. interest, in order to cancel the bill of sale, but the offer was refused.

Mr. *Ascroft.*

284. Is it not a fact that a bill of sale is perfectly good although it is not registered between the two parties?—No; a bill of sale must be registered now within seven days. It must be registered under Act of Parliament. I think it is the Bills of Sale Amendment Act, 1882.

285. What date was it that this happened?—Recently, in February of the present year; and this is from a statement sent me by his own solicitor.

Mr. *Warr.*

286. That man knew he was signing a bill of sale?—Yes, but he was not aware of the nature and effect of the document; he was assured that it would be a private document and not registered.

287. It is consistent with the fact that he was

Mr. *Warr*—continud.

aware of everything except the necessity for registration?—Yes.

Mr. *Price.*

288. And he was absolutely told that it would not be registered, as I understand?—Yes, he was. He protested against it; that he would not sign a bill of sale.

289. He really signed it on condition that it would not be registered, and it was registered?—Yes.

Mr. *Warr.*

290. What business was that man in?—He is described here as the secretary to a local temperance society; whether it was an honorary post or not I do not know. I called upon a man who kept an hotel at Mesham, near Derby. He had borrowed money from the Provincial Union Bank.

Chairman.

291. Is this a money-lending thing?—Yes, a money-lending bank. I put in the advertisement the other day; it belongs to a man named Kirkwood.

Mr. *Price.*

292. That is the company of Kirkwood?—Yes.

Mr. *Warr.*

293. Is this a limited company now?—No; after the prosecution they wound the company up, and it is trading under another name.

Mr. *Price.*

294. It did trade as a limited company, did it not?—Yes; the Southern Counties Deposit Bank, Limited. He was tricked into signing this bill of sale. I speak now from personal knowledge, I have not any papers before me in the matter.

Chairman.

295. What do you mean by being "tricked" into signing a bill of sale?—He had no idea that he had signed a bill of sale, and he showed me (being a business man) his letter book, in which he kept copies of his letters.

296. A business man?—A business man.

297. Who signed a bill of sale without knowing what he was doing?—He had no idea that he had signed a bill of sale. I think I could show that many persons could read a bill of sale through and not know that it was a bill of sale. There is nothing in the document itself to show that it is a bill of sale.

Mr. *Price.*

298. Simply a mortgage of personal property?—It simply starts "This Indenture," not "This Bill of Sale," as I would suggest. On the morning after he had signed it he received a request from the bank for the production of his rent receipts and receipts for taxes, and so on, "in accordance with the terms of the bill of sale which you gave our representative yesterday." He then wrote back: "Do you mean to say I have signed a bill of sale? It will ruin me; it will destroy my business." They wrote back and said: "You are perfectly well aware that you signed it; we have the bill of sale duly witnessed, and there is your signature to it."

Mr. *Price*—continued.

He then offered to pay off the whole thing immediately, before it could be registered.

Mr. *Thomas Bayley.*

299. What was the amount?—It does not matter so much about the amount; he was compelled to recognise the bill of sale, for I find a receipt for one of the instalments here at the rate of 12*l.* 18*s.* 4*d.*

300. Monthly instalments?—12*l.* 18*s.* 4*d.*; it must have been for 100*l.*, with interest for a year, monthly; they demanded the payment of the full sum, together with the interest secured by the document which he could not pay off. I saw the letters, and in this case, if the money-lender be asked to give evidence or required to attend, I would suggest that the letters in that particular case be asked for; the letters received from this borrower.

Mr. *Warr.*

301. For what purpose do you adduce that instance; I suppose if for any purpose it must be for the purpose of showing that the man was deceived into signing a bill of sale?—Yes.

302. But you have not given us any evidence which would show us that the man was deceived into signing a bill of sale; he certainly signed a document, he being an hotel-keeper?—Yes.

303. And the next day they asked for the receipt for the rent?—Yes.

304. And he says, "I never signed a bill of sale"?—Yes, that is so. His letter would itself show that he had no idea he signed a bill of sale.

305. What did he think he had signed?—He probably thought he was signing an acknowledgment of the money (that is what they are told), a mere acknowledgment or a receipt or a security.

Mr. *Price.*

306. He knew he was charging his furniture, of course, did not he?—He had no idea that he had signed a bill of sale.

307. But he knew that he had given a charge on his furniture and personal effects?—Yes. It may have been described as a mortgage.

Mr. *Thomas Bayley.*

308. Have we the advertisememt put in of the Provincial Union Bank?—Yes.

Mr. *Ascroft.*

309. What statement does this man make as to what he believed he was signing, and what was said to him at the time he did sign?—He knew he had signed, of course, a receipt for the money; I cannot charge my memory as to whether he said it was a mortgage on his furniture or not; but that is often the reason given by the money-lender's clerk who attests the bill of sale to the borrower.

Mr. *Warr.*

310. You are dealing with an hotel-keeper who signs a document which begins with the mysterious words: "This Indenture"?—Yes.

311. It is absurd to say that a man does not know he is signing a formal document of some kind?—Yes, certainly.

Chairman.

312. You have not given any evidence that he was told that?—No, I only desired to give evidence to prove that he had no idea he had signed a bill of sale.

Mr. *Price.*

313. This is *àpropos* of your proposal that the clause should begin "This Bill of Sale," instead of "This Indenture"?—Yes.

314. I believe the law does require that he should be told?—I think so.

Chairman.

315. Do you know what became of this case afterwards?—No; I gather that he recognised the bill of sale, and paid it off by instalments.

Mr. *Warr.*

316. I do not understand that there is any legal necessity on the part of anybody to state that it is a bill of sale, is there?—There is no obligation, but the money-lender's clerk, who is the attesting witness in that case, does affirm that the borrower understands the nature of the document.

317. In what form does the money-lender's clerk say that?—He makes an affidavit of due execution of the document.

318. Quite so, but not at all saying that the contents have been explained?—No.

319. I think it is not necessary; it is in the case of a warrant of attorney, I think?—In the case of a warrant of attorney there must be the solicitor of the borrower as well as the solicitor of the lender.

Chairman.

320. What do you propose to proceed to now?—I propose now to deal with the question of the "Evasion of the Bills of Sale Act." The first is a case in which my representative called upon the borrower. The money-lender's name is Wilberforce. The borrower asked Wilberforce to lend him 10*l.* Wilberforce said that he could not lend him less than 30*l.* under a bill of sale, but that on the signing of the document 20*l.* could be handed back to him. This was done; 1*l.* 10*s.* was deducted for expenses; so that the man only received 8*l.* 10*s.* in cash, and yet had a bill of sale registered against him for 30*l.*

321. Now, in regard to that case, is that a case you can produce in evidence?—Yes.

322. You can give the evidence in this case?—Oh, yes.

Mr. *Thomas Bayley.*

323. Have you any reason for keeping the man's name back?—My own representative called, but I have his name and address.

324. Is he a man who will give evidence?—I will try and get him to give evidence. All I have done at present is to send a letter to every one of my cases asking whether they will give evidence, and I enclosed a stamped envelope for reply.

Chairman.

325. This is a case in which you employed your own representative to go to Wilberforce?—Yes, I can get my own representative to give evidence; I thought you wanted to see the borrower himself.

Chairman—continued.

326. This is a distinct and a clear case, and if you can give me his name and address we shall get him?—I have his name and address.

327. You can proceed to another case now then?—Another case is the case of a man who wanted to borrow money from the same source.

328. Wilberforce?—Wilberforce.

329. Is this the same Wilberforce that is trading under another name now?—Yes.

330. Of course, his evidence can be secured?—Oh, yes, you can compel his attendance.

Mr. *Thomas Bayley.*

331. Is Wilberforce his proper name?—No; Pockett is his proper name. I am reading my own summary of the case to save the Committee's time. He wanted to borrow 10*l.* He paid a preliminary fee of 10*s.* A man called to take an inventory of furniture. He was asked to sign a deed at Wilberforce's office; he had no idea what document he was to sign; he had no idea that it was a bill of sale.

Chairman.

332. What kind of man was this, the borrower?—This man, I believe, is a cab driver.

333. Did he sign the document?—Yes, he signed it; 30*l.* was handed to him. The custom of Wilberforce is to send over with the borrower a clerk to the bank to get the cheque cashed, when 20*l.* is handed back to the clerk.

Mr. *Warr.*

334. Thirty pounds is the minimum for which a bill of sale can be given, is it not?—Yes, 30*l.*

Chairman.

335. There was no fee there of 10*s.*, was there?—Ten shillings was the fee there; 1*l.* 11*s.* 6*d.* was deducted also for expenses.

336. Both these cases are Wilberforce?—Both these cases are Wilberforce.

337. Or Pockett?—Yes, or Pockett. I have here a post-dated receipt in another case. I have mentioned that they give post-dated receipts in order to comply with the terms of the Act. This man called at my office, and explained that he saw an advertisement in "The Daily Chronicle" and wrote to the Strand Bank for a loan. He came to London to the money lender, Townend, the proprietor of the Strand Bank.

338. We had his prospectus on Tuesday?—Yes. He said he must take 30*l.*, as they could not lend less than that sum on furniture.

339. That is on a bill of sale?—On a bill of sale, yes.

Mr. *Thomas Bayley.*

340. You have got away from Wilberforce to Townend, have you?—Yes; I have just selected three cases on this question. He said 10*l.* could be handed back to him, and 10*l.* was handed back. Yesterday I had the bill of sale searched at the Law Courts, and I find that although the 10*l.* was handed back at the time in the document itself, it is stipulated that the money shall be repaid within seven days.

341. The 30*l.*?—The 10*l.* which was handed back. It was a bill of sale for 30*l.* The borrower actually received 20*l.*, 10*l.* was handed back; but the conditions of the bill of sale are to this effect: that 10*l.* is to be handed back within seven days. As a matter of fact the 10*l.* was handed back immediately, and the money lender gave a post-dated receipt for it, in order to make the date of the receipt comply with the condition mentioned in the bill of sale.

Mr. *Garfit.*

342. In a previous case you were trying to prove that they signed bills of sale without their own knowledge; in this case, at any rate, they knew it was a bill of sale?—Yes, excepting one case, where the man said he was prepared to swear he did not know it was a bill of sale.

Chairman.

343. But that is not the point on which you are now giving evidence?—It is not the point on which I am now giving evidence.

Mr. *Garfit.*

344. It was explained to the people that it was a bill of sale, was it not?—It does not follow that because one man knows he is signing a bill of sale another man knows he is signing a bill of sale.

Chairman.

345. Have you any other case on that that you wish to put in?—There is one other showing another form of evasion which I mentioned on Tuesday of a dairyman in Dublin whose bill of sale I searched at the Law Courts from Julius Solomon. He borrowed from Julius Solomon, who trades as the Dublin Loan and Discount Bank; the bill of sale appears to be made out for 50*l.*; I called upon the borrower and asked him whether he had received the whole 50*l.*, and he said: "No, 14*l.* interest was deducted at the time of the advance."

346. He received 36*l.*?—Yes, he received 36*l.* There was no rate of interest mentioned in the bill of sale except default interest which aroused my curiosity, because the document ought to show the consideration on which the bill of sale was granted. The consideration there was not clearly stated. I mention that as an illustration of the evasion of the Act.

Mr. *Price.*

347. Of course, that would be a bad bill of sale, they would not be able to enforce it?—That would be a bad bill of sale if it were contested in the Law Courts; but there are many people who do not know that, and who are too poor to contest; it is not bad between the parties; it does not destroy the man's liability to the money lender.

Mr. *Warr.*

348. It prevents it from being enforceable?—Yes, it prevents the bill of sale itself being enforceable.

349. Is that because the bill of sale must state the consideration and the annual rate of interest?—Yes, it must show the rate of interest. It does not show (which is a weakness of the Act) the exact amount of interest; it merely leaves a

Mr. *Warr*—continued.

blank for so much per cent. which these men fill in "5 per cent. per month," whereas it ought to show the amount of interest as well as the capital. It shows the amount itself, but not the rate; they fill in "5 per cent." and add "per month" afterwards. The present state of the law gives them that opportunity.

350. Do you suggest that the law should require them to state in pounds, shillings, and pence what the half-yearly interest is?—No; what the repayments are of capital and interest.

Mr. *Hazell.*

351. Separately you mean?—Yes; if it is necessary to mention the amount of capital it should be necessary also to mention the amount of interest.

Mr. *Thomas Bayley.*

352. And "per annum;" not "per month"?—Yes.

Mr. *Ascroft.*

353. And also at what rate it is charged?—Yes.

Chairman.

354. Do you assert that you have evidence to show that they insert "per month"?—Oh, yes.

355. Do you come to that again later on?—I shall come to that in regard to "the secret appropriation of interest." "Statutory declarations" is my next point.

Mr. *Warr.*

356. These are the two respects, then, in which you seek to show that bills of sale are evaded?—Three respects; the two English and the Irish case.

357. They are only two respects in which it is evaded; you gave two instances, but of the same offence?—I gave two instances; I could give other instances, but I am precluded. I have selected exactly 50 cases; I could give other instances.

358. We are dealing with these. In what respects do you suggest that the Bills of Sale Acts are evaded; you have given us two respects in which they are evaded; one by mentioning a fictitious amount of principal, and the other by misstating, or omitting to state, interest; two respects?—Yes, that is it. I presume you include paying back a certain amount at the time of the signature of the bill of sale; that is the main respect in which the Bills of Sale Act is evaded.

359. Are there any other respects in which, to your knowledge, the Bills of Sale Acts are evaded?—Interest being filled in after date of execution of the document; the interest clause struck out; costs, commissions, and fees included in the amount, and interest on interest included in the amounts advanced. In the latter case, let us suppose that the money lender says he will lend at 5 per cent. per annum.

Mr. *Thomas Bayley.*

360. "Five per cent."?—Five per cent.; yes.

361. They do not say "per annum"?—No; the borrower sees it in the advertisement and in the prospectus.

362. He naturally thinks it is 5 per cent. per annum?—He naturally thinks it is 5 per cent. per annum. He borrows on a bill of sale or on a promissory note; on a promissory note, too, the same thing applies.

Mr. *Warr.*

363. Let us deal with the one point before us, the Bills of Sale Act evaded in various respects?—Yes; I think this is an evasion of the Act which I am about to explain. The money lender stipulates that if he lends the sum of 30*l.* it shall be repaid by 10 monthly instalments of 3*l.*, and the balance (which would be the interest) on the month following the last date of the payment of principal. When he goes (thinking all the time he is paying 5 per cent. per annum) to find what the interest may be, he may find that it is 16*l.* or 20*l.* further. Then the money lender says, "I will lend you a further 10*l.*, making it 30*l.*, you giving a fresh bill of sale," so that the interest on the old bill of sale is carried forward to the new one, and interest, upon which the man has to pay a further 60 per cent.; so that interest on interest is included in the second bill of sale, which is illegal, and which is an evasion of the Act.

Mr. *Ascroft.*

364. You mentioned the second bill of sale as an actual cash advance on the execution of the document?—Yes, that is so.

Chairman.

365. "Statutory declarations used for purposes of oppression;" that is your next point, is it not?—Yes; I have a case here; the gentleman's name has already been made public, because he was prosecuted, the Rev. W. F. Fraser, of Offham Rectory, Maidstone.

Mr. *Price.*

366. Is this on the next point?—This is on the next point; that statutory declarations are used by money lenders.

Chairman.

367. Who is the lender?—The lender is Schuckburgh; the Clerical and Medical Bank. I have put in his advertisement and prospectus.

368. Yes, that was put in on Tuesday?—Yes; the trick in this case was successful. The money lender took from the borrower the necessary declaration, as he explains to me in his letters.

369. What was the effect of the statutory declaration?—He had to give a statutory declaration explaining the precise nature of his liabilities and his exact position.

Mr. *Garfit.*

370. I do not quite understand. What do you mean by "statutory declaration"?—A declaration taken in conjunction with a promissory note by the money lender. You have there to swear that you owe so much. Stone, who is mentioned in the correspondence, gave Fraser a cheque signed by himself on a Cheltenham Bank for a hundred pounds.

371. This

Chairman.

371. This was the agent?—This was the agent; yes, and Fraser gave him a note of hand for 250*l.*, to be repaid at the rate of 5*l.* a month.

372. Two hundred and fifty pounds for a hundred?—Yes; 150*l.* interest on a hundred.

Mr. *Thomas Bayley.*

373. Five pounds a month?—Five pounds a month.

374. Payable, principal and interest?—Principal and interest; yes,

Mr. *Price.*

375. So he takes nearly four and a-half years to pay it off?—Yes. The first two payments were punctually made, but the third was posted a day or so late (he explains), when it was returned, and proceedings were at once commenced for the recovery of the full amount which would then be due under the promissory note, when Fraser learnt for the first time that the Bath Bank was Schuckburgh, with whom he had previously had some very severe dealings, while he had promised his friends that he would never touch Schuckburgh again.

Mr. *Ascroft.*

376. That is not material. The chief point is the declaration?—Yes. It appears that they discovered some flaw, some misstatement in the declaration, when Schuckburgh commenced criminal proceedings against the Rev. Fraser, and Fraser was committed to the assizes for perjury.

Chairman.

377. On the statutory declaration?—Yes, on the charge of obtaining money under false pretences. He was ultimately acquitted of the charge; but the circumstances of the whole case seem to show that it was done to ruin the clergyman completely. I take it as a specimen of blackmail.

Mr. *Ascroft.*

378. Had Mr. Fraser an opportunity of seeing the declaration previous to the representative of the money lender going down to see him?—No.

379. He had no opportunity?—He had no opportunity; he would not know that a declaration was required.

380. Have you got a declaration?—I have one used in another case.

Mr. *Warr.*

381. Did that case go to the assizes?—It went to the assizes.

382. In the case of that clergyman, then, it must be assumed that there was a *primâ facie* case against him by the magistrates and by the grand jury?—Oh, yes; but is it usual, may I ask, in borrowing money, to also have to be compelled to make a statutory declaration on which criminal proceedings can be instigated?

383. Of course that would be for the Committee to consider; at present I do not see any reason why a man should not have the courage to make a statutory declaration in support of any statements he makes, upon the faith of which the loan is granted?—Yes, that is for the Committee.

Mr. *Warr*—continued.

Mr. *Ascroft.*

384. Can you tell us the particular point of this declaration on which he was prosecuted?—No. Then there is the case of a minister at Leicester.

Chairman.

385. That is another case?—Yes; but I can produce the proceedings in the first case.

Mr. *Ascroft.*

386. The forms are printed forms; they are all the same?—Yes, they are all the same.

387. Can you tell us what the particular charge was?—No, I could not tell you that.

388. Was it in respect of debts or furniture, or what?—In respect of debts I should think; that is the usual charge.

389. That he owed?—Yes.

Mr. *Yerburgh.*

390. You can ascertain that point, can you not?—Yes, or he could be asked to give evidence on that point himself.

Chairman.

391. Fraser?—Yes. Another case is sent me by the wife of a clergyman, who says that the money-lender is accusing him of having got money by false pretences, as he declared himself solvent by affidavit when he borrowed the money; he is weak mentally, the Rev. Dennis Herd would testify to that effect. He had evidently misstated the case. That is in proof of the fact that they take these statutory declarations in conjunction with promissory notes and use them.

Mr. *Ascroft.*

392. There is nothing wrong in this declaration?—No, it is a question whether the money-lender should have the power which that declaration gives him; a power of inflicting blackmail upon and of extorting money from the borrower under a threat of criminal proceedings.

393. Surely, if a man commits perjury?—Yes, but should not the money-lender who charges so large a rate of interest be prepared to take a certain amount of risk; and should he not have satisfied himself, in the first instance, that the man to whom he lent that money was in a position to pay it back.

Chairman.

394. At all events, that is a matter for the Committee afterwards?—Yes; "Warrants of Attorney." I have merely brought forward the question of warrants of attorney to show that these documents were again revived after the passing of the Bills of Sale Amendment Act in order to frustrate the provisions of that Act. A warrant of attorney is a consent to the money-lender that he can at any time enter judgment and issue execution without the consent of the borrower, and without notice to the borrower. There are 12 conditions under which he can do that.

Mr. *Warr.*

395. Before you pass from warrants of attorney, I think you told us that they were not commonly used?—I could find out the exact number used during the past two or three years if requested, but I should say about two or three a week are registered in "Stubbs' Gazette;" two a week on the average. They are mainly used by money-lenders.

396. Of course warrants of attorney have been in existence for (I was going to say) hundreds of years?—Three hundred years; yes.

397. Three hundred years; and then did they fall into disuse until 1878?—Yes, I understand that.

398. Since then they have revived?—Since then they have revived. And, you see, if a warrant of attorney is taken for a sum of less than 30*l.*, it is an evasion of the Bills of Sale Act, but the question is whether now, seeing that money owing can be recovered quickly, it is necessary to have a document of that sort at all.

399. What precautions are taken in the case of the signature of the warrant of attorney?—It has to be signed before the solicitor of the money-lender and also of the borrower.

400. The borrower has to be protected by his solicitor?—Yes. If he has not got one, of course one would be provided for him.

401. And your suggestion would be that warrants of attorney should be abolished?—Yes.

Chairman.

402. Of course, Mr. Warr is a lawyer himself and understands the point. I confess I am not quite clear as to the full effect of that warrant of attorney in the case you have given. Will you explain to me how it comes into operation?—A warrant of attorney gives power to the money lender at any time on default of any payment of rent, or of insurance receipts, or of the instalment due under the loan, or for other reasons, to enter judgment and issue execution without any notice to the debtor. The debtor says: If you lend me this money I will repay it, and if any of these 12 events happen you have perfect power to sign judgment against me, and put in the sheriff on my goods. I have a case here on the point, a case of Townend's.

403. I am anxious to have the information about this solicitor, because I do not think it is known that such a power exists?—Yes.

404. You say it is very rarely used?—I should say wherever the documents are taken the power is used, but I should think that not more than two or three a week are now used, and they are mainly taken by money-lenders. I believe, Edwards, of the Union Deposit Bank, takes them. I have seen his name in connection with them, and they are registered at Stubbs'.

Mr. *Thomas Bayley.*

405. Are those used for what you would call ordinary purposes?—Yes, ordinary loans, from persons from whom it is not deemed advisable to take a bill of sale for under 30*l.*

406. Are they used for ordinary daily commercial purposes?—No, I hear not. They are used mainly (as one money-lender explains who knows) for the purpose of oppression. They give him power.

Mr. *Thomas Bayley*—continued.

407. According to what you say they are used entirely for that?—They are mainly used by money-lenders.

408. I am asking you if they are used for any other purpose at all except for the money-lending into which we are inquiring at the present time. Are they applicable only to money-lenders?—Yes.

Mr. *Yerburgh.*

409. May we have what the 12 conditions are of the warrant of attorney?—Yes; he must keep up his instalments; pay his instalments regularly; he must pay his rent regularly; if any distraint for rent is put in by the landlord, the warrant of attorney may be put into force; if any part of it is seized under rent; if he does not produce his rent and insurance receipts; if any part of his effects are removed from the house; if he borrows, or attempts to borrow, upon the same: if he assigns any part of them for the benefit of his creditors; if he is arrested; if he absconds from his premises (that is if he removes from his house); in the event of any statement he has made turning out to be false; in the case of his death, or of giving any other warrant of attorney.

Mr. *Warr.*

410. These conditions to which you refer are not at all statutory provisions in the warrant of attorney, are they?—Oh, no.

411. A warrant of attorney may be given upon any conditions?—Yes.

412. And these are the conditions which you tell us are usually made use of as between the money-lender and his customer?—Yes, these conditions are laid down in the form used. It is the form, not a statutory form, but it is the usual form of the warrant of attorney.

413. The usual form in use between money-lender and customer?—Yes.

414. I understood you to say, in answer to an honourable Member, that you know of no legitimate purpose for which a warrant of attorney is used nowadays; that is to say, treating money-lending as being an illegitimate purpose for the purpose of this question?—Yes.

Mr. *Thomas Bayley.*

415. Of course, a warrant of attorney is entirely a different thing from a power of attorney?—Oh, entirely; certainly.

416. And these people have rather got, have they not (as I should have), a confusing idea of the two, the power of attorney and the warrant of attorney?—Yes.

Mr. *Ascroft.*

417. Have you found, or have you any evidence of any case where judgment has been signed on a warrant of attorney; such a case as attempting to borrow money or making a false statement?—No, I have no case to that effect. I merely object to the document as being an unnecessary form of security.

418. Not that it is not registered, but that it is unfair that any man should be allowed to sign such a document?—Yes.

419. I under-

Mr. *Yerburgh.*

419. I understand you to say the borrower is supposed to be protected by having his signature witnessed by his own solicitor?—Yes.

420. What happens if he has not got a solicitor; take the case of an English farmer?—In that case a solicitor is required who is supposed to explain it to the borrower, but a poor borrower, as a rule, does not indulge in the luxury of a solicitor, and the money lender no doubt generously provides one for him; and there are solicitors and solicitors.

Mr. *Ascroft.*

421. You are surely not prepared to say that a solicitor, whoever he may be, whether acting for the lender or for the borrower, would improperly represent the contents of that document, are you?—I would not allege it against solicitors as a class; but I mean to say there are shady members of that profession.

Chairman.

422. The truth is, if the borrower has no solicitor, I suppose the money lender would find him one?—Yes.

423. That is what generally takes place?—Yes, I imagine that.

Mr. *Warr.*

424. Of course, the law imposes upon the solicitor as an officer of the court the duty to inform the borrower of the nature and effect of the document he is signing?—Yes; and even if he understands the document, my point in mentioning the warrant of attorney is that such a form of security ought not to be allowed to exist.

Chairman.

425. The Committee quite understand that. I think we may proceed now with the "Hire Purchase Agreement"?—This is the case of a money lender named Joel Ford. This comes under the head of "Hire Purchase Agreement." They are illegal documents really. He has a branch in Norwich, and lends largely there to the working classes. I have the case of one of the employés at the Carrow Works, to whom he lent 2*l.*, and he charged 1*l.* interest, repayable at the rate of 2*s.* a week. On the repayment card is a copy of the agreement which the borrower signs. It is an ordinary form of hiring agreement.

426. What do you mean by "hiring agreement"?—I mean the usual form of hire and purchase agreement.

427. Is that the security?—Yes, that is the security which is illegally taken.

428. Will you let me see the document?—This is a copy of the agreement (*handing in the same*).

Mr. *Warr.*

429. In form it is a sale of the furniture by the borrower to the lender?—Yes.

430. And a document from the lender hiring out the furniture to the borrower?—Yes. The hire purchase agreement would have the same effect when accompanied by an absolute bill of sale.

Mr. *Warr*—continued.

431. Is not that what it is?—That is it. It is practically a sale.

Mr. *Ascroft.*

432. A fictitious sale to evade the Bills of Sale Act?—Yes. In that the borrower agrees to pay his rent in advance; he agrees to keep the furniture in good order; to allow the owner (that is, the money lender) to inspect the goods whenever he likes; he agrees not to part with any of the furniture, and in the event of default in payment of an instalment the money lender can take possession by force, or otherwise.

433. That is practically an evasion of the Bills of Sale Act?—Yes.

Mr. *Price.*

434. Is it registered as a bill of sale?—No, it is under 30*l.*

Mr. *Ascroft.*

435. Have you any evidence that when an agreement of this kind is signed the tenancy of the house is changed from the borrower to the lender?—No, it is not changed. It is only the furniture. He must still pay rent to the landlord. At a certain time, as you will see by the repayment card, he got three weeks in arrear, and Ford threatened to remove his goods, but Mr. Colman's manager, who put the facts before me, paid the money for him and relieved him; but the point is that the document itself is illegal, and is used for the purpose of frightening borrowers into payment.

Mr. *Warr.*

436. Why do you say the document in itself is illegal; a hiring agreement in itself is, as I conceive, an entirely legal document?—But this is a sale of goods.

437. It is illegal because it is not what it professes to be in the case you put?—Yes.

438. It is, in fact, a bill of sale called by the name of a hire agreement?—Yes.

439. Then am I right in supposing that hire agreements are used for legitimate purposes?—Oh yes, certainly. They are not registered, of course but they are used in the sense you suggest.

440. Hire agreements are commonly used, I believe, among people who hire furniture and pianos, and so on?—Yes.

441. That is a legitimate use?—Yes.

Mr. *Ascroft.*

442. Is it your experience that these hire agreements are used for sums under or over 10*l.*?—Under 10*l.*

443. Under 10*l.*?—Yes.

444. Then the sale would be good under the Statute of Frauds, would it not, no payment on account, no memorandum in writing, and no delivery being required?—I could not answer the question.

Mr. *Thomas Bayley.*

445. But this agreement does not state any per cent. I suppose there would be a contract as to certain furniture sold to the person advancing this money to be paid back?—Yes. Is there a schedule to that?

446. No?—That is a mere copy of the agreement.

Mr. *Thomas Bayley*—continued.

447. No, it is not a copy; this is an original?—On the outside you will see, on the front page, "Copy of agreement."

448. There is a document actually signed as well as this, is there?—Yes.

449. Can you give us one of the documents actually signed?—No, not one of the documents actually signed; but Mr. Ford could be asked to produce it here—the money lender.

Mr. *Warr.*

450. In connection with this matter, may I ask (I am not aware of it myself) whether the court takes upon itself to relieve against forfeiture at all in these cases?—I have not heard of anything to that effect. I do not know that.

451. Of course a court of equity would have power to relieve against any forfeiture?—Yes.

452. I do not know whether the county court, before whom these documents, I suppose, usually come, have the power to relieve against forfeiture; do you know that?—I could not say that. It is purely a legal question.

Mr. *Thomas Bayley.*

453. The legality of this has never been tried in any court, has it?—No; I should think a money lender would not produce a document like that in court.

454. The borrower might try it, and say it was an illegal thing?—After the goods were removed from his house. I believe those are largely used. I hear that Messrs. Fielding and Company, money lenders, use them largely; and in Manchester and Stockport I believe they are also used by money lenders with the working classes. "Absolute bills of sale." These documents vest the goods in the money lender. There are not more than 10 per cent. at the outside of absolute bills of sale taken, but the case I have selected is the case of a tailor.

Mr. *Warr.*

455. Do these require registration?—Yes, they are registered. As a matter of fact it is an absolute sale to the money lender of the goods.

Chairman.

456. Where did this man live?—His business place is in Glasshouse-street, St. James's; his house was in Hammersmith. The money lenders were Messrs. Hollingsworth of Holborn. They are auctioneers as well as money lenders. He borrowed from Hollingsworth on an absolute bill of sale 35*l.*, and had to repay the loan by instalments of 3*l.* per month. You will understand that accompanying an absolute bill of sale is a hire-purchase agreement. The absolute bill of sale is a sale. There could be no condition as to repayment. It must be accompanied by another document. He agreed to repay at the rate of 3*l.* per month. After paying 18*l.* he got into arrear, and his rent receipts were demanded. Then he was, of course, paying his rent to the landlord just the same as before. The rent had not been paid, but his landlords were not pressing him, and would wait. However, Hollingsworth put the bailiffs in and took possession, and the man wrote me: "Dear Sir,—Messrs. Hollingsworth of Holborn, auctioneers, hold my house in their hands. I shall lose same if I do not get out of their hands. Can you help me? No doubt you can put me in the way of help. I am a little behind with my instalments; I have someone in my house ready to pack up, in fact, at this moment they are packing up. Please help and oblige."

Chairman—continued.

457. How far does this case take you?—This merely takes me to the point (in view of a recommendation which I wish to make), that where absolute bills of sale are accompanied by agreements, the agreements which accompany them should be registered; and also it is a question whether a money lender should be allowed to take an absolute bill of sale. He does not buy the contents of the house at its proper value. He lends half the value of it. He charges his 60 per cent. interest. In this case, after the man had paid off 18*l.*, in answer to me they said he still owed 49*l.* 10*s.*

458. And he got 35*l.*?—Yes, and yet at any moment the money lender can go in and take what has become his own property.

Mr. *Warr.*

459. I noticed, in that case which you are giving us, that Hollingsworth was described as an auctioneer: is that so?—Yes, he is an auctioneer and money lender. There are two in London who lend money as well as sell up their clients.

Chairman.

460. Now will you be good enough to tell me what is the difference in this case between an absolute bill of sale and an ordinary bill of sale? What would have been the difference to this unfortunate borrower if it had been an ordinary bill of sale instead of an absolute bill of sale?—Under an ordinary bill of sale the man in possession must remain five days before he can clear the goods out: but an absolute bill of sale gives him the right to come in and remove them immediately, because they are his own goods, and therefore in that respect it is an evasion of the Bills of Sale Act; it destroys the object of the Legislature.

461. But an absolute bill of sale is legal?—Yes, an absolute bill of sale is legal, and is a most useful document in private transactions; but in the hands of a money lender it gives him power to remove a man's furniture without keeping a man in possession five days.

Mr. *Price.*

462. Your recommendation is that the hire-purchase agreement should be made and registered at the same time as the bill of sale, and made part of it?—Yes.

Mr. *Warr.*

463. I expect the real intention was that the absolute bill of sale should not be used as a security for money?—Yes; an absolute bill of sale is a purchase outright.

Chairman.

464. That is the point I want to get at?—Then it is accompanied by another document as to paying back the loan.

Chairman—continued.

465. Which is clearly wrong?—Yes, it is, clearly.

Mr. *Ascroft.*

466. Have you any evidence that this Mr. Hollingsworth, who is an auctioneer, sells the goods himself, or through his own servants, when he seizes them?—I have no direct evidence of that, but he has auction rooms in Holborn, and I believe that many cases are handed over to him when the money-lender finds that he has got all he can out of the borrower. They are handed over to these auctioneers to be sold up; so I have heard.

Chairman.

467. Have you anything else to add under this head?—Nothing under that.

468. "Pension papers and jewellery," will finish this paragraph in the paper?—Yes. On this head the facts were brought out in a case at the Portsmouth County Court, when it was stated that when the defendant in this particular case called at the money-lender's office, there were hundreds of pensioners' papers at the plaintiff's house. The police, on getting that information, seized the documents, and found over 300 certificates lying at the office of the money-lender.

469. What kind of certificates? — Three hundred pension certificates. It is illegal to lend on pension papers, but the money-lender takes the pension paper as a form of collateral security. He insists upon it being deposited there in order that when the man calls to get his pension he may either go with or send with him to the post office and bring back the document and the instalment.

Mr. *Ascroft.*

470. Does not the money-lender use the fact that the pension paper provides that in case it is deposited for any loan the pension becomes forfeited; does not he use that as a lever of oppression against the pensioner?—I could not say that; I only know that he does insist upon the deposit of the pension paper there, although it has been declared illegal.

471. Do not you know that the War Office frequently, where information is sent to them that the pensioners have deposited their pension papers for loans, refuse to pay them the full amount, and that they forfeit a considerable sum?—I have not heard that.

Chairman.

472. At all events, your evidence on this point is that in this case it was proved that there were 300 pensioners' certificates in the money-lender's office seized by the police?—Yes; seized by the police.

Mr. *Ascroft.*

473. Do you recommend that it should be made a criminal offence to lend upon pension papers?—Yes.

Chairman.

474. Very well. "Jewellery" now, please?—The National Pawnbrokers' Association (whose representative is here) will give evidence upon that point, that money-lenders in lending money to the working classes take a promissory note, and at the same time insist upon the deposit of jewellery, regarding it as a kind of collateral security; but that, as a matter of fact, without the deposit of that security the money would never have been lent. The Association is making inquiries throughout England at the present moment to place before this Committee. They say they are suffering under a great injustice, because they have to take out a licence, and these men, by lending up to 10*l.* on jewellery, are injuring their trade, and doing trade and performing work which they themselves are licensed to do.

475. Do you say that that is illegal?—It is illegal.

Mr. *Ascroft.*

476. It is contrary to the Pawnbrokers' Act?—It is contrary to the Pawnbrokers' Act, because they have not taken out a licence; they are not subject to the restrictions of pawnbrokers.

Mr. *Thomas Bayley.*

477. The pawnbrokers are under very strict regulations with regard to their trade, and I suppose they object to money-lenders doing their business in this fashion?—Yes, they do.

Chairman.

478. Do you assert that it is illegal on the part of the money-lenders?—Yes, it is illegal on the part of the money-lender to lend up to 10*l.* on jewellery without having taken out a pawnbroker's certificate.

Mr. *Thomas Bayley.*

479. I suppose a pawnbroker is limited as to the interest the borrower would have to pay on that, while the money-lender is unlimited in whatever he likes to charge?—Yes, a pawnbroker is limited to 25 per cent.

Tuesday, 25th May 1897.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. Price.
Mr. Thomas Bayley.	Mr. T. W. Russell.
Mr. Garfit.	Mr. Warr.
Dr. McDonnell.	Mr. Yerburgh.

MR. T. W. RUSSELL IN THE CHAIR.

Mr. THOMAS FARROW, re-called, and further Examined.

Mr. *Ascroft.*

480. IN connection with the lending of money on the deposit of pension-papers and certificates of identity, I asked you on the last occasion whether you were aware that the War Office fined pensioners or army reserve men who borrowed money on their pension-papers. You then stated that you had not heard of that being done?—Yes, that is so.

481. Have you since inquired, and can you tell us whether you ever heard of any case where the War Office have taken that course and fined army reservists or pensioners who borrowed money on their papers?—Yes, I have ascertained since, that by the army regulations, if an army reserve man pledges his certificate of identity he forfeits 1*l.* 10*s.*, and if an army pensioner he forfeits 5*l.* 6*s.* 6*d.*, if he is entitled to that sum for one quarter's pension. Last Session but one a question was asked in the House by Mr. Ascroft, and the Financial Secretary to the War Office stated that the police found a number of certificates in possession of an Oldham money-lender, and that 57 reservists were each fined 15*s.* 6*d.* by the War Office, and that 11 pensioners were each fined 1*l.* 7*s.* 9*d.* by the War Office. This report is taken from Hansard.

Chairman.

482. What became of the money-lender in that case?—The name of the money-lender is not given; merely "money-lender" is the statement.

483. In that case, where these pensioners and army reservists were fined, will you please ascertain if anything followed in regard to the money-lender?—Yes; if the War Office took up the prosecution, you mean.

484. Yes?—Yes, I will endeavour to ascertain that.

Mr. *Warr.*

485. Is it an offence under the law?—Yes, it has been declared illegal that pension papers should be deposited as security; I cannot give you the case itself.

Mr. *Ascroft.*

486. Is the illegality in the lending on the pension paper, or is it in detaining the pension paper; possibly you will ascertain that?—Yes; I should say in detaining it; but they would not lend on it unless the paper were detained.

Mr. *Ascroft*—continued.

487. I say, is the offence the detaining, or is it the lending; you see the distinction?—Yes, certainly; might I be allowed by the Committee to read a preliminary statement? Before proceeding with my evidence I desire to make a personal explanation. I have been requested by the Committee to select 50 cases as illustrations of the charges which I have made against money-lenders; as there are, at least, 50 distinct and important features of the system upon which I have information, it will be seen that I am bound down to one illustration for each form of evil. Being anxious, however, to meet the wishes of the Committee I duly selected a case under each point, but the experience of Thursday last clearly demonstrated that the plan is useless for my purposes. Now, one case cannot give any adequate idea of a system; it really proves nothing; undue importance is attached to it in view of the fact that it is a selected case, while I incur the risk of not being able to prove my points. In some instances these remarks do not apply, the mere description of a particular document or the mention of an evil being sufficient in itself. But the Committee will bear me out when I say that on Thursday I did not fully convince them that preliminary fees were charged without any intention of lending money, that bills of sale were given by borrowers without knowledge of their nature and effect, nor did I give them ample illustrations in regard to the evasions of the Bills of Sale Act. Upon these three and other points I should like to be allowed to make recommendations; but it is obviously impossible for me to do so if I have not tendered sufficient evidence in support of my opening statement, and proved, at least in some degree, that such suggested reforms are worthy of the Committee's consideration. I much regret, therefore, that I am compelled to request the Committee to allow me to strengthen my case, especially upon the points of preliminary fees, and indeed to place my case before them in my own way. I have again looked through my papers, and find that I must outline facts in something

Mr. *Ascroft*—continued.

something like the following proportion of the cases in my possession. I have selected 150 cases of fees, of which I take 29; 265 cases of interest, of which I take 22; 46 cases of renewals, of which I take 14; 58 cases of bankruptcy, of which I take 17; 55 cases of bills of sale, of which I take 32. That makes a total of 574 cases, of which I have selected 94. It will be gathered that this plan will not give any adequate idea of the number of money-lenders or borrowers concerned, every case telling its own distinct tale. But I shall be content with the arrangement relying both upon friendly and hostile witnesses to provide further and essential facts. I have no desire to waste one moment of the Committee's time, or to remain a witness longer than is absolutely necessary; but unless my statements are to be taken for granted, I cannot attempt to perform the task of making bricks without straw. But I have given my evidence under the feeling that I must hurry through it, which is not at all helpful to me personally, nor likely to serve the object which the Committee has in view.

The Committee Room was cleared.

After a short time the public were re-admitted.

Chairman.

488. The Committee have considered the paper that you have read and put in. There was no intention of confining you rigorously to any number of cases, and if you had applied during the proceedings to give additional cases, the Committee would have been quite willing to have considered the application favourably; but they have decided that although you must bear in mind the time of the Committee, you can go on giving your cases, and the Committee will decide when they have heard sufficient upon any given point. Did you finish the jewellery case on Thursday last?—Yes, I finished that.

489. Would you like to go back and give additional cases to those you gave before?—I am sorry to have to ask to do it, but I should like to clear up the points as far as I have gone.

490. Very well?—The points are fees and evasions of the Bills of Sale Act.

491. Those are the two points you wish to go back upon?—There are three points; but I particularly wish to impress upon the Committee the question of fees; I take that first.

Mr. *Ascroft.*

492. Is that fees taken without any intention of lending money?—Without the intention of lending money. A Member of the Committee asked me a question in regard to a fee case which I put in last time; the case of Mr. George Paine, a farmer, who had paid fees to Walter Seary, of Brighton. He asked me whether any promise was made that the money would be forthcoming, but I had not the original letter with me at the time; I have now turned it up, and I find he says: "I beg to mention they promised me the money in two days." That is a promise on the part of the valuer who called. Another

Mr. *Ascroft*—continued.

case of Seary's was an application for a loan of 5*l.*, and an inquiry fee of 7*s.* 6*d.* was sent, after which nothing more was heard. I took the case up for the borrower, and demanded the return of the fee; Mr. Seary sent the fee back, explaining that he did not think the borrower was in a position to lose anything. That is a case where I made the money-lender return the fee. Another case occurs in Scotland, where the borrower sent the fee.

493. Excuse me, but do you intend calling the man to prove that, because I do not see that it carries the case any further at all; he applied for 5*l.*; he paid 7*s.* 6*d.*; you ask him for the money back, and he pays it?—Yes, some long time afterwards. I can bring a witness to prove that he, after applications, could not get the money back, but for fear of exposure and possible prosecution, as I had already prosecuted one money-lender; he returned the fee.

494. What was the length of time between the application to borrow and the return of the money, because that you have not mentioned?—On the 21st February 1895, he sent the fee of 7*s.* 6*d.* to the money-lender.

Mr. *Thomas Bayley.*

495. And was it your threatening the man with legal proceedings that made him return the money?—Yes.

496. You threatened him?—I have not a copy of my letter here, but my name is sufficiently well known among money-lenders; he knew that consequences would follow if the money was not returned.

Mr. *Ascroft.*

497. He paid the money on the 21st February 1895?—Yes; and the money-lender on April 2nd writes to the borrower at Littlehampton: "Dear Sir,—I have been seriously ill since I received your application, and not able to attend to business. I have looked into your case, and not seeing my way to do business with you on terms you wish I beg to return you amount you paid for expenses, as I consider you are not in a position to lose same. Please acknowledge receipt of Postal Order."

Mr. *Garfit.*

498. That is two months afterwards?—That is two months afterwards.

Mr. *Ascroft.*

499. You are surely not going to put that case before the Committee. Did you ascertain that the man was not "ill"?—I did not.

Mr. *Thomas Bayley.*

500. Cannot you put in your own letter in which you threatened him?—The man himself writes to me: "I beg to enclose the letter from Mr. Seary, which I received this morning, and the 7*s.* 6*d.* I sent. Thinking it is with your communication with him, I wish to tender my sincere thanks for your kindness." Here is a case from Waterford. The man sent to John Hart of Wellington-street, Strand, the sum of 1*l.* 10*s.*; 1*l.* 10*s.* was sent. Here is Mr. John

Mr. *Thomas Bayley*—continued.

Hart's original reply : " Dear, Sir,—*Re* advance. Your favour to hand, and in reply beg to say I shall be pleased to do business with you upon the terms and conditions in prospectus, upon receipt of 1*l.* 10*s.*, the charge for the amount you apply for. There are no deductions from the sum applied for, and upon receipt of above named sum, send my representative with the money to complete. Yours truly." He heard nothing more from him.

Chairman.

501. Was the 30*s.* sent?—The 30*s.* was sent, and nothing further was heard from the money-lender.

502. Was there no further correspondence?—Yes, there is some further correspondence. On " January 22nd 1895, Waterford " (I do not give the man's full address). " Dear Sir,—In response to your advertisement in 'Munster Express' of fraudulent money-lenders, I beg to let you know I have been a victim. I got a printed form from John Hart, on 14th August, and filled it up and sent it back to him ; I then got a letter from him again asking for 1*l.* 10*s.*, and that he would immediately complete. I sent him a postal order on the 8th September last for the amount, and I have written to him four times since, and could get no answer. I then applied to the General Post Office and they replied that the order was cashed to the order of the Union Bank, on the 12th September. I have since given up all hopes of ever getting back my money ; it is too bad to be treated by such schemers. Hoping, dear sir, you will be able to discover him, I am your humble servant." Then there is the circular. Then this is his letter in reply to mine asking whether he would become a witness : " I received your letter on yesterday and I am willing to do anything to hunt the ruffian that did me out of my money. I also enclose you his letter and the one I got from the General Post Office ; I have also made inquiries of the London police and I will send you the letter if you require it. I am, sir, yours obediently."

503. Let me see the letter (*the same was handed in.*) This is " Dungarvan," in the County of Waterford. Is this man a farmer, do you know?—I cannot say ; he is a workman, I think ; I am not quite sure.

Mr. *Ascroft.*

504. Is this a man who has been carrying on business?—The money-lender?

505. Yes?—I cannot say that.

506. Is he living?—I have not followed his career ; I have often personally seen him at his office.

Chairman.

507. I understand from you that Mr. Kiely is willing to come and give this evidence?—Yes ; his letter distinctly says it. The next is also an Irish case. There is a good deal of fee business done in Ireland. A man living in Kilkelly, County Mayo, applied to the Abbey Loan and Discount Bank, of Middle Abbey-street, Dublin, for a loan of 20*l.* He had recently built a house which with other security (said to be together

Chairman—continued.

worth about 300*l.*), he offered them as security. The bank first sent him a prospectus to fill up and return with one guinea and second class return fare (1*l.* 12*s.* 5*d.*), when someone " will be despatched to inspect your place," he was told. He sent the guinea but not the travelling expenses, and a letter to him says : " In reply to yours of the 30th inst., the expenses stated in prospectus are 1*l.* 1*s.* and a second class return fare ; you have sent the 1*l.* 1*s.* only, so on receipt of the second class return fare I will give my immediate attention. Awaiting your reply, yours faithfully, *W. Malone*, manager." He then hesitated about sending the return fare, when the bank wrote : " In reply to yours of the 1st inst. the full expenses must be paid before the gentleman leaves Dublin, as it is the rule of the office, so on receipt of the second class return fare I will give my attention." He then sent a further 1*l.*, postal order, and they acknowledged it. " I am in receipt of yours with 1*l.* postal order, there is a balance of 12*s.* 5*d.* due, the second class return fare from Dublin to Ballyhaunis being 1*l.* 12*s.* 5*d.*, so on receipt of balance I will give my immediate attention." He then sends the 12*s.* 5*d.* The bank says : " I am in receipt of yours, I will let you know in course of a few days the day and time the gentleman will leave for your place. Kindly excuse the delay as it is owing to pressure of business." Delay in these cases often happens because a bank which largely advertises in a rural district will wait until other applications come in from the same district, and then do all the cases on one journey. Then they write : " Dear sir,—The gentleman will arrive in Ballyhaunis on Thursday next, the 9th inst., at 4.9 o'clock, p.m. Kindly meet him with your car and oblige." The man calls and expresses his satisfaction, and informs the borrower that the money will be sent on to him from the bank in a few days. Instead of the money came a printed form of questions similar to those I have already put in. The bank writes : " Kindly fill up the enclosed form and send it back by return post and oblige." Eight days afterwards the bank writes : " Dear Sir,—Your proposal having been carefully considered I regret to inform you the loan cannot be granted."

508. What was the amount of the loan in the first place?—£20.

509. What was the security?—He says : " I offered the bank the house as security of the repayment and my interest in a holding of land which I hold from year to year as tenant. Now, sir, I have been robbed out of 2*l.* 19*s.* 6*d.* by the loan-bank as fees, and at the end refused to grant the loan, although the security I was able to give was value for 300*l.*"

510. Is that gentleman willing to come as a witness?—He has not replied to my circular.

511. You have asked him?—I have asked him I have asked every person. I can put in his name and address so that he can be got.

Mr. *Yerburgh.*

512. I suppose this man wrote to get his money returned apart from the travelling expenses?—Yes, it so appears in his letters.

513. Did

Mr. *Ascroft.*

513. Did they give any reason why they did not return the money?—There was no reason at all. He was promised by the representative of the bank that the money would be sent on; but from headquarters he had nothing but the form of questions.

514. But afterwards they were applied to to return the fees, were they not?—Yes.

515. Have they given any reason why they refused to return them?—I must look again at his letters. He says: "I demanded the return of the money I paid on three or four occasions from the bank and they never replied to my letters."

Chairman.

516. But in that case, at all events, they had expended 1*l.* 12*s.* 5*d.* on railway fare; they had sent a man down from Dublin?—Yes, presumably.

517. Presumably?—Presumably he went from Dublin in that case. There was a good deal of delay. He says here, distinctly: "He told me when leaving that the money would be sent on to me from the bank in a few days after, but I regret to say I am cheated most cruelly by the bank." He writes four times and gets no reply. Another case arises in County Kerry. Here is a man who writes, in May 1894, to the South Mall Loan and Discount Bank of South Mall, Cork. He applies for 80*l.* The security offered was described as "land, cattle, crops, &c." He is under the impression, as appears from his letter, that he is going to borrow money at 5 per cent.

Mr. *Thomas Bayley.*

518. Per annum?—Five per cent. per annum; I imagine so. This letter will explain. He hears from the bank on 11th May 1894: "Dear Sir,—In reply to yours of the 9th inst., we will be pleased to accommodate you with the required advance provided everything is found satisfactory. As stated in our prospectus, the interest charged is according to repayments. Repayments per agreement are 5 per cent. on receipt of expenses. I will let you know the day and time the gentleman will leave for your place." He then sends 2*l.*

Chairman.

519. Where did the applicant live in that case?—He lives in the County Kerry, at Ballineanig-Dingle, County Kerry. They then sent him down a form (or prospectus) in which 2*l.* 6*s.* was asked. He sends the 2*l.* 6*s.*, and a letter follows on 28th May: "Yours to hand, and in reply to same our representative will call on you on Wednesday morning or Tuesday evening." He says that a man called and appeared to be quite satisfied with the security offered, incidentally remarking that it was better than was necessary for the loan. He added that it would be granted at 5 per cent. as soon as he returned to Cork. On his return a form of questions was sent. That form was filled up, with the following result: "Dear Sir,—Your application having been carefully considered, I regret to inform you we cannot advance you the loan."

520. Is that the complete case?—That is the complete case; I have the man's original letter here.

Chairman—continued.

521. Now will you answer me this question: you take an ordinary well-conducted building society, and assume that an application is made to that building society for a loan, say, of 500*l.* or 1,000*l.*; the security is a mortgage of the premises. Are you aware that the first thing that a respectable building society would do is to send an inspector to inspect the premises proposed to be mortgaged?—Yes, that is so.

522. Assuming that the inspector finds that the premises are already mortgaged, and that the mortgage proposed to be given is a second mortgage, and that it would not be sufficient security for the amount of the loan moved, you consider it a reprehensible thing on the part of the building society (even though they would have charged three guineas, say, for the inspector's fee) that that building society should say that on consideration the security was not good enough, and that they declined the loan?—Yes; in this case you assume that the building society is a respectable society, and in that case I should say that the three guineas were justly asked for.

523. It is very difficult. I, as Chairman, and this Committee, must keep open minds about everything until it is proved; and I am not going to say that the "South Mall Loan and Discount Bank of South Mall, Cork," is a disreputable body until it is proved; but what I want to show you is this: all that you have proved in this case is a certain form of procedure which is the exact form of procedure of a reputable building society in this country?—Not in this case.

Mr. *Yerburgh.*

524. Is it the custom of a building society, in addition to charging the travelling expenses of the inspector, to further charge a preliminary fee as distinguished from preliminary expenses, because I understand in this case a preliminary fee is asked, and also a further sum for travelling expenses?—Yes; a building society never does that, nor does a building society send its inspector, who informs the intending borrower that the money will be sent down in two or three days, and that the security is better than that which was required; nor does the building society itself ultimately write and say the loan cannot be granted. In this case promises were made that the loan would be granted. Nor does a building society send down, in the first place, one list of questions, then, having got the preliminary fee, send down a subsequent list of questions. If the same lists of questions were sent out by a building society as are sent out by these preliminary fee men, the building society would never send a man down to look at the security. The fact of the second mortgage would be made apparent on that form.

Mr. *Warr.*

525. You say it is not suggested that the security is insufficient; on the contrary, the inspector says that the security is sufficient?—"Was better than was necessary."

Mr. *Yerburgh.*

526. I gather you are raising no objection to the railway fare of the inspector going down to view the premises?—Not at all.

527. What you do object to is the charging of a fee apart from the railway expenses?—Yes, in the light of subsequent events. Here, in these cases, I contend there was no intention of granting the loan, and therefore the original fee of even 10*s.* is, in my opinion, an unjustifiable charge; and my case on this point is absolutely proved (if the Committee will consider it so) by the prosecutions which I originally instituted against Wilberforce and Wood. I could refer to the cases of Brown, of Newington-causeway, and a man named Roberts, of Bangor and Carnarvon, all of whom were either last year or this year sent to prison for a number of years.

Chairman.

528. Of course you are steeped in this subject?—I wish to be.

529. You have made up your mind conclusively; we have not. We may have our own ideas about what is going on, but really we cannot take everything for granted here. We are sitting practically in a judicial capacity, and must have evidence which would make, at all events, a *primâ facie* case against a man before he is summoned here?—Yes, that I understand.

Mr. *Price.*

530. Did the negotiations break off about the 5 per cent. in this case; it strikes me that the inspector was giving himself away very much; if he never intended to lend the money, I cannot see why he should have told the intending borrower that his security was so extremely good; in this case, is there any evidence that it broke off about the rate of percentage, because I imagine none of these loan corporations really lend at 5 per cent. per annum?—The first letter that I read implied that the repayments would be at the rate of 5 per cent.

531. At the rate of 5 per cent.?—They said at the rate of 5 per cent.

532. That is a very extraordinary way of putting it; that is not saying that the interest would be 5 per cent. per annum?—No.

533. Is it not possible that they found that they were not *ad idem*; that they did not quite agree?—The borrower had to deal with the bank's representative, who was the only person authorised. He regarded him as a qualified agent of the bank, to make whatever arrangements he liked with him. He promised him that the money would be sent down to him.

Mr. *Thomas Bayley.*

534. I do not see what evidence we have against the Cork bank that proposed to lend this money?—You can have other cases.

535. Against this Cork bank?—I think against the Cork Bank; but certainly against other Irish "banks."

Mr. *Yerburgh.*

536. I gather you do not raise any objection to these money lenders charging railway and travelling expenses for their representative, but that you do object to their charging preliminary fees; is that so?—Yes; the preliminary fee, in the first place, is sent under the impression that it will cover the whole of the expenses of the proposal. Afterwards a further fee is demanded.

Mr. *Yerburgh*—continued.

Chairman.

537. What are the terms of the prospectus of the Cork bank?—I have not a copy of that prospectus.

Mr. *Warr.*

538. I gather that you would not object to either the preliminary fees or the cost of the journey if the loan went through; what you ask us to do is to infer from all this number of cases that you are going to adduce before us that because the advances were not made there was no original intention of ever making the advances, however satisfactory the security should be?—Yes.

539. That I understand to be your point?—In these cases there is a feature about them which, to my mind, shows that there was no intention of granting the loan.

Chairman.

540. In this particular case I do not think you have gone one bit towards making the case that you seek to make?—I must then proceed to strengthen it by other cases.

Mr. *Ascroft.*

541. Would you kindly let us have, first of all, the application form for the money; have you got a copy of that?—No, not an application form for the money.

542. Have you got an advertisement?—No, I have not.

543. Have you got the application for particulars, have you got a copy of that, the information which the Cork Bank wanted?—Those particulars are in the possession of the Cork Bank. They are never in possession of the borrower.

544. Have you a copy of them?—No, I have not.

545. Have you a copy of the application for the 2*l.* 6*s.*?—The application for it, yes. This is not so much a charge against the Cork Bank, but I raise this one case as a description of the system adopted by various money lenders. The Committee will observe a strange peculiarity amongst the whole lot of letters.

Chairman.

546. I agree that is so?—That is my only point there.

547. But it will have to be made clear by other witnesses; you cannot take it further yourself, I understand?—No.

Mr. *Warr.*

548. Would it be at all possible for you to get all these instances in some form of schedule; I am thinking of saving you trouble and saving the Committee time?—Yes, I could do that; I could put in before the Committee a statement.

Chairman.

549. Will you take another case?—Here is the case of a man who sees an advertisement in a Scotch

Chairman—continued.

Scotch newspaper; he sends a fee to W. Warlters, of 133 Finborough-road, South Kensington, and asks "for a loan of 1,000*l.* for nine months."

550. Where does he date his letter from?—He writes from India; he is a contractor on the State Railway: "to enable me to extend and push my business," he says; "He agreed, and at his request I remitted to him for preliminary expenses, in three separate instalments, 35*l.*, and afterwards the full amount of interest for nine months, 38*l.*"

551. You have not proved a loan yet?—No, I cannot prove a loan. This is a fee case.

Mr. *Thomas Bayley.*

552. He did not get the money?—He did not get the money. The plan adopted by some of these men is that after having got all the preliminary fees they can, then to state that the first year's interest must be paid in advance before the loan can be granted.

553. Now, let us be a bit clear about the 35*l.*; when was the 35*l.* sent?—He does not give the date, but it would be early in 1895. He then sent on 38*l.*

Chairman.

554. The interest?—He sent the nine months' interest. After receiving that, this man Warlters wrote, stating that he had changed his residence to 61, Chandos-street, Strand. Since then he has never written. This would be in June——

555. Never written?—Never written to him. Never heard from him.

Mr. *Thomas Bayley.*

556. He sent the 38*l.*?—And the 35*l.*

Mr. *Price.*

557. Does he say why the preliminary expenses were so enormously heavy in this case?—It was a loan of 1,000*l.*; he made "the punishment fit the crime."

Mr. *Ascroft.*

558. What did the advertisement say?—The advertisement stated that the money could be borrowed on personal security alone. I see in a subsequent letter from this man he says, that he had one letter from him to say that he had incurred heavy losses and could not grant the loan, but would return the 73*l.* in a few months. I called at 61, Chandos-street (the new address), after having called at Finborough-road, where they denied all knowledge of him, and I found that 61, Chandos-street was an office for the receipt of letters on payment of a penny, and there were several letters there waiting for him.

Mr. *Garfit.*

559. Can you trace Warlters any further, the man himself?—No, I thought I had him one morning. I wrote in Mr. Yerburgh's name asking him to give me a call at Princes-gate, but unfortunately the butler did not tell him I was in. The man merely asked for Mr. Yerburgh. I lost the chance; if I had had him I should have given him in custody on my own responsibility.

Mr. *Ascroft.*

560. Have you any evidence of any other cases against him?—No other evidence, unless "Warlters" is an alias for something else.

Chairman.

561. Proceed to the next case, please?—Here is a man who paid a preliminary fee of 10*s.*

562. Now who is this?—A bank-clerk.

563. Who is the money-lender?—The money-lender in one case is Mr. Bevan, of Buckingham-street, Strand.

564. We have heard of him before?—Another was the Strand Bank, owned by Mr. Townend; and the other was Mr. Miller, of 12, Glasshouse-street. He paid him a preliminary fee of a guinea.

565. This is a bank-clerk?—A bank-clerk.

566. Paid whom?—He paid Miller first of all a preliminary fee of one guinea.

567. What was the loan?—The amount is not mentioned. I can get this man as a witness; I will undertake to produce him. After he had paid the guinea, Miller asked for 3*l.* 10*s.* as the repayment of the first instalment. This is, another case where he got the interest in advance.

568. This is the first year's interest?—This is the first year's interest—yes.

Mr. *Garfit.*

569. And principal?—No, it would be the interest. He got it on the understanding that both sums would be returned should the loan be refused. He says: "I gave him the 3*l.* 10*s.*, and he gave me a receipt for it, mentioning that it was to be returned if the money was not advanced; also I paid him other sums which I shall be pleased to give full particulars of, if you require them, as I have his receipts." He made repeated applications for the return of these sums, but without any effect.

Chairman.

570. And the loan was never advanced?—It has never been granted.

571. This is a case of a preliminary fee of a guinea and 3*l.* 10*s.* paid as the first year's interest and an instalment of the principal, I take it?—Yes.

572. The loan never having been granted?—Yes.

573. And all efforts to get the money refunded having failed?—That is so.

Mr. *Yerburgh.*

574. Was the understanding that the money was to be returned merely a verbal one?—Yes, a verbal one.

Chairman.

575. This Mr. Miller carries on business at 12 Glasshouse-street?—He did at that time.

Mr. *Ashcroft.*

576. Is he carrying on business anywhere now?—I believe so, but I have no evidence of that.

Mr. *Price.*

577. The bank-clerk having failed with Miller, did he go to Mr. Bevan, of the Strand Bank?—He paid this in the first place; he paid that preliminary fee. The first 10*s.* having been paid, it

Mr. *Price*—continued.

would be registered at Perry's, so that the other 10*s.* was simply useless.

Mr. *Garfit.*

578. Did he go to these other people after?—No, before.

Chairman.

579. Did they refuse?—They refused. Yes; he lost the fees in those cases.

Mr. *Ascroft.*

580. You have given us in this case three money-lenders—the Stroud Bank, which is Townend, is one?—Yes.

581. And Mr. Miller, which is Glasshouse-street, is another?—Yes. I do not rely on the first two at all; it is Miller's case I rely on.

Chairman.

582. Then we will strike out the other two?—Yes, please.

583. And this gentleman is willing to come forward and give evidence?—Yes. Then the next is a case of a small farmer, living at Welton, near Burgh-le-Marsh.

Mr. *Garfit.*

584. In Lincolnshire?—Yes, in Lincolnshire. He applies to Burton and Company, advertising money-lenders; he paid them a guinea for fees.

Chairman.

585. Do you know what he applied for? How much did he apply for?—I cannot say the amount.

Mr. *Garfit.*

586. Where do the money-lenders live?—Burton and Company used to spend a good deal of time in a public-house, receiving letters containing fees. I traced them there.

Mr. *Price.*

587. They are in London?—Yes. They took two guineas from a clergyman I know. I wish to mention these few cases, but I rely upon one which I shall mention last. He paid a guinea to Burton and Company. He paid fees (it does not say the amount) to the Imperial Deposit Bank, Messrs. Fielding and Company, and Messrs. Riches and Company, and he also paid a fee to a firm who advertised thus: "Money. No fees." "No fees" (twice repeated). "On simple note of hand. No bills of sale or securities required. £10 to 1,000*l.* advanced by Mr. King, 63, Queen Victoria-street, E.C. Established 30 years. Caution. Mr. King for years has advised borrowers not to pay fees, as genuine money-lenders do not require fees, but agents live on these unfair extractions from those who are foolish enough to encourage them. Loans on reversions from 4 per cent. Avoid bills of sale. They are publicly advertised, ruining your credit, and the whole of your furniture may be swept away at any moment."

Mr. *Ascroft.*

588. All we have got so far in that case is that the man applied for money and paid a fee of a guinea?—Yes.

Mr. *Ascroft*—continued.

589. What became of it afterwards?—That is all I wish to say on this case. I do not rely on this. I mentioned that he had previously paid fees.

590. You mentioned Fielding and Company; he paid money there?—The same remark applies to the other cases. I explained that I did not rely upon the latter case, but that I relied upon this case.

Chairman.

591. As I understand, this man has had transactions with several money-lenders who have demanded fees, but the only one upon which you rely is this one which you are going to put in evidence?—Yes.

Mr. *Ascroft.*

592. Fielding and Company, is this?—No, this is King's case.

Chairman.

593. The gentleman who takes no fees?—Yes, "no fees."

594. Please proceed with King?—The small farmer then applies to Mr. King for a loan, when Mr. King asks for a fee of 10*s.*; the borrower asks Mr. King why he wishes for 10*s.* in the face of his advertisement, when he explains that unfortunately they cannot avoid a small charge in country cases. I communicated with Mr. King himself, and asked him why he charged fees in view of his advertisement, and he says, "We have to pay agents to make inquiries, &c.; our caution is not to part with large bogus fees." I replied, to say that his excuse was a bogus one; as a matter-of-fact there was nothing about "parting with large bogus fees" at all, but simply a warning not to pay any fees.

595. In the first place, how did this small farmer fare with King; did he get any money from him?—None whatever.

596. What happened?—He wired to him to know whether he could come up to town and discuss the loan with him (the borrower). He says, "As day-trip starts Thursday before postman arrives please write to-night saying if I am to come"; but he simply got a letter from King declining the loan.

597. No inquiry made?—I imagine that the only inquiry he made was from "Perry's Gazette."

598. And, of course, he would find through "Perry's Gazette" what had happened in the other cases. I see now why you mentioned the other cases. He would find that he had been refused in the other cases, and therefore, after he had got his 10*s.*, he acted upon "Perry" and refused the loan?—Yes. And in that connection I promised to submit to you a case in regard to "Perry," where the borrower had a letter from the money-lender stating that that was the reason why he could not grant the loan. I have looked the case up, and it is a case in which a money-lender of the name of Carlton, of 95, Peckham Rye, was concerned. A Mr. Harris applied to him for a loan of 10*l.* The usual formula was gone through of filling up an application form, when he received this letter from Carlton: "12th October 1894. Dear Sir,—With reference to our conversation of

Chairman—continued.

of last evening, I have further considered over your application, and as your statement as to your ever having had a loan or applied for one, or been a proposed surety, do not satisfy me, they being in direct opposition to the information given by any trade protection societies, I must decline doing business with you. Yours truly." What makes it worse in this case was that the information of "Perry's Gazette" was incorrect. He had not applied to other money-lenders. I advised him to go up to see Perry's, and I have here in shorthand a note of my conversation with him, in which he told me they had put down that this man (Mr. Harris) had previously lived at addresses in Fulham and elsewhere, and had applied to money-lenders, whereas he had never lived at those addresses.

Mr. *Price.*

599. Probably it was another Harris?—It was another Harris.

600. As a matter of fact, he could not complain of Mr. Carlton in that case, could he?—No, he could not complain.

Chairman.

601. Is this farmer ready to come and give evidence? You have his name and address?—Yes, I have his name and address.

602. Then it is not a question of whether he is willing or not; we can compel his attendance. Proceed with another case, please?—In concluding that case, I may say that Mr. Carlton never returned that fee, although it was subsequently proved to him that the information of "Perry's" was incorrect.

Mr. *Price.*

603. Was that a 10*s.* fee?—A 7*s.* 6*d.* fee. I have the case here of a man who lives at Ruabon——

Chairman.

604. That is in Wales, is it?—In Wales. He applied for a loan of 10*l.* from a Mr. Calvert, of Peckham.

605. Peckham. Cannot you give us a better address than that?—H. P. his initials are, of the Grove, Peckham. He received a form of application with the scale of charges, namely, 5 per cent. per annum (*I have one of his prospectuses here*) "no sureties required," and so on, and he was asked for 7*s.* 6*d.* fee. This would be about two years ago. Nothing further was heard from Calvert.

Mr. *Ascroft.*

606. Did the man pay the 7*s.* 6*d.*?—He paid the 7*s.* 6*d.*

Chairman.

607. Nothing further was heard, you say?—Nothing further was heard from him, and this man continued correspondence. He incessantly applied to him for the return of this 7*s.* 6*d.*, but no replies came. Then the matter came into my hands. The intending borrower himself threatened that Calvert's name should be exposed in the paper which I edit, when Calvert returned to him, after the lapse of two years, the sum of 7*s.* 6*d.*, with a form of receipt saying that it was in full discharge of the expenses paid in having made application for the loan. I have several cases of this sort. I merely put to the Committee the suggestion whether these men would have returned the fees they did return if I had not intervened. If they were justly entitled to them, why did not they keep the fees?

608. That is for us?—Yes.

Mr. *Price.*

609. In this case, I understand that Mr. Calvert, having had the fee, did not take any further notice of the matter?—Yes, he took no notice whatever. This is the case of an intending borrower at Southsea, who applied for a loan of 30*l.* at 5 per cent. as advertised by Mr. H. E. Froud, Whittington Chambers, Southsea. He paid a fee of 10*s.*, when Mr. Froud informed him that the security was insufficient. The intending borrower called upon Mr. Froud and asked what amount he would lend (he had applied for 30*l.*), and was informed 10*l.*, on the following terms and conditions, namely, 5*l.* to be added for interest, repayable 25*s.* per month, and to deposit his piano (which he estimates is worth 30*l.*) as security.

Chairman.

610. Have you the correspondence in that case?—Yes, I have the correspondence.

611. Can you say whether any inquiry was made as to the security being sufficient at the premises of the borrower?—"Being in want of a few pounds (which I still am) and seeing an advertisement in the 'Evening News' of one H. E. Froud, Whittington Chambers, King's-road, Southsea, which ought to be 'Fraud,' I wrote to him asking a loan of 30*l.*"

612. Is that in the letter?—Yes, that is in the letter. "I wrote to him asking the loan of 30*l.* as advertised at 5 per cent. interest; by return of post I received a form to fill in asking what I was, &c., the details of which, I presume, you well know, which I was to return with the sum of 10*s.*, when my request should receive prompt attention. Believing it to be all right, I waited on that gentleman or his agent, I do not know which, and deposited the 10*s.*, after which I had to suffer the indignation of permitting him to inspect my effects and answering numerous questions as to my private affairs, &c. He left by stating it would be all right; when would I want the money?—to which I replied, as soon as possible. In the course of three days I received a reply, to the effect that my security offered was insufficient to grant the loan. I then wrote asking what amount he would loan me, and on the following day called on him, further explaining my position, when to my surprise a day or two after he wrote to say he would be pleased to advance me 10*l.* upon my depositing my piano (value 30*l.*) as security, the loan to be repaid by 12 monthly instalments of 25*s.*, which would mean I should pay the sum of 15*l.* for 10*l.*, or 50 per cent interest." Then there is a postscript, "Should be pleased to call on you should you wish to see me," and I think while I was staying at Southsea he was one of the men I called upon. I mention that case to show that even

Chairman—continued.

even where inspection has taken place the money-lender puts insuperable obstacles in the way of the man obtaining the money.

Mr. *Thomas Bayley.*

613. That is not 50 per cent. interest; it is much more than that?—It is much more than 50 per cent.

Adjourned for a short time.

Chairman.

614. Now, I wish to state that in my opinion, and in the opinion of those Members of the Committee that I have been able to consult, the question of fees has been sufficiently gone into for the present at all events. We shall be very glad if you will put whatever cases you like into a schedule, and we will have them printed in the evidence so that that will not keep anything out that you want in. If you have any special case that you would like to mention now, we shall hear it; but after the evidence you have given to-day (which in my opinion has materially strengthened the evidence given by you on a previous day, and has justified your application of this morning) so far as the fees are concerned the Committee have heard enough for the present, and would like you to proceed to the next case?—I had decided to withdraw from the Committee the other 16 cases that I have here and put them in a schedule; they are all on the same lines as those I have mentioned this morning; but on the last occasion I mentioned the case of Macfarlane, and I should like to deal with that. He had borrowed or sought to borrow money, and I was unable to reply to Mr. Ascroft's question then because I had not received the papers back from Scotland Yard. If the Committee would like to hear that one, it is a complete case.

615. Yes, we should like to hear it because you had to be stopped upon that?—I will state the case and he will come up as a witness.

Mr. *Ascroft.*

616. Under what head does this come?—Under the head of preliminary fees.

Chairman.

617. These are the papers from Scotland Yard?—They have returned some of the papers, not all of them, but I published the letters in "The Councillor," so that this article has already appeared.

618. You can make the case complete?—Yes; the case is quite complete.

Mr. *Thomas Bayley.*

619. May I ask a question on what took place on 20th May; you say that a Mr. Gordon traded under a variety of aliases?—Yes.

620. Has Mr. Gordon traded under the alias of Wallis, Esq., 56, Great Russell-street, Bloomsbury?—Yes.

621. And anybody who is advertising in a paper as "Wallis, Esq., 56, Great Russell-street, Bloomsbury, London," is Mr. Gordon?—Mr. Isaac Gordon, B. Edwards, J. Rylands; he issues various circulars from that address.

Chairman.

622. Proceed with Macfarlane's case, please?—Mr. Wood's advertisement is as follows: "Money to lend; to farmers, tradesmen and others in town or country, at 4½ per cent. per annum, in sums from 50*l.* to 1,000*l.* upon personal security for terms of years to suit borrower, also upon mortgage, 3½ per cent. Mr. Wood, 56, Tasman-road, Stockwell, S.W., London." On the 7th August 1895, the borrower, who lives at Jarrow-on-Tyne, and who is a small tradesman, applied for a loan of 700*l.*, and Mr. Wood replied: "7th August 1895, Dear sir,—Kindly inform me the amount you will require and for length of time at 3½ per cent. I will then send you full particulars." The borrower then described the nature of his security, which consisted of shop property valued at 1,500*l.* The money had already been obtained from a building society. He was then paying 5 per cent., but he thought he would save the difference of interest. So Mr. Wood replied: "I can entertain your application for 700*l.* for 10 years at 3½ per cent. per annum. Interest payable half-yearly, the 700*l.* at the end of the term of seven years or before or any part in not less than 100*l.*, by your giving three months' notice and paying interest only up to time of repayment of the amount." He thanked Mr. Wood for his courtesy and asked whether he would be expected to deposit the deeds of the property with him, and on what day. Mr. Wood answered: "You will have to deposit the deeds and the only expense will be 3*l.* 3*s.* I enclose you letter to sign and return to me." He signed the enclosure, which was to the effect that he required the 700*l.* for 10 years at 3½ per cent. interest, the principal to be repaid at the end of the 10 years. Wood acknowledged the receipt of the document in the following terms: "Your letter received. As I must send you the 700*l.* in full, free of any deductions, and, being trust-money, I am debarred from incurring any expenses or making charges, send 3*l.* 3*s.* to defray the legal and incidental expenses, appertaining to advance, the same to cover all expense and to be returned if the negotiation fails through any fault of mine, and I will carry out the advance; at same time inform me how you wish the 700*l.* forwarded. If you have doubts you can see me between eleven and one, or ask a London friend to call and see me." I called, and saw him afterwards; then the intending borrower asked for a banker's reference, but Wood explained it was not usual for lenders to give references; that was his reply, "It is not usual for lenders to give references." The borrower thereupon sent the three guineas and asked that the money should be forwarded to the manager of his bank, who would arrange for the deposit of the deeds. Wood immediately sent a receipt for the three guineas and stated that he would attend to the negotiation without delay. A week elapsed but nothing was heard of Wood. The borrower wrote him again, and Wood replied by forwarding him five documents or "draft securities" for signature. These documents were made out in blank. There was just the name of the borrower and the amount of interest; everything else blank. They were filled up by Wood, and they were as follows: One was a supposed agreement for borrowing

Chairman—continued.

borrowing the money; another a solemn declaration that the borrower had never been bankrupt, or compounded with his creditors, was in a state of solvency, and did not owe more than 50*l.*, nor was a surety for money or otherwise; "(*c*) a bill of sale mortgaging the borrower's furniture; (*d*) a bond guaranteeing repayment; and (*e*) a guarantee to be filled up by two sureties."** The borrower was surprised at receiving these documents, and wrote back that he was prepared to deposit the deeds of his property as originally agreed, but declined to give bills of sale, or to make statutory declarations, or to provide sureties. "In my town," said he, "I could get the money without further security than the deeds, and with but a slight advance in the rate of interest." Wood replied, "Return the drafts sent you, with your remarks thereon. I will then see what can be done." That is the end of the story; nothing has been done. In fact he never returned the three guineas or carried out the loan. This is one of the cases, and this man was one of the chief witnesses in the case before the magistrates the other day.

Mr. *Thomas Bayley.*

623. You say this case came before the magistrates; then it was a criminal case?—Yes; in this case I got Macfarlane up from Jarrow-on-Tyne some 18 months ago; took him down to a solicitor attending the Lambeth Police Court, to the magistrate, and applied for a warrant on the strength of these facts, mentioning that we had other cases against Wood; but the magistrate declined to grant a warrant.

Mr. *Price.*

624. That is the case where you said the magistrate wanted 20 cases or so, is it?—Yes; the other I mentioned was the case of Wilberforce, which was before Mr. Lane.

Chairman.

625. Wood got five years, did not he?—Wood got five years; when Scotland Yard took that up I handed over the case to them; he got five years and his confederate 12 months.

626. Then you will prepare a schedule of any further cases that you wish to put in?—Yes.

Mr. *Warr.*

627. Of course it is an observation which applies to all these cases, that the criminal law is strong enough to bring the money lender to justice; in each of these cases he has been guilty of a criminal offence?—Yes, but it is not strong enough in an individual case. I think you can understand that no magistrate would take upon himself the responsibility of granting a warrant (the only thing which is of use in connection with a money lender) on the strength of one case. As you will have heard, I actually took this case to him, and he would not grant the warrant. Suppose I had taken any other case he would have said, "This one case does not show that the man is carrying out a system; I shall not grant a warrant or a summons."

628. He would grant a summons, would not he?—He might grant a summons, possibly.

Mr. *Warr*—continued.

629. But that would be useless?—That would be useless. It was so proved in Pockett's case. The papers were not seized. As soon as the police got Pockett's papers they showed the fee system; hence the necessity of showing other people being deprived of fees; one case is of no use.

Chairman.

630. You now proceed to the next case?—Yes. I have said that borrowers are sometimes unaware of the nature and effect of the document they sign. The Committee will not wish me to give further evidence on the evasion of the Bills of Sale Act. Might I save that; that is, the return of the 10*l.* or the 15*l.* at the time of the signing of the document?

631. No; we think you proved that?—I have other cases, but I will not give them. The point of that is this: that it imposes upon a borrower a bill of sale, with all its consequences, when he does not receive more than, perhaps, 10*l.* or 15*l.*, and even in that way, apart from the evasion of the Act itself, it is improper. This is the case of Franks, Glasshouse-street. I take two or three selected cases showing that the borrower is unaware of the nature of the document.

Mr. *Thomas Bayley.*

632. Then Franks is the money lender?—Franks is the money lender; I have put in his prospectus. A tradesman in Basinghall-street applied for a loan of 100*l.* He informs me that he had no idea it was a bill of sale that he signed, because he knew that a bill of sale had to be registered. "Mr. Edwin Franks, of Glasshouse-street, assured me repeatedly that there should be no publicity in what he called a loan on the security of my goods." The circular states that the loan is 5 per cent. per annum; not 5 per cent. per month.

633. Can we have that circular put in?—I will put this particular circular in. There is the table showing the rate of interest (*handing in the same*), and he told him he could pay interest whenever he liked. Suddenly 15*l.* was demanded; a writ was issued; execution was put in, and the man subsequently became bankrupt.

634. Where does it say "5 per cent. per annum"?—In the table on the right-hand side. There is a scale of interest there which works out at 5 per cent. In this connection I may mention that I saw yesterday a borrower of Franks who had been deceived as to the rate of interest. He was at that time paying 10 per cent. per annum (but being repaid weekly it would really amount to 30 per cent.) to another loan office in London. He got a circular from Franks, and thought he would save the difference. He goes to him, and Franks assures him that he will pay 5 per cent. by going to him. He reads the document over to the borrower, and reads "5 per cent per annum," and gets him to sign that document. Some friend warned him that if he was in the hands of Franks he would probably be paying 60 per cent., and it is so. I have here the names and addresses of six other persons, one of whom has been sold up (some time ago) by Franks, whom he similarly deceived.

Chairman.

635. Are you on the question of interest or bill of sale?—On the question of the borrower being unaware of the nature of the contents of the documents. I mention that these other persons have been similarly deceived by him, and the matter is now in the hands of Scotland Yard, to see whether they will do anything.

636. Does it not occur to you that it is a very difficult thing for the Legislature to protect men from their own folly in a matter like that; would not that occur to you?—It is a most difficult thing.

637. Is not the man who goes to borrow money, on his giving his goods as security, supposed to know what he is doing?—Certainly. There was a case the other day before the court where a clergyman was tricked into signing a bill of sale, and he complains of it. The judge stated that he knew nothing whatever as to the interest; and he had no idea of the document signed. In his experience, he said, there was no class of men more ignorant of business than the Church of England clergyman. A bill of sale was a most technical document, and resulted in more litigation than any other document. He gave judgment there for the plaintiff.

Mr. *Warr.*

638. What judge was that?—Judge Owen, of Cardiff. He has had a great deal of experience.

Mr. *Yerburgh.*

639. I gather you are so convinced of the difficulty of borrowers understanding their documents that you are prepared to recommend the abolition of bills of sale?—Yes, in the first place, failing that other remedies.

Chairman.

640. I may tell you frankly, I am struck with the difficulty (to put it plainly and boldly) of how we are to protect fools from their own folly. That is what really strikes me upon that point?—What the Legislature can do.

641. Yes?—It does already interfere in many cases; it interferes with those who go in for spelling and missing word competitions, and so on; they have dealt with those.

642. That, at all events, is a matter for subsequent consideration?—Yes. I was going to suggest that the attestations should be taken before the registrar of the county court. The money lender's clerk now attests them. I have a bill of sale here signed by a farmer. I took the case up for him and got a verdict. The jury said the bill of sale had been obtained by fraud, and that the man did not know what he was signing. I have that document here. Here is the case of a gentleman living at Ramsgate, who complains of the Charing Cross Bank. "Of all the sharks" (he says), "the Charing Cross Bank proved themselves the greatest villains; they charged 68*l.* for 40*l.*;" and he says they asked him to sign their usual official document. "As a matter of good faith, and taking them to be respectable men, he signed his name and found to his cost that the document was a bill of sale."

Mr. *Warr.*

643. In what station of life is that man?—He is a man who really ought to know better; he is the master of a grammar school; a clergyman.

Chairman.

644. This gentleman is willing to come?—Yes; I know him personally, and therefore I undertake to bring him.

645. And this is the Charing Cross Bank?—Yes. Here is a small agriculturist at Bloomfield, Herne Bay, who applies for a loan from Messrs. Lodge and Harper, Limited, of Clerkenwell, London.

646. Have you got any better address than that?—St. John-street-road, Clerkenwell. He asked for 25*l.*, and subsequently wrote to them saying that 20*l.* would be enough, and he offered his own and his son's name "as security." As he says, "When Mr. Harper came with the money he said, 'I have 30*l.* in my pocket; you had better have that'; and as I did not then know that 30*l.* was the lowest amount for which a bill of sale could be given I walked ignorantly into the trap; I thought it was a promissory note."

647. And what is the end of that case?—He gave a bill of sale.

Mr. *Ascroft.*

648. Was he sold up?—No; I am not upon that point now; I am merely upon the point that he he was deceived as to the document. Here is a case where my representative called upon a publican who lives in Stepney, and his report of his call upon the man runs thus: "I saw this gentleman, and it was almost a knock-down blow to him that he had signed a bill of sale. He is the holder of a policy in the 'Prudential' for 250*l.*, upon which he has paid in premiums 66*l.*, the surrender value of which is 22*l.* He asked Wilberforce (the money lender) if he would lend him 60*l.* upon it; Wilberforce said he would. By some means, I suppose by trickery, he got an inventory of his furniture;" which he must have done; he means that the excuse given was that he was taking an inventory of his furniture; "hence a bill of sale." He says, "I had the usual difficulty to undeceive him" as to the interest which he had agreed to pay. "All the interest he thinks he has to pay is 3*l.*" (that, is 5 per cent.); "but I told him it was exactly 36*l.*; he is repaying 4*l.* per month."

Chairman.

649. What was the amount of the loan?—Sixty pounds.

650. Sixty pounds; the interest on that is 36*l.*?—Yes, 60 per cent. He paid 10*s.* fee and 2*l.* 2*s.* for the expenses of the bill of sale.

651. The bill of sale was given there?—The bill of sale was given there. This was a bill of sale holder on whom we called.

Mr. *Warr.*

652. Do they always register the bill of sale?—Oh, yes, it must be registered within seven days.

653. They always do it, do they?—Yes. This is the case of a small farmer at Sutton Cheney, in Leicester, upon whom I called. In one of his letters

Mr. *Warr*—continued.

letters to me, dated 18th February 1895, he complains that he will have to pay 14*l.* 1*s.* 9*d.* interest further than what he had already paid. He thought he was borrowing at 5 per cent. from the Provincial Union Bank.

Mr. *Price.*

654. Is that a London institution?—No; it is confined to Brighton, Leicester, and Bristol. He says: "Sir,—I never gave him a bill of sale; I only simply signed as a note of hand, and it was to be strictly private, and in about six weeks it was advertised, and then I went to them at Leicester and I told them about advertising me, and they denied it, and told me to take no notice of it, and I went over to Leicester again and I wanted to know what they were going to take off at 5 per cent., and they would not tell me." I can vouch that case; I saw the man.

655. Did you see the particular document in that case, the bill of sale?—No, I did not, because that would be with the money-lender.

Chairman.

656. I think that is quite sufficient on the question of "Evasion of the Bills of Sale Act." If anything occurs to you further at any time you can put it in or give evidence upon it?—Thank you.

657. Have you anything to say about warrants of attorney or statutory declarations?—Nothing; I have put in for your personal information one specimen.

658. You have nothing to say upon this?—No.

659. Then do you now begin again where you left off the last day?—Yes; I think I commence now with division four; the interest.

660. Very well, we will take the rate of interest now?—This is the case of a small tradesman living at the time (he has been sold up since) at Methwold, in Norfolk. On 29th May 1894 he wanted to borrow 20*l.*, and he wrote, in reply to one of those circulars from James Wilton, of Piccadilly, who is an agent of Jonas Wolfe, the usurer of Leeds.

661. He is an agent of Wolfe's?—Yes, working the same business.

662. Wolfe, of Birmingham?—Leeds, Bradford, and elsewhere. The money was lent and the man received in cash 16*l.* 12*s.* 4*d.*; the expenses were 1*l.* 1*s.*, and the compulsory insurance on his life, 2*l.* 6*s.* 8*d.*; that was the year's premium, 20*l.*

663. An insurance for 20*l.* on a loan of 20*l.*?—No; I just mention those figures to show that these three figures, 16*l.* 12*s.* 4*d.*, 1*l.* 1*s.*, and 2*l.* 6*s.* 8*d.*, amount to 20*l.*

Mr. *Price.*

664. How much did he insure for?—He would insure his life for 100*l.*; this would be the premium.

Chairman.

665. For a loan of 20*l.*?—Yes; he insured his life; in all these cases insurances are insisted upon by the West-end agents; he signed a promissory note for 28*l.* repayable at the rate of 7*l* per quarter; the first instalment was not paid punctually. Wilton placed the matter in the hands of Bassett, a solicitor, who issued an execution on 14th September for 40*l.* 8*s.*, and the man 5*s.* a day while there.

Chairman—continued.

666. The loan was granted on 29th May 1894 for 20*l.*?—Yes.

667. A promissory note was given for 28*l.*, and on 14th September of the same year judgment was given for 40*l.* 8*s.*?—Yes.

Mr. *Warr.*

668. On the ground that there had been default in payment of the instalment?—Yes, there had been default; the whole of the balance, together with the prospective interest, was included.

669. The document provided that upon default the whole should become due?—Yes; so that in four months he had to pay 40*l.* 8*s.* for a loan of 20*l.*; and that it is so I have the receipt given by him to a friend for 40*l.* 8*s.* to pay out the sheriff.

Mr. *Yerburgh.*

670. Did you say that the document provided that the whole should become due in case of default?—Yes, it always does; and when they put it into force they take all the interest that is included in the document.

Mr. *Price.*

671. Does that 40*l.* 8*s.* cover the cost of the proceedings?—Oh, yes; it covers the cost of proceedings except the man in charge.

Mr. *Warr.*

672. Do you know how the 40*l.* 8*s.* was arrived at at all?—No, it merely states that the execution was put in for 40*l.* 8*s.*

673. Is that what you refer to when you speak of "default interest"?—No, not in that case; it would not be default interest there. There is the receipt for the 40*l.* 8*s.* lent him to pay out the sheriff.

Mr. *Garfit.*

674. You have not got the writ that was served upon him, I suppose, showing how the 40*l.* 8*s.* was arrived at?—I have not, I am sorry to say.

Mr. *Ascroft.*

675. He actually received 16*l.* 12*s.* 4*d.*?—That is right.

676. He actually paid 20*l.* 8*s.*?—No, 40*l.* 8*s.*

677. He repaid some, did he not?—No, he did not pay anything; they seized his home for the full loan. This is the case of a man who is a butcher near Brandon, Norfolk. He received a circular from Joel Ford, a well-known money-lender of Coleman-street, London, and Norwich; he has a branch there. The borrower had no idea, he says, that Ford had a London address, and thought he was dealing with a local money-lender. He explains that he borrowed 20*l.* from Joel Ford (this is on the question of interest); he paid 2*l.* per month for five months, and then owed 18*l.* That is how he puts it; that is 8*l.* interest on the 20*l.* Then he paid 2*l.* per month for five months more, and then owed

Mr. *Ascroft*—continued.

owed 15*l.* He has since paid by instalments 13*l.* 10*s.* Then he was served with a writ for 6*l.* 13*s.* 2*d.* This is all in one year and eight months.

Chairman.

678. Now can you summarise that for us?—He paid altogether 48*l.*

679. What is the loan in the first place?—20*l.*?—Twenty pounds.

680. He paid altogether how much?—£48 3*s.* 2*d.*

Mr. *Warr.*

681. Over a period of one year and eight months?—He says he and others will have cause to remember Ford as long as they live. I will put in his letter, and you can have him if you like as a witness.

682. You say these London money-lenders always ask for a policy of insurance, are there abuses in connection with these policies?—The West-end agents are agents for various large insurance companies.

Chairman.

683. One moment. Do I understand you to say that these West-end money-lenders are absolutely agents of the principal insurance offices?—Oh, yes.

684. Is that so?—Oh, yes. The insurance companies get an enormous amount of business from them, and pay them a very heavy rate of interest.

Mr. *Price.*

685. Commission you mean, do you not; not "interest"?—A heavy rate of commission to encourage that class of business.

Mr. *Ascroft.*

686. What, heavier than they pay to ordinary agents?—Yes; I hear that from a reliable source.

Mr. *Price.*

687. Put them on the best terms?—Put them on the best terms at any rate. Wood himself had 30 per cent. commission.

Mr. *Ascroft.*

688. On the first premium?—Yes.

689. But on the annual premium he will have a reduced sum, will he not?—Yes, he would probably.

Mr. *Price.*

690. Probably a second premium is never paid, is it?—A West-end manager (who, if the Committee wish, I will produce) told me the other day that one money-lender (I might give his name if necessary) did thousands of pounds worth of insurance during the year. His name is Moore, of Vigo-street; I may as well give his name.

Chairman.

691. When once the loan is repaid the money-lender is in possession of the policy and can go on paying the premiums, can he?—He would have to give up the policy.

692. Has he to give up the policy?—Yes, he would have to give up the policy.

Chairman—continued.

693. There is first of all the security and then there is the commission on the insurance?—Yes.

694. That is really what it comes to, is it not?—Yes, and in the case I have just put in, these money-lenders use the insurance company's note-paper, and in the case of the Caledonian Insurance Company it gives the money-lender the prestige which is obtained from using their notepaper.

Mr. *Warr.*

695. That I do not follow. Do you mean to say that the money-lender writes letters upon the Caledonian Insurance Company's paper?—Yes; he writes his money-lending letters on their note-paper.

696. That is because he is agent for the Caledonian?—Yes. The borrowers say: This man must be a good man; he is agent for the Caledonian Insurance Company; I communicated with the Caledonian Company upon the subject; I could put that letter in.

Mr. *Yerburgh.*

697. Which case is that, the Caledonian case; is that the Norfolk case or the Brandon?—The Norfolk case, where the man was sold up for 40*l.* 8*s.*

Chairman.

698. Will you be able to put in as evidence on a succeeding day a list of the insurance companies who have these West End money lenders as their agents?—I will make the best inquiries possible. I could say more than I am saying at the present time, but it would be really hearsay; I will verify it.

699. We do not want "hearsay"?—No, I hear a good deal about it, but I have not gone in for that part of the subject. I thought I would confine myself to "60 per centers"; but after the information I have given you I might suggest that some of these West End money lenders (whose names I shall be glad to give) might be examined. The Committee have power to compel them to produce their books; and if those books were produced, you would then see the nature and extent of their business.

Mr. *Ascroft.*

700. It is very possible that they will volunteer to give evidence, is it not?—Yes.

Mr. *Yerburgh.*

701. Have you any more cases where insurance has been asked for and effected?—I do not know whether I have them here; I may come to them; but it is compulsory. I have a case here of a doctor living in South Norwood. I investigated this case personally. He borrowed from Isaac Gordon, of Birmingham, 300*l.* He paid him back 207*l.* interest. Gordon has issued several writs, and distrained on his goods. This is one point—at one time Gordon writes (this is an extract from Gordon's letter): "I will charge you 88*l.* 6*s.* 8*d.* interest for the loan of 111*l.* 13*s.* 4*d.*, repayable by monthly instalments, which is very least, easiest, lowest, and only way I can do it, in order to save you from ruin and bankruptcy, and I think I am

meeting

Mr. *Yerburgh*— continued.

meeting you very handsomely in the matter. If you do not agree, bailiffs will be put in as soon as the time will permit, and this entirely with prejudice. This is all and the only letter I will write to you on the subject, so that further correspondence is absolutely useless."

Chairman.

702. What security had that man?—A promissory note; the borrower was a doctor.

Mr. *Garfit.*

703. Did you mean interest and principal when you said 207*l.*?—£. 207 interest on a loan of 305*l.*

Mr. *Price.*

704. In three years?—Yes; I am sorry I did not make myself clear; 207*l.* interest paid on an original loan of 300*l.*; it is really cent. per cent.

Mr. *Garfit.*

705. In how long?—About three years; probably less than three years.

Mr. *Price.*

706. That is not "cent. per cent."?—I cannot say the exact period.

Mr. *Garfit.*

707. You mean in three years he paid that amount?—Yes.

708. Without any instalment of principal?—Yes.

709. And the 88*l.* was for what?—He proposed to charge the doctor 88*l.* 6*s.* 8*d.* for the loan of 111*l.* 13*s.* 4*d.*

Chairman.

710. Was that after he had paid the 207*l.*?—Yes, after that.

711. After he had paid that. Now let us be clear about this case: first of all there is a loan of 300*l.* granted by Gordon to this doctor living in Norwood; am I right there?—Yes, that is so.

712. In three years he has paid 207*l.* in interest upon this 300*l.* loan?—That is so.

713. Things become serious then in the presence of a writ, and Gordon steps in to his relief and promises to lend him 111*l.* 13*s.* 4*d.* to clear it off, the interest on that being 88*l.*?—That is quite right.

Mr. *Price.*

714. He still owed 111*l.* in interest, did he?—He would have owed it if he had taken up the loan; he did not.

715. Did the 207*l.* satisfy the claim for interest for the three years; if so he was only paying about 23 per cent.; he owed the 111*l.* which Gordon agreed to let him have to release him, practically?——

Chairman.

716. For 88*l.* interest?—For 88*l.* interest, a sort of commuted interest.

Mr. *Garfit.*

717. I cannot make the figures out?—Let me explain here: the part of that case upon which I rely, is Gordon's letter to the man as to the rate of interest which he says he will charge, which he thinks is a handsome rate, the easiest and cheapest.

Thursday, 27th May 1897.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Captain Chaloner.
Mr. Garfit.
Mr. Hazell.
Mr. A. K. Loyd.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley.

MR. T. W. RUSSELL, IN THE CHAIR.

Mr. THOMAS FARROW, re-called; and further Examined.

Chairman.

718. WHEN we left off on Tuesday, you had arrived at the case of excessive interest?—Yes. The first case is that of a boarding-house keeper, a lady residing at Oxford. I have seen her, and vouch for these facts. Her letter explains the exact position of the matter, and I propose to read extracts from it: "I had observed a notice in the 'Oxford Times' from Messrs. J. S. Fielding and Company. I decided to apply to them, and called upon their then agent here, a man of the name of Beechey. He said the 'surveyor' would call upon me, but that I must first 'pay the expenses.' In all he got 3*l.* 10*s.* out of me. Two days after the 'surveyor' came. The firm in their advertisement state that they lend on 'note of hand,' but in this case the 'surveyor' took as security some very handsome silver plate of mine."

Mr. *Thomas Bayley.*

719. What was the amount of the loan?—£50. I am about to come to that point. I have here the receipt from Fielding's for the silver plate to cover the loan of 50*l.* The surveyor "inquired what amount I required. I said 30*l.* He said, 'You had better make it 50*l.*' After a little hesitation, I agreed. 'For how long shall you require it,' he then asked. 'For three months,' I told him. He at once put 50*l.* on the table, and, taking a sheet of notepaper, wrote, for me to sign, that I had given the silver referred to as security for 50*l.* This done, he took back 15*l.* in notes and two sovereigns, and gave me to understand that the 15*l.* was part interest and part repayment of the loan; but how much was interest out of this sum and how much part principal he could not tell me 'till he had seen the directors.' The two sovereigns were for his 'expenses.'" She therefore received 29*l.* 10*s.*; she had paid out 20*l.* 10*s.*

Mr. *Warr.*

720. The plate was the only security, was it?—The plate was the security, together with her promissory note for 50*l.*; she had actually 29*l.* 10*s.* "I demurred" to the second surveyor receiving a fee on account of what Beechey (the first surveyor) already had had (that is the second surveyor); "he handed me back 10*s.*, saying, 'he did not know Beechey had had anything from me.' He finally said that I should have, at the expiration of the three months, if the debt was not fully paid, to continue giving the 5*l.* a month as paying off debt and interest." She expected then, the letter says, to sell some stock; but it did not come off at the time; she could not get the price required. "So now the money-lenders continued getting 5*l.* a month from me till August 1893." By that date she had paid 25*l.* further, leaving due 4*l.* 10*s.* But in August 1893, "a new agent told me that I had paid off none of the debt, the 5*l.* a month being only interest. I then went to a solicitor here, for I was in a pitiable state of mind, but he did little good as the threat of selling my plate was, and is, held over me as a whip." I have several letters here from the money-lenders stating that they will sell the plate unless the loan is paid off at once. "They have the power to sell it at once or anything, and come down upon me to 'make up any deficiency.' The surveyor with whom I dealt in the beginning they told me was dead. Redgrave, the new agent, however, reduced the interest to 2*l.* 10*s.* a month. In January last he got me to sign a paper to the effect that he would call the debt 67*l.*"

Mr. *Warr*—continued.

Chairman.

721. "In January last;" which year is that?—January 1894.

722. She signed a paper saying that the debt was 67*l.*?—Yes. Then she says, "I have paid 22*l.* of this, and on inquiring what they would take now for immediate payment I was told 42*l.*; and I must add that while I am in these people's power I dare not anger them for fear they would sell the plate."

723. Can you tell me how long these transactions extended over?—From March 1893 to January 1894; January 1894 was the date when they stated that 67*l.* was due.

724. That is what I want?—On November 28th, 1894, there was still a balance due, according to the account I have here, of 37*l.*

725. She

Mr. *Garfit.*

725. She had to pay 2*l.* 10*s.* monthly after that?—She paid in this way 5*l.*, 2*l.*, 3*l.*, 3*l.*, 2*l.*, 5*l.*, 5*l.*, 2*l.*, 1*l.*, 1*l.*, 1*l.*

Mr. *George Whiteley.*

726. How much is the total of that?—The total of that would be 30*l.*

Mr. *Garfit.*

727. From when to when?—From February 9th to July 9th she had paid 30*l.*

Chairman.

728. Just attend to this, and see whether the Committee have got it right. This boarding-house keeper, at Oxford, applied for a loan of 50*l.*?—Yes.

729. Preliminary fees, amounting to 3*l.* 10*s.*, were charged; it that so?—£. 3 10*s.*; yes.

730. And when the money was handed over they retained 17*l.*?—£. 15 in notes and 2*l.* in gold?—That is so, and 10*s.* was handed back.

731. That is afterwards?—Yes.

732. She actually received from the money-lender, instead of 50*l.*, 29*l.* 10*s.*?—Yes.

733. Then 10*s.* was handed back by the second agent, because of a complaint as to the extent of the fees?—Yes.

734. She then paid 25*l.* back, spread over a certain time?—Yes.

Mr. *Garfit.*

735. Up to when?—Up to August 1893.

Chairman.

736. Leaving 4*l.* 10*s.* due?—Leaving 4*l.* 10*s.* due.

737. Then a new agent was appointed in August 1893?—Yes.

738. She then signed a paper in January 1894, admitting a debt amounting to 67*l.*?—Yes, and she has since paid that off.

739. She has paid 22*l.* of that?—She has paid that all off now.

740. She paid 22*l.* of that, and they were willing to take 42*l.* for the balance?—Yes.

741. And she has paid the whole thing off?—She has paid the whole thing off.

Mr. *Garfit.*

742. You said she paid 30*l.*, I think, just now?—Yes, she paid 30*l.*

743. After January?—Yes, because she could not then find the 42*l.* demanded, the balance.

744. At that time, when the 42*l.* was demanded, she had already paid 75*l.* back out of the 50*l.*?—Yes.

745. And she still owed 42*l.*?—Yes.

Mr. *Thomas Bayley.*

746. She had no more money given her when she signed the paper for 67*l.*?—None whatever.

747. All the cash she ever received was 29*l.* 10*s.*?—£29*l.* 10*s.*

748. And the 10*s.* that was given back, making 30*l.*?—Yes.

Chairman.

749. Will you be good enough to put the lady's name upon a piece of paper, and hand it in to me?—Yes.

Mr. *Warr.*

750. Have you any idea of the value of the plate?—No, I do not remember the exact amount; she told me it was a basketful of plate, and I think she said that it more than covered the 50*l.*

Mr. *Thomas Bayley.*

751. I suppose she got the plate back satisfactorily?—Yes, she got the plate back.

Chairman.

752. This transaction is with Fielding and Company, Limited, of Reading?—Fielding and Company, Limited.

753. "Reading" is at the top?—Yes, that is the Reading agency; a branch. Their head office is at Cardiff. They have branches in London, at East Croydon, Reading, Oxford, Liverpool, Bath, Gloucester, Cheltenham, Worcester, Newport, Monmouth, Neath, Port Talbot, Pontypridd, and Pontypool.

Mr. *Thomas Bayley.*

754. Have you looked to see whether this "limited" company is a company registered under the Limited Liability Companies Acts?—Yes; it is a limited company.

755. With a chairman and directors. Can you put a prospectus of this limited company in?—Yes.

Chairman.

756. Before the next day will you please examine the list of directors and shareholders of this company and hand it to the Committee on the next day?—Yes.

Mr. *Ascroft.*

757. Has that letter been handed to the Public Prosecutor?—No, it has not. She tells me she not only paid off the 67*l.*, but that altogether it cost her some 30*l.* more.

Mr. *Thomas Bayley.*

758. Let us have the particulars of that; cannot we have that?—Of the other 30*l.* I have no details.

Mr. *Ascroft.*

759. Have you calculated at what rate of interest this loan was lent?—No, I have not; it could be calculated from the repayments at the various times.

760. You can get that worked out?—I can get that worked out. Would you like that in addition to the list of directors?

761. Will this lady attend as a witness?—I am not quite sure.

Chairman.

762. Now the next case?—The next case is that of a farmer at Wortley, near Leeds. I will give a summary of his case. He borrowed 60*l.* from Townend's Bank for a year and a-half on a promissory note, payable 15*l.* quarterly. He paid back for that loan 97*l.* 10*s.* He had a second loan on June 14th 1892, of 55*l.*

763. Wait a moment now. Was this loan completely cleared off?—Completely cleared off.

Mr. *Thomas Bayley.*

764. In the year and a-half?—Yes, that would be the year and a-half.

Mr. *George Whiteley.*

765. Did it run a year and a half?—Yes, it would be exactly a year and a half.

Chairman.

766. Then he had a second loan?—He had a second loan for 55*l.* on 14th July 1892, for two years.

Mr. *Thomas Bayley.*

767. From the same firm?—From the same firm; interest, 25*l.*

Chairman.

768. For two years?—For two years. He paid back of that sum 14*l.* within eight months, and he says, "I had so little to work on that I applied for a larger advance, with a first-class bondsman. They reckoned to advance me 150*l.*, of which they kept 70*l.* as repayment of the second loan."

769. The second loan is for 55*l.*, of which 14*l.* is paid back, but there is 25*l.* of interest?—£. 25 of interest, yes. They retained the 70*l.*, which included the prospective interest of the third loan of 150*l.* He only handled 80*l.*, so that he received, first loan, 60*l.*; second loan, 55*l.*; third loan, 80*l.*, in actual cash; total, 195*l.* He repaid 284*l.* He then, on my advice, asked the amount still owing, and they replied 150*l.*

Mr. *Warr.*

770. Was there any security there?—In that case, as he says, with a "first-class bondsman;" a promissory note and a surety.

Chairman.

771. How does this stand now?—He then owed 150*l.* They threatened to take possession, but he sent them a cheque for 20*l.* on account of the 150*l.*

Mr. *Ascroft.*

772. Was there a bill of sale?—No, not a bill of sale; it was a promissory note.

773. How did they take possession then?—They threatened to enforce the security. The man has left his farm now. A letter has been returned to me "Left." I communicated with the company about it to know whether they could reduce the rate, and they got him to write a letter to say that he was perfectly satisfied with the way they treated him, and that he had given me no cause to interfere in the matter.

Mr. *George Whiteley.*

774. What period had elapsed from the 14th June 1892 to the time he received that letter saying that he owed 150*l.* at the end; what period of interest had accrued during that time?—How much interest?

775. No. What was the date of the letter saying that he still owed 150*l.*?—I cannot say the date. He says, "I borrowed 150*l.* for 2½ years, and they want that as interest.

Mr. *Thomas Bayley.*

776. You gave us June 1894 as the date when he borrowed the 60*l.*?—Yes.

777. What date was it when they wrote and said he owed 150*l.*?—I should say about 15th December 1894.

778. No; you gave us January 1894?—I ought to have said 1892. On 15th December 1894 he owed 150*l.*

Chairman.

779. And he paid 20*l.* of that on account?—Yes.

780. Then disappeared?—Yes.

781. He cannot be reached?—No; his letter is returned to me saying that he has left the farm.

Mr. *Ascroft.*

782. Is this this the same "Townend's Bank" that we have heard of so often?—Yes.

Mr. *A. K. Loyd.*

783. Where did the letter come from saying he was quite satisfied with their treatment of him?—From the manager at Leeds.

784. Then the bank knows where he is, but you do not?—The bank, no doubt, could find him. If they have sold him up, for instance, they would not trouble about him subsequently.

785. You tried to find him, but your letter was returned?—My letter was returned through the Dead Letter Office.

786. After that they sent you the letter saying he was quite satisfied?—No, prior to that.

Mr. *Garfit.*

787. They have sold him up, I understand you to say?—I say "If they have sold him up." I wrote asking if he would give evidence, and the letter was returned. I have letters from him describing his farm as a most excellent farm, and himself as being most anxious to stay on. The next is the case of a son of one of our most prominent English bankers; the borrower.

Chairman.

788. Who is the lender?—The lenders are several. He borrowed money in the first place from James Wilton, of Piccadilly, agent for Wolfe, of Leeds.

789. That is Jonas Wolfe?—Yes. The amount was 50*l.*, payable in 12 monthly instalments of 6*l.* each. They compelled him to insure his life for one year; 6*l.* premium.

Mr. *Warr.*

790. Have you the name of the insurance office?—That would be the Caledonian Insurance Company. Wolfe is agent for that company. The borrower is a young fellow; I saw him. He was at Oxford at the time.

791. This is the case of an undergraduate, is it?—Yes.

Mr. *Ascroft.*

792. Was he under 21?—No. He borrowed 85*l.* from another Jermyn-street money lender, whose prospectus I put in (Jay), and signed a promissory note for 100*l.*

Mr. *Thomas Bayley.*

793. What was the date of payment of the 100*l.*; how long was it for?—For three months. I am mentioning this case to show the rates of interest charged by some of these people. He was in the hands of several of them. He then applied to Wheatley, of Great Russell-street.

Chairman.

794. For how much?—He applied for a loan of 200*l.*, but Wheatley has a reputation for getting fees out of people without lending money.

He

Chairman—continued.

He charged him a fee of 10*l.* and then declined to lend the money. He recommended him to a man named H. V. Long, of 10, Adam-street, who advertises and trades as "Walter Barclay." Long lent him the 200*l.*, and charged him 200*l.* interest.

Mr. *George Whiteley.*

795. For how long?—Repayable in four quarterly instalments of 100*l.*

Chairman.

796. That is, 200*l.* for the loan of 200*l.*?—Yes. Wheatley thought it well to get further fees out of him for this, and charged him 10*l.* commission.

797. How did he bring Wheatley into this; Wheatley referred him to Long?—Yes.

798. How does Wheatley come in here?—Wheatley charged him 10*l.* fee in the first place and declined to lend.

799. Are we going to hear that "Wheatley" and "Long" are the same person?—No, they are not the same, but Wheatley got out of the man 20*l.* for the introduction; he said 10*l.* further, and 5*l.* for his agent's fee.

800. Wheatley got 10*l.* in the first instance and 15*l.* afterwards?—Subsequently; yes.

Mr. *George Whiteley.*

801. What security did the borrower give Long?—A promissory note; and to Wilton he gave (or rather Wilton took from him) his watch. He had his name in full at the back of the gold watch. Wilton said, "Have you got a good watch upon you?" and he looked at the watch and seized it from him, and said: "I will keep this; this will encourage you to pay back the loan punctually"; but he saw the name of the borrower on the back of it, which might have been used for the purposes of extortion subsequently. The borrower was anxious to commute these loans, and he saw another financial agent, whose name I have not got.

Mr. *Ascroft.*

802. You had better call these people "money-lenders," not "financial agents"?—Yes; he saw another money-lender, who promised to let him have 1,000*l.* for five years at 5 per cent. per annum, to get him out of his difficulties; because at that time he had borrowed 335*l.* and owed 617*l.* He, however, introduced him to Morris, of 8 Regent-street, Waterloo-place, another money-lender; Morris, however, only lent him 400*l.*, and gave the agent who introduced the business 100*l.* commission.

Chairman.

803. He gave this unknown money-lender, the name of whom you do not know, 100*l.* for the introduction?—Yes.

804. What interest did he charge on the 400*l.*?—It was a loan for six months, and the interest was 80*l.*

Mr. *Ascroft.*

805. Was it paid in advance, or was it deducted?—My informant says: "He has kept 100*l.* commission; I could not refuse, as I was in his hands, being obliged to pay Wilton."

Chairman.

806. He kept it?—Yes, he kept it.

Mr. *Ascroft.*

807. That is an answer, about the 100*l.* commission; he kept the 100*l.* that he paid to the man who introduced him; but did he also deduct the 80*l.* interest from the loan?—That is not clear at the moment; I cannot say what the amount of the note was. He got 400*l.* cash from him; 100*l.* was paid to the agent who introduced him, and 80*l.* interest was charged for the loan. I know nothing as to the subsequent career of this young man. He was then a member of the National Liberal Club, but my letters have been returned.

Mr. *Thomas Bayley.*

808. He was also a member of the University of Oxford, was he not?—Yes.

Chairman.

809. Proceed to the next case, please?—The next case is that of a clergyman, who borrowed from Jonas Wolfe, who runs a bank called the "Clerical Bank of Leeds." This is a letter from his solicitors to me. I will put it briefly. He borrowed, on October 7th 1891, 100*l.*

810. The clergyman?—The clergyman. He repaid by July 31st 1894, 133*l.* 6*s.* 8*d.* in respect of that loan. The next transaction was on October 16th 1891; a loan of 50*l.*

811. The first transaction was October 7th 1891?—Yes. You see some of these loans overlap each other. He, no doubt, took a fresh loan shortly after the first. These are the exact dates.

812. For how much was the second loan?—£.50. The total interest paid on that loan was 85*l.* That was paid off on April 13th 1895.

813. That is four years, or three years and a half?—Yes, it would be in quarterly payments of 7*l.* 10*s.*; one quarter's interest, 7*l.* 10*s.* Then the third transaction was on 22nd November, 1892. He borrowed 24*l.*, and he paid back in interest at the rate of 2*l.* per month, a total of 38*l.* for that loan of 24*l.*

814. When was it paid off?—It was paid off finally on 22nd June, 1895. Those are bare figures. That man has suffered a good deal. Would you like me to put in his name?

815. Yes, I will take his name. (*The same is handed in.*)—This next is a case in which Isaac Gordon is concerned, the borrower living near Shrewsbury. The summary of his letters to me is this: He borrowed from Gordon 20*l.* in 1896. and signed a promissory note for 25*l.* He repaid in respect of that promissory note 78*l.* 10*s.*

Mr. *Thomas Bayley.*

816. What was the nature of the note; for how long was it?—I cannot say; the letters do not give the date; but he borrowed in 1896, and these facts came out in the Shrewsbury County Court on 25th February, 1897. He says that he borrowed 20*l.* (promissory note), paid back over 90*l.*; in the report of the case the admitted facts were 78*l.* 10*s.*, and in the Shrewsbury County Court he was then being sued for 25*l.* further. That was all certainly within a year.

817. That

Mr. *Thomas Bayley* – continued.

817. That would be within a year?—Yes, that would be within a year.

Chairman.

818. Now let us see if I have that case correctly: He borrowed 20*l.* ("in 1896," I have it); he gave for that a promissory note for 25*l*; he has repaid, according to evidence in the Shrewsbury County Court, 78*l.* 10*s.*; and what was the balance?—He was then being sued for 25*l.*, the balance of the loan.

Mr. *Garfit.*

819. Did the 78*l.* 10*s.* include the amount deducted at the time of the loan?—Yes. The end of that case was that the man's solicitor paid 6*s.* 8*d.* in the pound on the 25*l.* balance. He had to make an arrangement with his creditors. The other creditors accepted 6*s.* 8*d.* in the pound. The judge would not make an order, but the man agreed to come in with the other creditors.

820. That would be more than 400 per cent., would it not?—It must be more than that.

Mr. *Warr.*

821. When these men go to the court, does the court deal with them as claims to which there is no defence?—Yes; if they are sued under the Bills of Exchange Act they cannot put in a defence.

822. Unless they have a defence on the merits?—Yes, and there is no defence on the merits; they sue under the Bills of Exchange Act.

823. Would the judges not allow an appearance to be entered?—No; it is impossible. You must make an affidavit to show, in the first place, before you are allowed to appear, that you have a defence on the merits of the transaction.

824. I mean the courts would not allow a wholly excessive rate of interest to constitute a *primâ facie* defence?—No.

825. That you know?—Oh, yes. They sometimes make the amount repayable by small instalments.

Chairman.

826. But excessive interest is no defence?—No. In one case the judge ordered payment at the rate of a penny per month; it would take the borrower 140 years to pay it off.

Mr. *Hazell.*

827. Do you know the date in 1896 when the loan was made?—No, not the date. I have put in a press report of the case where the fact was admitted.

Mr. *A. K. Loyd.*

828. As he was being sued in February 1897 it is rather material to know whether it was early or late in 1896 that the transaction began?—If it was February 1896 it would be only a year, if you took nearly the earliest month.

829. Shall we take that it was the beginning of the year?—Yes, I should say that. I can find out the exact date, because he is one of my correspondents.

830. It makes a good deal of difference in the rate per cent., does it not?—Here is a case where the exact dates are given. A farmer

Mr. *A. K. Loyd*—continued.

living near Chelmsford (and he is still there) borrowed on the 15th March 1893, from the Provincial Credit Bank of Leeds, 150*l.* on note of hand, at 5 per cent. per month interest, that would be, of course, 60 per cent. per annum. He repaid on January 11th, 1894, 20*l*; on May 10th he paid a further 15*l.*; on September 28th he paid 47*l.* 6*s.* 10*d*; on October 19th he paid another 20*l.*; total payments, 102*l.* 6*s.* 10*d.* The date when he should have paid off the loan was really Michaelmas Day 1894, if he had kept up his payments regularly; so that in January 1895 he was somewhat in arrear. He then communicated with me, and I advised him to write to Townend (the proprietor) to ask him what he then owed; and I put in a letter from his bank, dated January 30th 1895, "Dear Sir,—The amount owing up to to-day is 257*l.* 1*s.* 11*d.* Yours truly."

Chairman.

831. £257?—£257. I put in his original letter. The farmer in writing to me says it is "some bit too much," and that he had enough from his corn to pay everything else and keep him going if it was not for this mounting up of interest which cripples him.

Mr. *A. K. Loyd.*

832. Has that gone on rolling up, or has that been settled now?—I cannot say.

Mr. *Ascroft.*

833. The interest came to 355*l.* 9*s.* 9*d.* between March 1893 and January 1895?—Yes. The following facts I took from an affidavit filed in the case, supplied to me by the solicitor for the borrower.

Chairman.

834. This is a new case that you are referring to now, is it not?—This is a new case, in which Franks, of Glasshouse-street, is concerned. We have had his name before. A lodging-house keeper living in Clapham borrowed on a bill of sale 30*l.* in February 1896, at 60 per cent. interest. She did not get the 30*l.* That must be the amount of the bill of sale. She only received 16*l.*, the 14*l.* being deducted; not as interest but as expenses.

835. Are you taking this from an affidavit, do you say?—These are facts that I extracted myself from the affidavit, which I had to return, because it was used in order to prevent them remaining in possession; it was to get an injunction.

836. Fourteen pounds was deducted from 30*l.* as expenses?—Yes.

837. That is to begin with?—She paid 10*l.* off in July of the same year.

838. Eighteen hundred and ninety-six?—Eighteen hundred and ninety-six. She wanted money for the rent, and Franks lent her the amount required, 16*l.* No money was handed over; no money, I mean to say, beyond the cheque which these money-lenders, as a rule, send direct to the landlords signed in their own names. That is the rule; they send direct. Whether this money-lender sent this direct to the landlord I do not know, but 16*l.* was the amount of the landlord's claim, and it was paid by Franks; no money was handed over to the borrower;

Chairman—continued.

borrower; a second bill of sale was made out for 70*l.*

Mr. *Thomas Bayley.*

839. A fresh bill of sale?—Yes.

Mr. *Garfit.*

840. Instead of the other bill of sale?—Instead of the other bill of sale; so she really had in cash 22*l.*

Chairman.

841. The payment of the rent must be taken into account there as cash?—Yes, but she has paid 10*l.* off the 16*l.* she received; so that 16*l.* and 6*l.* are 22*l.*; she paid 10*l.* off the loan of 16*l.* On account of this bill of sale for 70*l.* she has paid back 23*l.* 10*s.* at various dates. Franks has placed his men in possession frequently; so much so that although she paid him 10*l.* on one occasion to get his men or man out, he was, at the time when this affidavit was made, claiming 38*l.* 7*s.* expenses and arrears of expenses.

842. Beyond the bill of sale?—Yes. Beyond the bill of sale. He was then asked by other solicitors (whose names I can give if necessary) what he would take in settlement and he demanded 120*l.* He stated he would take 100*l.* He refused at all times to give any statement as to moneys paid or receipts for moneys sent to him. The result of the case I do not know. This letter from the solicitors to me when I took the facts from an affidavit is dated the 11th March of the present year.

Mr. *Ascroft.*

843. The bill of sale was for 30*l.* in the first instance?—Yes.

844. But she only received 16*l.*, the 14*l.* being deducted for expenses?—Yes.

845. She paid 10*l.*?—Yes.

846. In July she wanted money for rent and she asked for the loan of 16*l.*?—Yes.

847. Which was handed over by the money-lender to the landlord?—Yes.

848. She gave a bill of sale for 70*l.*?—Yes.

849. Rent paid 23*l.* 10*s.* Did she receive nothing more of that 70*l.*?—Nothing.

850. Then the men were put in possession, and on one occasion she paid 10*l.* to get them out?—Quite right.

851. The money-lender then claimed 38*l.* 10*s.* for the balance of the expenses of the men being in possession?—Yes.

852. And when asked how much was due he said 120*l.*, but that he would settle for 100*l.*?—Yes; my remark there is "expenses and arrears." Of course the man was put in for the instalment or instalments due; he could not get prospective interest if he put in under a bill of sale.

Mr. *Garfit.*

853. What happened in this court where the affidavit was used? What action at law was taken?—I do not know; the affidavit was for the purpose of removing these people from possession until the case was heard for upsetting the bill of sale; the bill of sale being distinctly in violation of the Act. You see if a borrower wished to contest the validity of a bill of sale, in the first place the money-lender would get notice of it; he would put a man in possession; then you would apply to the court for an injunction to remove the man until the trial of the action; but whether this case has come on yet or not I do not know; of course the object of the case is to destroy the bill of sale.

Mr. *Garfit*—continued.

854. Why is it illegal?—For a bill of sale to be legal the amount mentioned in the document must be handed over in full.

Chairman.

855. It must be 30*l.*?—It must be 30*l.*; if they deduct 10*s.* even it is bad.

856. That is quite clear; you have finished the cases you desire to submit now on the question of interest?—Yes.

857. What is your next point?—My next point is in regard to default interest. The default interest arises at times under bills of sale, the default interest, in that case, being the same interest as is payable on the instalments of principal; but more frequently on promissory notes; and I have one here (which I will put in) used by the Southern Counties Deposit Bank, Limited, now the Provincial Union Bank, which states that "in case default is made in payment of any one of the said instalments, the whole amount remaining unpaid shall become due and payable forthwith, together with interest, at the rate of a halfpenny in the shilling per week from the date of such default on the aggregate amount of the instalments then remaining unpaid, until the actual payment thereof." Here are two or three cases of the same firm, where that promissory note was brought into operation. The first is the case of an Irish landowner, who resided at Hastings. This gentleman borrowed money from the bank.

858. From the Southern Counties Deposit Bank?—Yes; which stated in its prospectus that it was expressly incorporated by Act of Parliament to advance money at a low rate of interest. Kirkwood did this business himself. Kirkwood (the proprietor) got this Irish landowner to sign a promissory note for 456*l.* That is 156*l.* interest.

859. For 300*l.*?—For 300*l.*; making it repayable by monthly instalments of 20*l.* This gentleman kept up his payments with great regularity until the sixth instalment, which was sent certainly not more than six days late, when Kirkwood returned it to him, and demanded the whole balance. He could not find the money, but it was settled. He had then paid back 100*l.*

860. He had paid five instalments of 20*l.* each?—Yes.

861. Then when he paid the sixth it would have made up 120*l.*, but it was returned?—Yes; it was settled by a solicitor in Hastings, upon whom I called (a Mr. Carless, a solicitor there), for something between 720*l.* and 800*l.* further. I will take the lowest figure, 720*l.*

862. Now, let me understand; the debt was for 300*l.*?—Yes.

863. The interest was 156*l.*?—Yes.

864. And the instalment was to be paid monthly at the rate of 20*l.*?—Yes.

865. This Irish landowner paid five instalments?—Yes.

Chairman—continued.

866. He sent the sixth six days late?—Yes; cheque returned.

867. It was returned and the whole loan demanded; and then settlement by a solicitor?—Yes; for a further sum of 720*l.*

Mr. *Thomas Bayley.*

868. Beyond the 100*l.*?—Beyond the 100*l.* already paid.

Chairman.

869. Eight hundred and twenty pounds and 156*l.* interest?—£820 repaid for the original loan of £300.

Mr. *A. K. Loyd.*

870. That enormous amount of interest filled up under this clause, did it?—Under this clause. In a private memorandum, or a letter which Kirkwood himself sent to one of his clerks (a copy of which I have in my possession), he refers to this case. He says: "Then there is the case of F" (the Chairman knows the name), "which turned out a splendid case."

Chairman.

871. Where does this Kirkwood carry on business; we have had his name repeatedly before us?—At Brighton, Bristol, and Leicester, trading as the Provincial Union Bank.

872. Is that a real name or is it an assumed name?—It is his own name.

873. What is his Christian name?—John. He formerly lived at Worthing. I have had him prosecuted criminally and in every other way, but it has always been a question of fines. The only way to deal with a man like that is to get him put in prison, which I have hitherto failed to do. I hear he is now living in Boulogne, and he comes over occasionally for his correspondence.

Mr. *A. K. Loyd.*

874. May I ask you, Do you suppose that that clause about "a halfpenny in the shilling per week" escapes the notice of the borrower; do you suppose that he does not understand how it rolls up in money?—He does not understand; it would be impossible in many cases for the borrower to calculate it.

875. Is that the purpose of putting that clause in?—Yes; the man practically consents, and signs to pay something, but, as a matter of fact, a default has not occurred when he signs it.

876. Does he understand generally the effect of that "halfpenny in the shilling per week"?—No. I might answer that question by referring to a case I have here, where default interest accumulated to a large amount upon a small loan. This is the case of a young fellow at Maidstone, a mill-hand.

Chairman.

877. Before passing from that case, will you give me the name of the solicitor who settled this Irish landowner's case?—Mr. Carless, of Hastings. He is also solicitor to Lord Brassey.

878. Now pass on and answer Mr. Loyd's question?—In this particular case I got my solicitor to fight it, to test the question of default interest. The loan was 30*l.*, interest 15*l.*, which makes it 45*l.*

Chairman—continued.

879. Whose case is this?—This is the case of a young fellow at Maidstone.

880. Who is the lender?—Kirkwood.

881. Again?—Yes. The borrower paid back 14*l.* 15*s.* of the 45*l.*, and the default interest from December 1st, 1894, to August 30th, 1895, was 34*l.* 9*s.*

Mr. *Thomas Bayley.*

882. On a loan of how much?—An original loan of 30*l.*

Mr. *Garfit.*

883. How do they get over the stamp; do they pay the penalty?—Which stamp?

884. How do they get over the stamp difficulty? That one which you have put in is stamped "threepence"; that is the stamp for 25*l.* Suppose they add 25*l.* interest, how do they claim under the note with that stamp upon it? They would have to pay a 10*l.* penalty, would not they?—Yes, if they used it.

Mr. *Thomas Bayley.*

885. Have you got the note you refer to in this Maidstone case which you tried?—I have here the office copy of the judgment in the Maidstone case. *This* is the office copy of the judgment—the judge's notes.

886. On the promissory note what was the stamp; for how much was it in that case?—I cannot say exactly what the stamp was; *that* is put in as a sample.

887. It is a question whether they are not defrauding the Revenue by getting a promissory note for threepence when, really, the promissory note is on the face of it (it may be) for 100*l.*?—Yes.

Chairman.

888. Forty-eight pounds and nine shillings of default interest on a loan of 30*l.*?—Yes. We fought the case on behalf of this young fellow, and one of the questions put to the jury was this: "Was the defendant, when he signed that note, aware that the provision as to the interest at the rate before mentioned was contained in the agreement when he signed it?" and the jury said, No, he was not aware; and yet we lost the case, and the man had to pay.

Mr. *Thomas Bayley.*

889. Because those terms were in the note?—Because those terms were in the note.

Mr. *A. K. Loyd.*

890. What was your defence, fraud?—Yes, that it was obtained by fraud.

891. There it was on the face of the note, and although the jury thought the man had not actually known it, yet the judge said: We cannot go behind the written document?—Yes.

Chairman.

892. Did Kirkwood appear in that case?—Did he appear personally?

893. Yes?—Yes, I think so. I cannot say positively that. I should say he would be there personally. The next case is one sent to me by the Official Receiver of Portsmouth. He sends me several cases; but I will read one, if the Committee will

Chairman—continued.

will allow me, where, through this default interest, a man was sent into the Bankruptcy Court. This was the case of a farmer living at Petersfield. He died a little while after, and his wife took it up. A farmer at Petersfield obtained from the bank 100*l.*

894. The same bank?—The same bank. Loan for 100*l.*; promissory note for 144*l.*; repayable 8*l.* a month. He paid back 64*l.* when Kirkwood pressed him, and subsequently sued him. The default interest, of course, then commenced to run, and the Official Receiver says to me, "The total amount of the promissory note was 144*l.*; the default interest was 190*l.* 13*s.* 4*d.*" Kirkwood obtained a judgment for this amount. The solicitor's costs of action were 12*l.* 14*s.* 9*d.*, which made 347*l.* 8*s.* 1*d.*

895. For a loan of 100*l.*?—Yes, for a loan of 100*l.*

896. Sixty pounds paid back?—Sixty pounds paid back, and judgment was obtained for 283*l.* 8*s.* 1*d.*

Mr. *Thomas Bayley.*

897. You say this is what the existing law permits, because the Official Receiver did it?—Oh, yes.

898. You did not give us the time, did you, when he paid it; how long did that run?—I cannot say the exact date when the judgment was obtained; but I have the original letter here, in which the Official Receiver tells me the facts.

899. When was the money obtained, and when was the judgment obtained?—The judgment was obtained, and I imagine, not being able to pay it, he was forced into bankruptcy, because this came under the notice of the Official Receiver in Bankruptcy. It is one of his own cases. It is a case where bankruptcy ensued through the default interest. I have a case here of James Dodwell, a money lender, of Aylesbury.

Chairman.

900. We have not heard his name before?—No. He says in a letter he would "be only too proud to have his money-lending transactions criticised by a business man, on the golden rule of principle."

901. I think he had better come here?—I think he would get fair treatment here. In this case something will have to be said in his favour. A working man borrowed on a promissory note (a surety also being given) 5*l.*, and 1*l.* interest was charged, to be repayable by 15 consecutive monthly instalments of 8*s.* per month, the first instalment to be paid 1st December 1894, with an additional payment of 1*s.* per week on each monthly instalment not duly paid to date; so that the default penalty on the 8*s.* instalment would be 4*s.* per month on every instalment of 8*s.*

902. You were saying that you had got something to say for this gentleman; is that what you are going to say for him?—Something in his favour; on 2nd March 1896 the amount due under the note was 19*l.* 5*s.* 6*d.*, which would be something like 650 per cent. per annum.

903. When did he borrow; what was the date of the promissory note?—2nd November 1894.

Mr. *George Whiteley.*

904. Had he not defaulted in any of the monthly payments he would only have paid 1*l.* for the accommodation?—Yes, that is so.

905. Or less than 20 per cent. over the 15 months?—Yes, the interest there was reasonable. I am on the point of "default interest," not "interest."

Mr. *Thomas Bayley.*

906. Can you tell me how much altogether he has paid on this note; in March 1896 he owed 19*l.*?—£.19. 5*s.* 6*d.*

907. And what did he pay before he owed that 19*l.*; what has he paid altogether?—He repaid 1*l.* 9*s.* 6*d.* in that period.

908. The note, then, is for 20*l.* 9*s.* 6*d.*?—Yes; 20*l.* 9*s.* 6*d.* This is what I have to say in favour of Mr. Dodwell: one of my correspondents living at Aylesbury took the case up for the man, because Dodwell had met the borrower's wife and told her that 20*l.* was due under the note, and asked her what they were prepared to do in the matter. My friend took the case up, when Mr. Dodwell made the excuse that he meant to have said in the promisory note "default interest of one shilling per month."

Mr. *Hazell.*

909. Instead of "a shilling a week"?—Instead of a shilling a week; but why should he have informed this lady that the interest amounted to 20*l.*? Then my friend got him to prepare a new agreement, and in this letter Mr. Dodwell says, "Please let me know if you and Mr. C." (the surety) "will sign the enclosed agreement. I will call at four o'clock. You know the alternative." That would be a county court summons for the full amount due on that note; 20*l.* 9*s.* 6*d.* They then signed a new promissory note for 7*l.*

Chairman.

910. Whatever Mr. Dodwell may have intended, I have no objection that he should have the credit of his good intentions, but the man owed default interest to the amount you have stated?—Yes.

Mr. *Garfit.*

911. He offered to compromise for 7*l.*?—Yes.

912. Under pressure?—Yes.

913. Through you?—Yes, through me. When I say "through me" I mean one of my readers.

Mr. *Thomas Bayley.*

914. What was the original debt altogether?—Five pounds.

915. The note is cancelled, the note is satisfied?—The note is satisfied, and a fresh note is made out to settle the loan on agreed terms of 7*l.*, repayable in 31 weekly instalments of 4*s.* 6*d.* per week.

916. Have you got that note?—This is a copy of it (*handing in the same*).

Mr. *A. K. Loyd.*

917. Can you distinguish at all between default interest clauses, which are stringent in

Mr. *A. K. Loyd*—continued.

order to urge punctual payment, and those which you think are drawn up in a confusing fraudulent manner in order to mislead the borrower; do you see what I mean?—I think that the terms and expressions there would be calculated to mislead anybody. It would have been impossible, I think, for anybody to calculate what the default interest would amount to when described in those terms.

918. Do you charge against all these default interest clauses that they are intentionally obscure? —They are intentionally obscure, and are in the nature of a penalty.

919. A penalty of course is quite justifiable, where a man is lending at a great risk, and he wants a default clause to be stringent to compel punctual payment?—Possibly.

920. There is no harm, if loans are to be made to people who are likely, or who may be likely, not to pay, that stringent default interest should be charged?—I do not think I could admit that.

921. I am not saying it is desirable, but assuming that in the view of the money lender, he is entitled to goad the borrower into punctuality?—Yes.

922. Can you bring to our notice clauses which you think are distinctly obscure, and intentionally obscure, for a fraudulent purpose?—Yes. I take that clause as an illustration. It states there that default interest will be payable at the rate of "one half penny in the shilling per week."

923. That is what struck me at the time?—Suppose a man borrowed 100*l.* and was to repay it by monthly instalments of 2*l.* 10*s.* and he repaid back, we will say, 30*l.* and then there was default in the next payment, how could he possibly calculate, or may I say, respectfully, how could anyone in this room calculate, what the default interest for 2½ or 3 months would be? It is possible for money lenders, who make a speciality of working out tables.

924. They have their tables?—Yes.

925. You suggest that that form is deliberately adopted for that purpose?—Yes, for the deliberate purpose of deceiving; in the same way, as in the bill of sale, the term of "5 per cent. per month" is placed so that if a borrower sends an instalment of 3*l.* he is unable to calculate what 5 per cent. per month may be. He may calculate the first month, which would be 30*s.*, but on the second month something has to go off the capital, and then it would be impossible for him to calculate.

926. The ordinary borrower does not foresee that he will not be able to apply the rule with any clearness as soon as he has made default? —No, he does not.

Mr. *Garfit.*

927. They get another advantage, do not they; suppose the borrower ceases paying and does go into the Bankruptcy Court, at some time they can claim for a much larger sum than otherwise would be claimed for, and get a benefit over other creditors in that way?—Yes, that is so; they evade the Bankruptcy Act in that way; and later on I will be able to show, under another heading, the reasons for such a clause as we have just discussed.

Mr. *A. K. Loyd.*

928. I only direct your attention to that because mere sympathy would not be much use? —No.

929. The fact that a man has borrowed and is in a very sorry plight after that would not be sufficient. We want to get at what the fraudulent methods of these men are who, you say, are fleecing the public by devices of this sort?—Yes. They applied it in another case, which I have here, where the borrower sent a cheque which was not met, but immediately sent postal orders for the amount. Those postal orders were cashed by the money lender, and new postal orders were returned two or three days after, and proceedings taken, that is for the whole amount demanded, when a very large sum indeed had to be paid in the shape of default interest. It is part of the "game," if I may say so, to have a default interest clause in promissory notes.

930. I only wanted to direct your attention to what seemed to be material upon that?—My point is that default interest should be entirely abolished.

Mr. *Warr.*

931. There is no power to relieve against default interest, is there?—No, none whatever. I think a case has come to my notice where a judge has ordered payment of this default interest to be made at a very small rate, at a penny per week, twopence per week, and so on, but he has to recognise it as a legal claim.

932. And not interfere with the amount?— No; and in this case judgment was given for the full amount.

Mr. *A. K. Loyd.*

933. Do you know of no case of proceedings under Order 14 in the Superior Courts on any of these transactions?—No, I do not know of any.

934. They go under the Bills of Exchange Act to the County Court?—Yes.

935. Either in the County Court or in bankruptcy proceedings, have you ever known any of these bills challenged upon the mere question of hardship or excessive interest?—No, I have not.

936. Has any expectant heir been allowed to raise a defence of that sort against the money-lender; any equitable defence?—I do not know. I have consulted my friend, who is sitting near me; he has had some experience in these matters, and he says there would be no defence; no defence would be allowed on that point.

937. At any rate no such defence in equity has come to your knowledge upon any of these lending agreements?—No. This case was tried in the County Court of Brighton, and judgment was given for the full amount. It was not then sitting as a court of equity. I have one other case under this heading (which will close the default interest question) which I wish to bring before the Committee.

Chairman.

938. Does this close the "default interest"? —Yes. Here is a case of a Mrs. Elizabeth Darlow, a money lender, of Southport.

939. Do

Mr. *Warr.*

939. Do women often act as money-lenders?—Not largely. Their names are used as advertising touts, either "widow lady," "a lady of means," and so on. In this case the money lender sued Mr. and Mrs. Nelson, laundry-owners, of Birkenhead, for 14*l.* 8*s.* 1½*d.* The money actually lent was 4*l.* 10*s.*; a promissory note was drawn up and signed for 12*l.* 10*s.*; they repaid 6*l.* 5*s.*

Captain *Chaloner.*

940. How soon after the borrowing?—I have not the date here when they repaid; the case came before the Liverpool Court of Passage; it is reported in my paper; I could not turn up the full reference this morning. Mrs. Nelson paid 6*l.* 5*s.* on January 5th of the present year; she was sued for 7*l.* 5*s.* balance of the loan and 7*l.* 3*s.* 1*d.* for default interest; that would be up to the 24th June last year that the default interest would have run; but if they had charged at the time when the case came on (which was the 5th January 1897) a further sum of 8*l.* 8*s.* would have been due; which then represented 9,200 per cent. I ought to have added that a negotiation fee of 10*s.* was paid in the first instance. Mrs. Darlow was willing to take 10*l.* down in settlement but no order was made, the jury being of opinion that the transaction was a fraud from beginning to end.

Captain *Chaloner*—continued.

Mr. *Warr.*

941. Did the judge leave it to the jury to say whether it was a fraudulent transaction or not?—Yes, according to my notes here.

Mr. *Thomas Bayley.*

942. What was the verdict in this case?—As a matter of fact, the case was dismissed, the judge stating that he would not make any order on the case at all, the jury being of opinion that it was a fraud.

Mr. *A. K. Loyd.*

943. Where did the judge say the fraud came in?—I have been unable myself to discover the fraud; and I do not know, without he thought that this default interest clause, which was precisely the same as in the note already put in, constituted a fraud.

944. Were there any oral misrepresentation or falsehoods told to the parties?—No; not so far as my information goes.

Tuesday, 1st June 1897.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. A. K. Loyd.
Mr. Thomas Bayley.	Mr. McDonnell.
Captain Chaloner.	Mr. Price.
Mr. Garfit.	Mr. T. W. Russell.
Mr. Lloyd George.	Mr. Warr.
Mr. Jeffreys.	Mr. George Whiteley.

MR. T. W. RUSSELL IN THE CHAIR.

Mr. THOMAS FARROW, re-called; and further Examined.

Chairman.

945. WILL you proceed with your evidence; I have not the last day's print, and I forget at what point you had arrived?—I was about to commence "renewals," but the Committee directed me to inquire as to the names of the directors and shareholders of "Fielding's, Limited." I put in at once the prospectus which I have obtained from the office (*the document is handed in*). The names of the directors of "Fielding's, Limited," are Moses Samuel, Louis Samuel, Hurman Samuel, Solomon Samuel, Lewis Lazarus Samuel, Isaac Samuel, and Henry Samuel.

Mr. *Price.*

946. And no "Fielding?"—No "Fielding."

Mr. *Thomas Bayley.*

947. These are the directors of this Company?—Those are the directors.

948. What shares have they?—One share each.

Mr. *Warr.*

949. Those are shareholders then?—The shareholders I am about to give.

Chairman.

950. Those are the directors holding one share each?—Those are the directors holding one share each. I can give other details about the case. I was only asked to give the names. I have all the details here. The names of the shareholders are: Moses Samuel, who is down for one share; Louis Samuel, who, according to the latest return, 7th April 1896, holds 500 shares; Hurman Samuel holds 500 shares; Solomon Samuel holds 500 shares; Isaac Samuel holds 500 shares; Henry Samuel holds 250 shares; Jack Samuel holds 75 shares; two ladies (Priscilla Rachel Joseph and Rose Morris) hold one share between them, and Isabella Samuel holds five shares.

951. That is the company?—That is the company.

Chairman—continued.

952. You will put that document in?—Certainly (*the document is handed in*).

Mr. *Garfit.*

953. How much is each share; what is the nominal value?—They are 20*l.* shares. The nominal capital is 40,000*l.*, divided into 2,000 shares of 20*l.* each.

Mr. *Thomas Bayley.*

954. How much is paid up?—The number of shares taken was 1,036. There has been called up upon each share 10*l.*, leaving a further liability of 10*l.* on each share.

Mr. *Price.*

955. You read much more than 1,036 shares: two or three people have 500 each according to what you read out?—Yes, this is the form made up to the 7th April 1896. I find that the nominal capital has been increased to 60,000*l.*, in 3,000 shares of 20*l.* each. The number of shares taken, as I read them out, agrees with the total, 2,331.

956. £23,000?—Yes, 23,000*l.* My representative also called at their office in London yesterday, and found that they were not complying with the Company's Acts, and as to that they could be prosecuted. I do not know whether the Chairman would like to direct a prosecution.

Chairman.

957. In what way could they be prosecuted?—They have not exhibited in the office Form D, and seeing that, under the memorandum of association, they are compelled to exhibit that form like all bankers, they are in default.

Mr. *Warr.*

958. That is a banker's form?—That is a banker's form. They are empowered to, and do, receive deposits from the public; and they have not exhibited in a prominent place (as required by

Mr. *Warr*—continued.

by Section 40 of the Companies Act) Form D. I have formerly prosecuted a company on that point, and they are liable to a fine of 5*l.* a day.

959. Do they profess to carry on business as bankers?—Yes, they do. The Committee also directed me to inquire (through Mr. Ascroft) as to pensions and the course taken by the War Office in regard to the pledging of those pensions. This is my letter to the War Office: "26th May, 1897. Dear Sir,—You will observe from the enclosed cutting that I am giving evidence before the Select Committee on Money Lending, and that I am directed to make inquiry on the question of the loan of money on pension papers. I have to appear before the Committee again to-morrow, and should like to be in a position to say (1) whether the War Office understood prosecutions in the case referred to, or in other cases; (2) whether the War Office demands forfeiture in these cases; and (3) whether it is the loan upon, or detension of pension papers, which constitute an offence on the part of the money lender. May I ask for the favour of your reply on these points by to-day's post. If you would prefer to see me on the subject I could call any time this afternoon, or say at 12 to-morrow. The Committee sits at 2. I am, yours faithfully, *Thos. Farrow.*" Their reply, received this morning, is this: "War Office, Pall Mall, S.W., 31st May 1897. Sir,—I am directed by the Secretary of State for War to acknowledge the receipt of your letter of the 28th instant, and in reply to acquaint you that (*a*) this office undertakes, through the Treasury Solicitor, the prosecution of money-lenders holding pensioner's and reservist's certificates under the Army Act, 1881, Section 156, Sub-section 9 (this sub-section was introduced by the Army (Annual) Act of 1891). The case referred to in the press-cutting which accompanied your letter was apparently that of an Oldham (not Bolton) money-lender, on whose premises the police seized a number of certificates, and who was prosecuted by the Treasury Solicitor, and fined 5*l.* and costs in each of four cases. (*b*) Prosecutions have been undertaken since the Act above quoted came into force in a large number of cases and invariably where the certificates in question are withheld, if the Solicitor so advises. (*c*) Such pensioners are subject at the decision of the Commissioners of Chelsea Hospital, to forfeiture of a month's pension, or the sum of 30*s.*, whichever is the smaller amount; reservists forfeit from one to three months' pay and deferred pay for the offence in question. (*d*) The receipt, detention, or possession of the identity or life certificates of pensioners and reservists as a pledge or security for debt constitutes the offence for which persons are prosecuted.—I have the honor to be, Sir, your obedient servant, *Thos. C. B. Cane.*"

Chairman.

960. That does not meet the case which was put in evidence here; if I recollect aright it was a case in Portsmouth where the police seized a very large number of certificates, and I asked the question as to what the War Office had done in that case; it was Portsmouth I think, not Oldham?—Portsmouth was the case I put in; but I think, sir, you directed me to inquire as to what happened in the particular case mentioned by Mr. Ascroft in his question to the Home Secretary. There are two cases.

Chairman—continued.

961. Then you have inquired into the case that Mr. Ascroft gave?—Yes. I would like to inquire into the other case also. With regard to the renewals of loans, I object to a system adopted by money lenders, which, practically, puts temptation in the way of the borrower to renew his loan. In other cases of renewals it becomes a matter of necessity on the part of the borrower. To explain: here is an extract from instructions given to a valuer by Mr. Kirkwood, of the Southern Counties Deposit Bank in regard to renewals. (I have seen the original document.) "In cases where a person positively states and cannot be moved from his position, that he will not give a note for any time less than three or six months, then you must say to him, 'We will draw a note upon you for one month and charge you so much for the advance, and if we continue to be satisfied with your position we shall renew your note at the end of the month, and again and again upon your paying to the bank the cost of renewal at the end of each month, and in this way I have often got large profits in bygone days, for the charge for one month does not appear very much in the eyes of the borrower.' You must never under any circumstances give the borrower any written memorandum or statement that a renewal will be made by the bank. I have never done anything of the kind. I have always secured the confidence of my clients without any memoranda which are at all times most dangerous."

Mr. *Thomas Bayley.*

962. Who is that signed by?—That is signed by Kirkwood and sent by his valuer, who I hope will give evidence. This form is sent out by "B. Edwards" (who is "Isaac Gordon") to the borrowers some days before their instalment becomes due. This is dated 2nd November 1895, and is sent to a man named ——, living at Oswestry: "Dear Sir,—I beg to inform you that your two months' bill for 7*l.* 10*s.* becomes due and payable on 18th November 1895. Please send the amount thereof in full or return the enclosed bill (duly signed by yourself in own handwriting on the line), which is for the same amount as before, namely, 7*l.* 10*s.* together with 1*l.* 10*s.* for the interest, and the said amount of bill can remain for two months longer from due date. Please note this matter must be attended to punctually to the very day when due, as not one single day's grace is allowed upon it" (there are three days allowed on a bill), "and we are very strict about it.—Yours truly, *B. Edwards.*" That is a printed form, which shows that he does it extensively. In other cases, if no notice is taken of that, he sends this letter: "6, Livery-street, Birmingham. Dear Sir,—If you can do with a few more pounds kindly drop me a line, and I can send it you per return of post in Bank of England notes privately, on easy terms, to suit your own convenience, and at a low rate of interest. Please reply.—Yours truly." That was sent to a Welsh farmer, printed; and in the same

Mr. *Thomas Bayley*—continued.

same case he writes to him, 3rd December 1894: "Dear Sir,—I understand you called here" (that is in Birmingham) "on Saturday afternoon last, and the office was closed. If you wish to see me, please call here at 10.30 prompt to-morrow, Tuesday morning, or at 9.30 prompt on Wednesday morning next, when I shall be pleased to see you and to do all I can for you.—Yours truly." Well, the man lives some distance from Chester and was not in Birmingham at all that day, and never applied for a loan.

Chairman.

963. Never applied for a loan?—Never applied; he had never been near the place.

964. Then is it your case that this is a plan of advertisement?—A plan in order to get the man to take up further money.

965. But you say he had not applied for money at all?—No; it is a trick on the part of the money-lender.

Mr. *Price.*

966. He had had a loan, had not he; you are bringing this up on the subject of renewal?—Yes, he had had a loan. Another time he sent down 300*l.* in bank notes without request hoping the man would keep part of it; the man was a substantial farmer there.

Mr. *A. K. Loyd.*

967. Why was he a desirable subject to lend to, then?—Because he was a substantial man and had paid off his loans punctually in the past. The money-lender was only too glad to get his money out in that quarter.

968. How would he be able to practice his usurious plans upon a man like that?—He would if the man fell into the trap. He would charge the same rate of interest.

969. The same as if he were an unsubstantial man?—Oh yes, they make no difference with regard to security.

970. A man like that would not be in a defenceless position at all; he could employ assistance if he wanted it?—In that case he returned the 300*l.* without using any portion of it. This next is a case where Joel Ford the money-lender was concerned. A man living at Thetford, in Norfolk, borrowed in 1891 20*l.* for 8*l.* interest. He renewed this loan, and in 1893 it appears that he had 30*l.* from Ford on a bill which was signed by his brother and himself and upon which 12*l.* interest was charged.

Chairman.

971. How much had he paid?—£12 interest was charged there.

972. Had he paid any instalments?—None whatever in connection with this particular bill.

Mr. *Price.*

973. What was the date of the first loan?—The first loan was in 1891.

Mr. *Garfit.*

974. Two years for 8*l.*, do you mean?—No, he was in Ford's hands in 1893. The second loan was not connected with the first one which I mentioned.

Chairman.

975. What was the first one?—£20, for which he paid 8*l.* interest.

Mr. *Garfit.*

976. For how long?—I do not know for how long. In the case of the loan in 1893 (of which I have the date), he borrowed 30*l.* on the joint note of himself and his brother for 42*l.*, payable six months at 3*l.* per month, and the balance (the sum of 24*l.*) to be due on the 1st January; but on 23rd December 1893, Ford writes to him at "113, Gower-street, London, W.C., 23rd December 1893: Dear Sir,—I beg to remind you that the balance of your loan, viz., 24*l.*, becomes due on the 1st of January next. I shall be pleased to lend you another 30*l.* and deduct the 24*l.* from the same, and to save delay I herewith enclose bill for 42*l.* for your signature, which please sign and get your brother to sign also, and return to me, when I will send you 6*l.* and the old bill; the 12*l.* added is the interest same as the last advance."

Mr. *Price.*

977. The first transaction was an entirely separate one?—Yes, I only mentioned the first transaction to show that he was in his hands then.

Mr. *Thomas Bayley.*

978. You have not the bills, have you, of this transaction?—No, I have not the bills. I advised him in that case to write to Ford. He ultimately, I believe, got out of his hands by insisting upon paying 4*l.* per month, the last payment being 6*l.* I mention this case because these money-lenders make the last payment a heavy one in the hope that the borrower will be under the necessity of renewing that large sum. Here is another interesting case which illustrates the question of aliases. This man answered an advertisement of "Charles Peel and Company, Limited."

Chairman.

979. We have not heard that name before, have we?—No, there is quite a gang of them in this case. He answered this advertisement of Charles Peel and Company, Limited. They traded in Pall Mall. They use the name of Peel in Pall Mall and at Kingston-on-Thames. On 16th May 1895 he borrowed 40*l.*, and found that the promissory note was made out for 52*l.* 10*s.* to Barnett Samuel and Joel Ford (he answered the advertisement of the company, and was then requested to deal with Samuel and J. Ford), to be repaid by consecutive monthly instalments of 5*l.*, the first payment to be made on the 16th June 1895, and 5*l.* on the 16th July, August, September, and October respectively, and 27*l.* 10*s.* in one sum on the 16th November 1895, or, if default was made in any case, the whole balance to become due and payable. I have the original promissory note in that case. Then by some means the promissory note got into the hands of Mr. S. Charles, of 4, Agar-street, Strand.

980. I suppose

Mr. *Warr.*

980. I suppose all these promissory notes are made negotiable, are they ?—"I promise to pay," "or their order."

981. May we see that for a moment?—Yes (*handing in the same*). Charles on the 14th September sends the borrower the usual reminder that an instalment was due on the 16th.

982. Does that come from Charles?—That comes from Charles.

Chairman.

983. That is the gentleman into whose hands this promissory note got?—Had then got: yes. All the 5*l.* instalments were paid with the exception of the last instalment, which was due on the 19th November, namely, 27*l.* 10*s.* The borrower could not pay this, so on the 21st November Charles offers him a new bill for 37*l.* 10*s.*, adding 10*l.* interest. This is an extract from his letter in which he says: "This is the best I can do," and sends form for signature. Ultimately the borrower signs and returns the new bill.

984. For how much?—For 37*l.* 10*s.*; and before he can pay up the first instalment, Charles writes and tells him that in future he is to send it to B. S. Thomas, 4, Adelaide-street.

985. It comes from Peel and Company; then it gets into the hands of Charles, of Agar-street, and who is it transferred to now?—Peel and Company first; he was then referred to Barnett Samuel and Joel Ford; then it was handed over to Charles, and he is now in the hands of B. S. Thomas.

986. I suppose they are all the same person? —I know Charles and Ford personally; they are not the same person; but I think Barnett Samuel, B. S. Thomas, and S. Charles are one and the same person.

Mr. *Garfit.*

987. On what terms was the money advanced? —Five pounds per month.

Mr. *Thomas Bayley.*

988. Peel and Company are a limited company?—Yes.

989. Can we have the particulars of the company?—Yes, I had a search note at Somerset House, and I found that the company was registered on the 15th October 1894, that it has a nominal capital of 25,000*l.*, divided into 25,000 shares of 1*l.* each. Only seven of the 1*l.* shares have been taken up. Joel Ford has one share, Harris Treedman has one share, William Harvey has one share, Charles Samuel has one share, John Cross has one share, John Fred Lovell Marston has one share, and Edward Rainer has one share. The total amount of calls received is 7*l.*

Chairman.

990. Will you put that in, please?—Yes.

991. Is it certified?—No, it is not a certified copy, it is taken by my clerk. They have power to carry on business as bankers (*the document is handed in*).

Mr. *Thomas Bayley.*

992. Have you inquired whether they have complied with the different Acts of Parliament dealing with limited companies?—No, I have not.

993. Have they issued balance sheets. In 1894 I think you said they ought to have issued a balance sheet?—The last form, the balance sheet itself, is made up to 17th July 1895. There is nothing on the file for July 1896.

994. You might make inquiries about their position as a limited liability company?—Yes.

Chairman.

995. I do not want to lose a thread of this narrative. We have now got the borrower signing a new promissory note for 37*l.* 10*s.*?—Yes, which he had to repay at 5*l.* a month. The object of mentioning that case is this, that at the end of the period 27*l.* 10*s.* was due, and, therefore, he was compelled to renew, adding 10*l.* interest.

996. He borrowed 40*l.* on a promissory note of 52*l.* 10*s.*?—Yes.

997. He paid certain monthly instalments of 5*l.* each?—Yes.

998. When it came to November, and he had to pay the last instalment of 27*l.* 10*s.* he was not able to do it; then they renewed by another Bill for 37*l.* 10*s.*, which he has paid?—Yes.

Mr. *Garfit.*

999. The argument is that he had to go on paying 5*l.* a month, and to leave a biggish sum to the end; that is your point?—That is the stipulation of the money-lender; he stipulates that.

Mr. *A. K. Loyd.*

1000. On failure to satisfy that large sum is he handed on to a confederate for the renewal?—No, that does not follow at all; in this case he was.

Mr. *Warr.*

1001. He is forced to renew; that is your point?—Yes.

1002. Because a prohibitive amount is kept open to the last?—Yes.

Mr. *Ascroft.*

1003. Did he charge the same amount on renewals as on the original loan?—Yes. Here is the case of a farmer living at Eltham who borrowed money from D. Phillips, of 47 Gower-street, London. This Phillips does not advertise in his own name, but advertises in various parts of the country under aliases. This man holds his farm direct from the Crown. He borrowed 30*l.*, 11*l.* interest was added, payable 1*l.* per week, and 17*l.* after 24 weeks was paid. They renewed the 17*l.* and charged 5*l.* 10*s.* for it, which he agreed to repay at 1*l.* per week. He renewed again, and, at the time of writing to me, he was still paying 1*l.* per week.

Mr. *Warr.*

1004. These cases which you are quoting are cases in which no security is held except the promissory note?—Except the promissory note. Here is a case which affects a large number of poor people in London. It illustrates the system

Mr. *Warr*—continued.

adopted by the London and Westminster Loan and Discount Company, Limited (63, St. Martin's-lane), and I might say by two or three other companies, such as the Central Advance and Discount Company. I shall give evidence on those, but I take this particular company at the moment. They do an enormous business with the working classes. Here is a man who writes to me to say that he has been in their hands for 11 years and still owes them 20*l.* The plan is this: Borrowers, probably through loss of employment or ill-health, are unable to keep up their instalments under the bill of sale, when they receive this printed form: "Dear Sir,—Observing that your advance is much in arrear, and as it cannot be allowed to remain so, I would suggest your making the present balance a new loan repayable by instalments most convenient to yourself. —Your obedient servant, *Charles H. Hill*, secretary." So that many of these people when they once get into the hands of this particular company are in their hands for many years. The object of a circular of that sort is to get from the borrower the prospective interest; they include that in the balance when arranging the new loan.

1005. The name of that company, "The London and Westminster Loan and Discount Company," suggests to me to ask whether you have noticed that these men make a practice of choosing the names of well-known institutions, or rather part of the name; is that so?—Yes; that is so.

1006. You have noticed that, have you?—Yes.

Mr. *Ascroft.*

1007. Do they take a fresh bill of sale in each case?—Yes; a fresh bill of sale.

Mr. *Thomas Bayley.*

1008. This is a limited company again; have you made inquiries at Somerset House about it? Yes; I have particulars of the constitution of that company; I have not brought the particulars of that company here; I have them at the office and will bring them on Thursday. I have discussed this matter at Somerset House with the people there, and I gather from them that their sole duty is to receive the documents sent in to them and register them. Their duty is registration, and nothing else.

Mr. *Warr.*

1009. Their duty is to see, is it not, that the name is not in any way calculated to mislead with reference to the name of other limited companies?—Oh, yes, with regard to the name. In some cases, where it is a private individual, he takes the name of the most prominent individual in the city. For instance, Gordon in Newcastle trades as Arthur Armstrong.

1010. Lord Armstrong being the most prominent citizen of Newcastle?—Yes. Before the Official Receiver the other day the proprietor of the London Universal Bank was examined; and he had to admit there that his manager, who was named "W. Barclay," never existed. He simply took the name of "Barclay" to give the impression that a "Barclay" was the manager of the London Universal Bank. *This* is the case of a poor man living near Scarborough; he does not want his name given, because he says: "We are a teetotal family, and have been since marriage."

Chairman.

1011. What is a teetotaller doing in the hands of money-lenders, I wonder?—I want to show that it is not confined to one class. He never bet a penny in his life, and he is now 57 years of age, and he says: "I am sorry to say I cannot get on in life; everything seems to go wrong. P.S. The reason I did not appear in court was, we belong to one of the oldest families in Scarborough, and do not want our name exposed." He borrowed 4*l.* four years ago from Messrs. Boothroyd and Company, of Huddersfield and elsewhere, on promissory note, payable by monthly instalments of 1*l.* 12*s.* per month, 1*l.* 12*s.* per month interest on 4*l.* He had to take up the promissory note at the end. He had to pay 5*l.* 12*s.* at the end of each month merely to take up the note at the end of the month. He could not pay the 5*l.* 12*s.*, and therefore kept on for some months paying 1*l.* 12*s.* per month. He could not take up the principal.

Mr. *Price.*

1012. He paid the interest?—He paid the interest punctually. The result is that he has paid back in respect of that loan 20*l.* 5*s.*

Captain *Chaloner.*

1013. For how long?—From 1894 to the present time.

Mr. *Price.*

1014. If he paid 1*l.* 12*s.* a month he would have paid much more than that in three years? —Yes. The man has been out of work; and he describes a thrilling shipwreck of which he has been the victim; he says he has been unable to find the 4*l.* They have summoned him. He has tried hard to reduce the debt. At one time the money-lender reduced the instalments to 10*s.* and added 2*l.* to the capital, which made it 6*l.*, instead of 4*l.*; and this Mr. Boothroyd is one of the leading men in the church there. The money-lender himself holds office in the church.

Mr. *Ascroft.*

1015. As what?—I believe he is a deacon of a Nonconformist church.

Mr. *A. K. Loyd.*

1016. Is that the real name of the money-lender "Boothroyd"?—It is, I believe. This is the advertisement: "Money advanced privately. From 3*l.* to 500*l.*, to all respectable persons (male or female) on note of hand alone. Reasonable interest and easy repayments. No fees charged unless cash advanced, and no genuine application ever refused. Apply personally or by letter to J. Boothroyd & Co., 6, King-street, Huddersfield. Established 1883. Office hours 9 a.m. to 7 p.m. (daily)." I think I will conclude "the renewals" by one other case. This is the case of an artist who was in the hands (and I believe still is) of Townend. He was first

Mr. *A. K. Loyd*—continued.

first attracted by the advantages offered by Townend's Bank at Birmingham. He wanted 35*l.* in February, 1892. £.15 was added for interest.

Chairman.

1017. For what period?—For three months.

1018. £.15 for 35*l.*?—He paid 15*l.* interest.

Mr. *Thomas Bayley.*

1019. You have not the note there, have you?—I have his original letter, but not the promissory note.

Chairman.

1020. He paid the interest?—Yes. Then he required a further loan; and on the 4th April, 1892, he met Ross, who was then manager of the Birmingham Bank, who agreed to let him have 150*l.*

1021. What for?—Deducting 35*l* then due, but he charged for it a bonus of 125*l.*, which made a total then due of 275*l.*, to pay back for two years at 30*l.* per quarter; 65*l.* on the 1st April, 1894. So that in actual cash he received only 105*l.*, that is including the first 35*l.*

1022. Including the first?—Yes.

Mr. *Price.*

1023. Only 105*l.*?—That is all he had.

1024. Why not 115*l.*?—£.115; then 10*l.* was deducted for expenses.

Mr. *Garfit.*

1025. When you say "bonus," I suppose you mean interest?—Yes, it includes the interest. I deal later on with this same case under bonuses.

Chairman.

1026. One hundred and five pounds actually received in cash?—Yes, he then gave a promissory note for 275*l.*; then, as I tell you (I saw him in London), between 4th April 1892, when he completed the loan, and 29th December 1894 he had paid off 204*l.* 7*s.*

1027. Of the 275*l.*?—Yes, of the 275*l.*; he then found that he could not meet the payments of 30*l.* per quarter, and therefore in the month of December he had a re-arrangement of the loan.

Mr. *Price.*

1028. Of course, he got rather in arrears with the 30*l.* per quarter by that time?—Yes, he was an artist; he fell ill, and could not perform the work which brought in his living. The money lender at that time made out that the debt then owing was 186*l.*

Chairman.

1029. But he had paid 204*l.* 7*s.* out of a total of 275*l.*?—Yes.

1030. How did it come that in December 1894 with this re-arrangement this enormous sum was still due?—I cannot understand it; those are their figures; the figures which they settled with him.

Mr. *Price.*

1031. I suppose there were considerable arrears of the 30*l.*?—I have satisfied myself as to those figures by seeing the money lender himself,

Mr. *Price*—continued.

1032. What was it in December 1894?—£186 they said was then due; then they said, we will allow you to pay this back at the rate of 15*l.* per quarter; we must charge you a bonus of 50*l.* for doing that, which made a new promissory note of 237*l.*

1033. And to pay for expenses, I suppose?—Yes; he then had to repay 15*l.* per quarter.

Mr. *Thomas Bayley.*

1034. What was the length of the promissory note for 237*l.*?—I was just explaining that; 15*l.* per quarter, and 177*l.* to be paid on the 1st January 1895; that is the renewal; the 177*l.* was to be paid in one sum. Now, these are the facts.

Mr. *Price.*

1035. Eighteen hundred and ninety-five; that was only a month afterwards?—Eighteen hundred and ninety-six.

1036. I thought so?—This gives the summary; now, he says: "I find I have paid these people since the 4th April 1892, for which I hold receipts, 204*l.* 7*s.*, and I have only had 105*l.*, while still they claim 237*l.* 3*s.*; are they not, indeed, monsters?"

Mr. *Garfit.*

1037. He had 35*l.* to begin with?—Yes; these instalments of the new loan, 237*l.* 3*s.*, were to be regarded as interest. I think that is an important point; they were to be regarded as interest; the balance to be due to be regarded as the principal. I see in that the object on the part of Townend to force this man into bankruptcy.

Mr. *Warr.*

1038. To force him into bankruptcy; how is that done by the money lender?—Either to force him into bankruptcy or to get an advantage if he becomes bankrupt. Later on I describe the evasion of the Bankruptcy Act by these means. He gets an advantage in that way, by insisting that all the payments shall be put to interest, so that in the event of bankruptcy the money lender comes in for the whole of the principal with 5 per cent. in addition; but I saved him that, and Townend's manager writes me: "I understand that he has not paid an excessive rate of interest."

Mr. *Thomas Bayley.*

1039. When did Townend write this?—January 21st 1895. He says: "Mr. Townend will not force" the man "into bankruptcy if some reasonable offer in settlement is forthcoming." Then, on January 28th of the same year, they write to the artist's wife and say: "Dear Madam,"—(This is the original letter.) "I am in receipt of your letter. Mr. Townend, taking into consideration the facts stated by you, has decided to make considerable concessions, but only on certain strict conditions. I consider it is but fair that if Mr. Townend abates his undeniable legal rights, that Mr. Hart should conform willingly to Mr. Townend's conditions. Mr. Townend proposes that on the 9th February you should pay a sum of money on account of arrears, and he will then enter into an arrangement to accept the balance by small monthly

Mr. *Thomas Bayley*—continued.

instalments extending over a considerable period without any more interest being charged. The conditions are that you by return of post forward to me all Mr. Farrow's letters to you, and copies of yours to him, giving me at the same time a history of your connection with Mr. Farrow, or if the correspondence has been in your husband's name, then, of course, complete particulars and letters from him. I particularly require this, so that if Mr. Townend helps you out of this difficulty you will not at the same time be applying to Mr. Farrow for assistance. Yours truly, *T. C. Milburn*, Manager."

Chairman.

1040. Is Townend's Bank a company, or the bank of a private individual?—A private individual. I will now take this as a general case to show that on a renewal of a bill of sale (and large numbers of these bills of sales are renewed), the money lender gets an enormous amount of interest. This was a lady. In this particular case the lady was living near Hanover-square. She borrowed 50*l.*

Mr. *Price.*

1041. Who is the money lender?—The money lender is Townend in this case, but I use this as an illustration of other money lenders and renewals of bills of sale. "She borrowed 50*l.*; interest at 60 per cent. for eight months (an extra month's interest for some reason being charged), 20*l.*" She paid back in eight months 20*l.* That is the interest at 60 per cent. for eight months; but they also charged her some extra interest. I imagine it would be the cost of the renewal of the bill of sale. That would make it 70*l.*; 50*l.* and 20*l.* She repaid seven instalments of 5*l.*; that would be 35*l.* she would then owe on the first bill of sale, 35*l.* She then wanted a further advance of 20*l.* Now, her furniture I know was worth at the lowest about 200*l.* or 250*l.*; and as she had reduced her liability from 70*l.* to 35*l.*, Townend might in that case have advanced her the extra 20*l.* on a promissory note; but he says "No" (and all money lenders say: No). "I will give you a further advance of 20*l.*, which will make your loan then 55*l.*"; and the interest on that 55*l.*, at 60 per cent. for 17 months (which is the time required to pay off the loan), would be 46*l.* 15*s.*; the amount therefore owing would be 101*l.* 15*s.*; so that she received in cash 70*l*; she repaid 35*l.*, and she owes 101*l.* 15*s.* There is no fraud in that. I mean to say that is an "ordinary transaction" which shows how interest upon interest "heaps up" the amount.

Chairman.

1042. Does Mr. Townend conduct his business in London?—Yes, in London and Bristol, Manchester, Birmingham, and Liverpool. He carries on a bank called the "Commercial Bank of London" here at Charing Cross.

Mr. *Warr.*

1043. Does he carry on all his business or branches under the name of "The Commercial Bank"?—No, in Leeds it is "The Provincial Credit Bank"; in Bristol, "The National Mercantile Bank"; and in London "The Commercial Bank."

Mr. *Warr*—continued.

1044. In Liverpool?—In Liverpool, I believe, it is "The Union Bank of Liverpool"—I am not quite sure of that.

1045. "The Union Bank of Liverpool"?—I am not quite sure. There is a "Union Bank of Birmingham" run by Edwards; but in many of his advertisements the name varies—for instance, he had in London "The Strand Bank, "The Pall Mall Bank," and "The National Mercantile Bank" running at the same time. On seeing his manager I pointed out that the advertisement stated that "The Strand Bank" had no connection whatever with any other money-lending establishment, and that statement still appears in their prospectus. He runs under different names, but informs his borrowers that he does not; and I know cases where they have been referred from one bank to the other.

Mr. *A. K. Loyd.*

1046. Before you pass from renewals, is it any part of your case that this final large payment is put on in the hope of the borrower being unable to pay, and then being taken up by a new lender, so as to have fresh initial charges?—Either by a new lender or by the same lender, but on higher and more extortionate terms.

1047. But on the ground of its being a fresh transaction, as it were? That is what I mean?—Yes; if taken to a new lender it would be a new transaction.

1048. I can understand the renewing of the loan, to keep the borrower on the books of the same man—if he made the terms light, the transaction might run out, and he would pay it off. I quite understand the large final payment being made to keep the borrower on the books of the same man. Is there anything on your series of examples to show that occasionally the object is to hand him over nominally to a new man, to treat him to severe terms, as if it were a new transaction?—No; if the man is at all substantial the money lender loves him too well to part with him.

1049. I did not know whether he handed him on to another establishment of the same lender under another name?—He did in that case; as a rule they keep them. I will give two illustrations, and only two on the subject of bonuses, fines, fees, and costs in order to complete my case. I want to complete my evidence this week if I can. It will be described, in regard to fines, by a letter I have received from Messrs. Dalgleish, Gray and Dobbie, Writers of the Signet, Edinburgh:—"A case within our knowledge is the following: A party borrowed from an Edinburgh money lender 8*l.* From this sum the money lender in the first place deducted 1*l.* 12*s.* for interest presumably, so that the actual sum lent was 6*l.* 8*s.* This was to be repaid in weekly instalments of 16*s.* The instalments, after a little, fell in arrear for a few weeks. The borrower was 'fined' 4*s.* a week for each week he was in arrear. Moreover if the borrower was in arrear four weeks and then paid 16*s.* this sum would not be taken as an instalment, but would be set against fines, and he would be fined another 4*s.* that week for failure to pay the weekly instalment of 16*s.* In short the debtor might pay the sum borrowed three or four times

over

Mr. *A. K. Lloyd*—continued.

over in 'fines'; and leave the principal sum still due."

Mr. *Thomas Bayley.*

1050. How could that legally be done?—Was that put on the note?—Not on the note; but after the borrower gets into the hands of the money lender a book is handed to him (a repayment book) after he has agreed to the loan; in which certain fines are mentioned, which I think is illegal.

1051. Have you got the book here?—I have a book used by London money lenders in which fines are mentioned.

1052. Surely that is not a legal fine if it is not mentioned on the note?—No, but it is taken.

Mr. *Warr.*

1053. Are those fines allowed by the judges?—I do not think they have ever tried a case, because if questioned at any time the borrower would be in a difficulty. He has either given a promissory note or a bill of sale as security to the Bank and submits to the exaction of these fines. Here is a concrete case. I must give no idea of the man's name; he says there would be people in his house to-morrow if his name were mentioned, but I will give the name of the money lender. "The Central Advance and Discount Corporation, Limited," of Charing Cross-road, and Cannon-street and Abchurch-lane, and I will give certain assumed amounts and hand the book in to the Chairman so that he may see it. There is nothing on this prospectus whatever to show that fines will be charged. The man borrowed 60*l.* we will say, and he agreed to repay by certain instalments. He paid the first punctually. He paid the second punctually. Then he missed three months. He sent a cheque for 10*l.* when the money lenders deducted 34*s.* for fines. Then he got into arrear again and paid early last year; he sent a cheque for 2*l.* These figures I am afraid will not work out, but the Chairman will understand. He sent that cheque for 2*l.*; they did not give him a receipt for 2*l.* nor put the penny stamp in the book (which I think is defrauding the Revenue), but they deducted the fine from the 2*l.* and simply gave him credit in this book for the amount less fees and so on. But he was then in arrear three months, and he will always be in arrear, and therefore all these subsequent payments in which he has given the amount paid by cheque, deductions are made for fines; so that already he has paid off much more than the interest in the shape of fines.

Mr. *Ascroft.*

1054. Have you brought that case before the Inland Revenue of the receipt not being stamped?—No, not at present. I will do that. I certainly think they ought to put down the full amount paid by the man himself, and have another column for fines, and I should say their book of fines would be a very interesting document. Here is a case where a man was sued before Judge French last year, and the Judge said: "The fines amount to more than the interest and the longer you keep this poor man hanging on the greater your profit is." He gave judgment for the defendant who was there sued for 5*s.* He said he did not know what he had paid. He paid 20*l.* on one occasion and the whole of it was deducted for fines.

Mr. *A. K. Loyd.*

1055. Do you say there was nothing to lead the borrower to suppose he was going to be subjected to fines?—Nothing whatever.

1056. When the first fine was charged what did the borrower say. Have you got any recorded protest on the part of the borrower?—I have not in that case. He says it would be useless to protest against it. Here is another borrower from the same firm. He had also been fined when one instalment of 6*s.* 9*d.* was overdue three days. The borrowers may protest but they pay.

Chairman.

1057. There is nothing about fines in that book?—No, nothing whatever. It is in the other book, the London and Westminster Loan and Discount Company's book, that the fines are mentioned. In that case the man relies upon the fact that no mention has been made to him about fines.

1058. In this case?—Yes.

Mr. *A. K. Loyd.*

1059. What is the reply that is made by the money lender?—He shows him the rule of the office.

1060. Then he has got the fines in the rules, has he?—They must have some rules for the conduct of the business.

Mr. *Ascroft.*

1061. You stated that when the promissory note was given it was not a rule to give the borrowers the book with the fines in; is that book sent by post to them, or delivered the first time they pay?—It is delivered to them the first time they make a payment.

Captain *Chaloner.*

1062. Was this book issued in that way without any notice of the fine?—Yes.

Mr. *Thomas Bayley.*

1063. After the promissory note is made, and the bargain made, this book is sent, is it?—Yes, the borrower either calls or sends an instalment, when they either give him the book or send him the book entered up.

Captain *Chaloner.*

1064. In this case is that what they did?—In this case there is no mention whatever of fines; they simply deduct what they call fines and arrears, and default interest.

Mr. *Thomas Bayley.*

1065. That case has never been tried in any court yet, has it?—Not that I know of. Swain, a money lender, sued a borrower for 5*s.* The borrower said he did not know how much he owed. "Every now and again he paid plaintiff sums of 1*s.*, and they were never put to his credit on his card. Plaintiff's representative: They were for fines. Defendant: I know that I have paid off 6*s.* 1*d.* in fines then. I only

Mr. *Thomas Bayley*—continued.

borrowed 20*s.*, and my securities have paid something as well. Judge French: They often do. How can you pay? Defendant: I offered him the money once, and he refused to take it. Plaintiff's representative: He offered me the money as part of the principal and interest, and said he would not pay any more fines. I had not the authority of Mr. Swain to take the money without the fines, so I refused it. Judge French: The fines amount to more than the interest, and the longer you keep this poor man hanging on the greater your profit is. Judgment for defendant." It looks as if it were the money-lender rather than the borrower that goes to court for relief.

Mr. *Ascroft.*

1066. That was a county court?—Yes, that was a county court.

Mr. *Warr.*

1067. On the prospectus of "The London and Westminster Loan and Discount Company," would there be any indication that there would be fines?—No, none whatever. Here is their prospectus; simply the scale of interest and repayment.

1068. Then is this book, containing the first intimation that fines will be charged, handed to the borrower when he obtains the loan, or when he pays the first instalment?—When he pays; I think it is when he pays the first instalment.

1069. That, of course, is the first time that it is brought to his notice?—Yes, and they derive an enormous profit from such fines.

Chairman.

1070. The "fine" is simply another name for "default interest," is it not?—Yes, it is. As to bonuses, I have a case here of a clergyman who borrowed money from Wolfe, who runs a clerical agency at Leeds.

1071. That is "Jonas"?—Jonas Wolfe.

Mr. *Warr.*

1072. Have you got his prospectus?—No, I have not. I think it was handed in on the first day; I will ascertain. This is a case showing a bonus. Jonas Wolfe and Shuckburgh at Bristol do an enormous business with clergymen and doctors. On the 27th December 1894 this clergyman gave a promissory note to Wolfe for 230*l.*, payable on the 27th June 1895; that is three months; 150*l.* was actually advanced.

Mr. *George Whiteley.*

1073. Six months, is it not?—Six months; yes. The fees were three guineas compulsory insurance; 4*l.* 13*s.* 4*d.* interest at 40 per cent., in addition to the 80*l.* deducted, and a bonus of 50*l.*

Chairman.

1074. How much money did the person get in that case. The promissory note was for how much?—£. 230 was the promissory note. He received 150*l.*, less three guineas, less 4*l.* 13*s.* 4*d.*, and a bonus of 50*l.*

1075. Less a bonus of 50*l.*?—Bonus of 50*l.* and interest at 40 per cent.

Mr. *George Whiteley.*

1076. Surely, the 50*l.* was not deducted from the 150*l.*?—No, the 50*l.*, I should say, would be included in the 80*l.* deducted.

Mr. *Price.*

1077. Then he does not pay 40 per cent. on the balance for six months?—The interest here is 40 per cent.; but the point is in regard to the bonus of 50*l.* on the loan of 150*l.* in cash for six months.

Chairman.

1078. I want to see what a "bonus" really means. You have not explained to the Committee what this bonus really means. Where does it come in? He borrowed 230*l.*?—He borrowed 230*l.*; 150*l.* was actually handed over.

1079. Does that include the bonus?—No, I should say the bonus would be in the difference; in the 80*l.* There were certain fees for insurance and expenses, and he paid on those interest at 40 per cent.

Mr. *Price.*

1080. Which was not deducted?—Which was not deducted; and the bonus of 50*l.* was deducted.

Chairman.

1081. But the interest was not deducted?—The 30*l.* was the interest on 230*l.*; the difference between 50*l.* and 80*l.*; but the bonus was 50*l.*

Mr. *Warr.*

1082. Is this man agent for a particular insurance company?—Yes. He is agent for the Caledonian, and I am getting other information with regard to other offices, and have got some already. This is a table in which bonuses are worked out, and it clearly shows what is charged by the money-lenders for slight extensions of time. Here is a table in the case of the artist I have just mentioned; I extracted these from the original receipts for bonuses; from 8th March to 27th March an instalment was due (on 8th March) of 3*l.* 15*s.* Townsend allowed him until 27th March and charged him a bonus of 7*s.* 6*d.* On 13th October 1893 he owed 101*l.* 9*s.*; he allowed him a month, but he charged a bonus in addition of 10*l.* On 10th July 1894 he ought to have paid 23*l.* 19*s.*; he allowed him till the 1st of the next month for a bonus of 2*l.*; therefore from 1892 to 1894 the total bonus paid was 93*l.* 6*s.*, which works out at 120 per cent. per annum.

Chairman.

1083. What is the next point you go to?—In regard to 12 months' bills and bills of sale ostensibly covering a period of 12 months, but only covering a period of three months. The chief exponent of this system is Shuckburgh, "The Clerical and Medical Bank." He, in his advertisement, states that "The Clerical and Medical Bank 'grants to medical men'" (this is taken from the "Lancet") "overdrafts without security, and has no competitor in the size of its business with professional men throughout England, Scotland, and Ireland. Prospectus on application. Bill discounted. Deposits received. Address

Chairman—continued.

Address Manager, Clerical and Medical Bank Bath. Reference to medical men, if desired.. Here is the prospectus which I will put in. (*The same is handed in.* Vide *Appendix.*) I cannot read it; I give two cases here to illustrate that, and one of another money lender. This is the man's own statement, and I know the case because I took it up for him, and at the last moment Shuckburgh withdrew and paid the whole of our costs rather than go into court. "In August last I received a circular from the Clerical and Medical Bank, Bath, offering to lend money, as I happened to want 100*l.* at that time, to professional men on reasonable terms, I wrote to inquire their terms, and after some delay had a note from the manager, a Mr. Stone, saying that he would be in London on the 15th, and would run down here to complete the transaction. He did not appear, however, in person but by a representative, whom I have since learnt to be his son. He inquired how I wished to borrow the money. I proposed repayment in three instalments at two, five, and eight months respectively; he replied that nothing short of a year's interest could be taken, though I might repay the capital as much before the end of the twelvemonth as I liked; and that such interest would be 15*l.* if deducted from the amount furnished, and 20*l.* otherwise. I choose the latter, and he thereupon filled up a promissory note for 120*l.* for my signature, making it payable, however, at three months. When I demurred to this he assured me that it was only a form and precaution; that the note would be renewed if I wished it each quarter, till the twelvemonth had expired; and that an agreement to this effect would be sent me with the cash. He then demanded 4*l.* for commission, expenses, &c.; I objected to this as exorbitant; to which he replied that on the other side no charge would be made me for renewing the note at the quarters. Unfortunately being much pressed for time; starting for a short holiday the next morning; and having much to do that evening before leaving (it was now 6.30 p.m.) I neglected to have these assurances put in writing; but I can swear to the above as a faithful account of what passed at the interview. I returned home on the evening of 21st and found that the money had arrived that afternoon. The envelope, however, did not contain the promised agreement. I wrote for this next day, and receiving no answer wrote again, and yet again at weekly intervals. At last, about the 6th September, I received a note asking if I meant that the money had not been sent. I replied at once that it had, and had been duly acknowledged; but that the agreement had not, according to promise accompanied it. I re-called what the nature of this agreement was and enclosed a rough form for it, which embodied my understanding of the transaction. Again a long delay intervened, in spite of reminders on my part; at last arrived a reply saying, 'Certainly we could not sign such a document as this; the money was advanced you on a three months' bill, and the 20*l.* charged you for the 100*l.* is for that period. Nevertheless I have no doubt we shall have no objection to renew for the whole sum, or a portion, from time to time on your paying renewal fee.' I need

Chairman—continued.

not say that I was much surprised and aggrieved at this, and wrote to express myself accordingly. As, however, it was then the 26th September and the question of renewal would have to be raised early in November, I said I would not enter into further discussion until I saw how they would treat me when that time should come. I have now written to inquire on what terms they will renew; and have received answer to the effect that if I will pay 40*l.* before the date of maturity they will renew at another three months for the remainder, adding that renewal fee (amount not stated). I have written protesting against such demands, and standing to the original terms on which I borrowed the money; pointing out that I could not have been informed that the 20 per cent. interest was for a quarter only, as, with the commission fee, that would make the charge at the rate of 84 per cent. per annum. I should never have dreamt of contracting a loan on such terms. I have learnt that Mr. Stone, junior, subsequently went to another medical man in the town; offered to lend him 100*l.* for two years at the rate of 15 per cent. per annum; and drew up a bill for 130*l.* at three months' date, which this gentleman, like myself, unthinkingly signed; but then, wiser then I, reclaimed by the atening to call in a policeman." It would weary the Committee if I gave other instances of this man, but it is his system. One must have seen cases in the papers where these have been contested. Here is a case where he took the same course in regard to a bill of sale of a medical man who holds an official position in Wales. I have the solicitor's statement here, and if the Committee wish for the details, I will read the letter; but it is to this effect: This man agreed to lend the doctor 150*l.* for two years. The charge for the loan was to be 40*l.*, repayable by eight quarterly instalments of 5*l.* At the end of two years the 150*l.* would be allowed to remain for any length of time; but the bill of sale itself, of which the solicitor got an office copy, was for 150*l.* for two months instead of two years, and the interest was inserted at the rate of 106*l.* per cent. per annum.

Mr. *Warr.*

1084. Is it in words "one hundred and six pounds per cent. per annum" in the bill of sale?—"Together with interest at the rate of 106*l.*" in words. I will not give further details unless the Committee wish it. This man was clearly deceived into signing that document; and in that and other cases, I advised him to fight Shuckburgh; he did so; but when they appeared before the Registrar a document was sprung upon him, which was supposed to be signed by the borrower, in which it was stated that he clearly knew he had to pay back in two months at 106 per cent. per annum. Well, I am assured that that signature was forged, and I have information in another case, and in other cases too; but it would be impossible ——

Chairman.] Stop; now this is becoming serious.

The Committee Room was cleared.

After a short time the public were re-admitted.

Chairman.

1085. Mr. Farrow, the Committee have considered the point raised, and the decision is unanimous that they will receive any evidence from the borrowers as to the signatures to documents not being theirs; but no heresay evidence on such a point will be received?—Then I will turn to the case of other money-lenders.

[*Adjourned for a short time.*]

Witness.] I put in at the commencement of the inquiry the prospectus of Mr. Kelland, of Plymouth.

1086. What are you on now?—I am on a further case, on the point of documents ostensibly covering 12 months being practically only for three months or five months. An agriculturist received this circular (he lives near Truro). January 1896. The facts briefly are: Kelland agreed to lend this farmer 100*l.* for two years at 5¼ per cent. per annum, payable by instalments of 5*l.* When the borrower had paid the first instalment there came a card saying that 160*l.* was owing, and that all had to be paid in five months. He could not get any explanation, and he finally paid it under threat of process. That was 50*l.* for the loan of 110*l.* for the five months. He knew nothing about this arrangement in regard to the payment off in five months until he got this card, and he sends me the card, and on the cover of it there is this statement: "Loan of 160*l.*, granted the 29th day of October 1895, payments 5*l.* per month, and the balance of 145*l.* on 29th March 1896." On the conclusion, he demanded the return of his promissory note, and it came back in this form with all the contents torn out. He wanted to see really what he did sign.

Mr. *A. K. Lloyd.*

1087. When did he pay the first instalment?—That throws me back again on to details. I summarise these to save the Committee time. I would like to read this: "I wrote him for his terms, so he was very ready to lend it, and he came down to see me and brought the money, so he agreed to lend me 110*l.* for two years at 5¼ per cent. per annum; 2*l.* 12*s.* 6*d.* payable the 29th June" (this is what he agreed), "and 2*l.* 12*s.* 6*d.* on 29th December; but also I had to pay three monthly instalments of 5*l.* each for the first three months, and the balance in two years, or before if I could pay it; but when I paid the first 5*l.* when the receipt came there also came a card saying that I owed him 160*l.*, and that it had all to be paid in five months. So I wrote him for an explanation, but he never answered my letter for a long time, and then it was from another address, E. Kelland, Grosvenor Chambers, 14, Bridge-street, Bristol, saying he would meet me at Plymouth any time and explain it to me. So I wrote him a few days before I went to let him know I was coming; so when I went to his office I could not see him. The clerk said that E. Kelland was in another part of the country, but that he could do just as well, so I could not get any explanation, only plenty of excuses, nor could I get any time to pay the money; but it had to be paid at once, so I did not know what to do. I was in a very great way about it, because I had to pay 50*l.* for the loan of 110*l.* for five months, so I came back to Truro; I saw my bankers, and they advised me not to pay, but to go and see a solicitor about it. So I went and put it in their hands, and they wrote them, but they could not get any reply to their letters. So then I received a letter from a man named Notty, of Exeter, saying if the money was not paid by 12 o'clock the next day I should be served with a writ, so I paid the money."

Mr. *A. K. Lloyd*—continued.

1088. The card was to say the whole was payable in five months from the commencement of the loan?—Yes. He was unable to check what the document was, because they had torn the inside out, and I asked for the card to satisfy the Committee.

1089. Have you obtained any other sample of the note that this firm issues so as to see what the terms are that have been torn out?—No, I have not. My next point is that the five preceding circumstances make it very difficult for borrowers to free themselves from the hands of money-lenders; I have specific cases, and some of them are of a heartrending character; but I think the Committee will accept the fact that it is difficult for people to escape, and I will pass over that bundle of letters.

Chairman.

1090. Yes, I think it clearly follows that it is difficult; the Committee are clearly impressed with that?—I pass that point just to save time.

1091. Yes, I think we may go to the third division now?—I should do the same with the third division, that money-lenders are guilty of fraudulent practices. The Commtttee may say that the law will meet those cases, and although I have specimens, and can give them, I propose to get over those two points in that way in order to save time.

1092. We come now to Division 5, that interest is secretly appropriated?—Interest is secretly appropriated. Here is a case under a bill of sale; and I might explain that I have had tables worked out. The Committee will see at a glance the advantage to the money-lender of appropriating interest. Assuming that a man borrows 30*l.* on a bill of sale, repayable at 2*l.* per month, together with interest at the rate of 5*l.* per cent. per month (or 60 per cent. per annum), the interest on 30*l.* per month would be 1*l.* 10*s.* The borrower sends 2*l.*; only 2*l.*; the other amount is not specified in the bill of sale; merely 5 per cent. per month, or 60*l.* per cent. per annum; and the money-lender when he acknowleges the 2*l.* simply sends an ordinary form of receipt, "Received 2*l.* on account of a loan." He does not write to the man and say, "You have not sent me the interest, which is 1*l.* 10*s.*" If he had done that, and the man had paid off the interest each month with the capital, he would exactly pay in interest in the 15 months which it would take to pay off the 30*l.*; 12*l.*

Mr. *A. K. Loyd.*

1093. Well, it would be a kind thing to do; but do you say the money-lender is bound, suppose the original contract is clear, to remind the

Mr. *A. K. Loyd*—continued.

the man that he is not paying the interest with the instalment?—Yes, the bill of sale specifies the 2*l.* instalment, and very often the money-lender's clerk impresses upon the borrower when he leaves him, "Remember, 2*l.* per month." It pays the money-lender to keep quiet. Surely if the borrower owed you, for instance, 3*l.* 10*s.*, and sent 2*l.*, would not you write and remind him that he should have sent 1*l.* 10*s.* in addition.

1094. It depends. I think it would be an honourable and proper thing to do to look after each borrower, and see what he is doing at each step; but I suppose there are hundreds of these business transactions, and we only want to see exactly what the charge is against the money-lender?—Yes.

Mr. *Warr.*

1095. He remits the 2*l.* generally, without appropriating it himself in any way; the borrower?—The borrower sends 2*l.*

Mr. *Garfit.*

1096. To be paid off the capital?—That is the amount mentioned in the bill of sale. He thinks that the 2*l.* will be applied to the reduction of the capital.

Mr. *Warr.*

1097. But he also owes the interest?—Yes.

Mr. *A. K. Loyd.*

1098. Surely he knows he owes the interest?—Yes, he knows he owes the interest, but he thinks that it is 5 per cent. per annum.

Mr. *Warr.*

1099. He sends 2*l.*, but does not say whether it is in respect of principal or interest, or anything?—No; he sends simply 2*l.* as being his instalment.

1100. Then he gives the money-lender the right to appropriate it either towards capital or towards interest?—Yes, he appropriates it; he deducts 30*s.* for the interest.

1101. He appropriates the 30*s.* towards the interest, and carries the balance of 10*s.* forward as against the principal?—Yes; and of the next 2*l.* he appropriates it again. If the man had paid the interest each month he would have paid 12*l.* interest; but if the money-lender appropriates a part of the money each month to interest, the borrower pays 26*l.* 18*s.* 6*d.* The money-lender, therefore, gets 14*l.* 18*s.* 6*d.* in addition, by not writing and reminding him that he should pay the interest with his instalment.

Mr. *A. K. Loyd.*

1102. If you can show us that the money-lender or his agent impresses upon the man some erroneous sum, and so leads him into not paying the instalment of principal and interest, that, of course, is a very serious matter; but this is a totally distinct thing, as I understand?—Yes, this is a case which would, of course, be met by a reform which I would suggest; namely, that the bill of sale should state the amount of interest which is payable each month, as well as the amount of capital.

Mr. *Garfit.*

1103. What he handed him was only the proper amount of interest that ought to be paid?—Yes, the proper amount.

1104. How do you work it out to show the 26*l.* 18*s.*?—The borrower thinks: "I have paid 30*l.* on account; I will make inquiry and find out how much interest I owe." He then finds he has to pay the anticipated interest on the whole of the loan, and that he owes still 19*l.* 5*s.* at the end of 15 months, when he thinks he has paid off the 30*l.*

Mr. *A. K. Loyd.*

1105. It is quite clear he gets into a muddle at the end. We want to see the steps by which he gets into the muddle, and apportion if we can the responsibility for it?—Certainly.

Mr. *Warr.*

1106. The origin of it is the stupidity of the borrower, is it not?—He thinks he is paying 5 per cent. per annum in many cases. Here is a case of Messrs. Robey and Johnson (I will give this one case), the County of London Finance Company, of Finsbury Pavement. This man borrowed on a bill of sale in January 1896; he is a worker in one of the docks; he borrowed 30*l.*; he has paid back regularly 9*s.* a week; his book, which I have, shows he was never a day late; he wrote to me, saying he thought he had paid off about 30*l.* One or two payments they do not seem to have given him credit for, or there has been some mistake in the matter. The borrower wrote to me. This is my letter, which was sent to him from Brighton. "Dear Sir,—You had better write the money lender a letter, asking him what you now owe, and ask for a reply by return of post, otherwise you will have to place the matter in the hands of a solicitor. Of course the interest at 60 per cent. on 30*l.* is 30*s.* per month, so that it seems you have paid 6*s.* per month off the principal only, if he calculates as some do; but when you get the statement from the money-lender write me again and I will gladly give you advice, or you can see my solicitor without charge." Or (I added), "he may reckon it in this way: loan 30*l.*; interest at 60 per cent. for 15 months, 22*l.* 10*s.*; total, 52*l.* 10; paid off 9*s.* per week for 15 months, say 28*l.*" (I take 28*l.* as the lowest sum he could have paid back, he says he has paid back 30*l.*), that would leave 24*l.* 10*s.* still due. He wrote to the money-lender, and this is the reply he received: "Dear Sir,—The amount now appearing against you in our books is 34*l.* 17*s.*" So that the 9*s.* a week he has been paying has all been appropriated as interest. He now owes more than he borrowed.

Mr. *A. K. Loyd.*

1107. Do you say the money-lender is bound to apply a portion of it to principal, if it is not sufficient to wipe off the interest?—I say at present he is not, but that under the reform I suggest the amount that the man should send for capital and for interest ought to be stated.

1108. Let us deal with what happens at present before we look at what reform is necessary. You cannot charge it as a fraud against the money-lender, apart from the exorbitant

Mr. *A. K. Loyd*—continued.

interest. On receiving an instalment, if that is not sufficient to wipe off the interest, he is surely entitled to appropriate it to interest?—No, I do not charge it as a fraud. I only say I think he should inform the borrower when he receives the first 2*l.* that he should have sent interest. I have shown that by keeping quiet the money lender gains 14*l.* 18*s.* 6*d.* in addition to what the man should pay.

1109. You go further than that, I understand, and say that in some cases the money lender or his clerk positively misleads the man into thinking that 2*l.* is all he has to pay. That is a difficult thing to make out?—If the Committee will allow me, I will prove it. I cannot prove everything at one time. If you give me time I will put money lenders' clerks in, who have done it.

Mr. *Warr.*

1110. I suppose he gives an open receipt for the 2*l.*?—Yes, "received on account of loan."

1111. Is it "on account of loan?"—"On account of loan," or "on account."

Mr. *Garfit.*

1112. I have no doubt you are right in your calculation, but I do not quite follow how he gets that 14*l.* more?—If the borrower had paid off in the 15 months the interest as well as the principal he would have paid 12*l.* interest. You follow that, sir.

1113. Yes, I can follow that easily?—But now, according to the secret appropriation which I show in my book (page 150), at the end of 15 months he has only paid off 19*l.* 5*s.* instead of 30*l.*

Chairman.

1114. This is the exact case in the book, is it?—That is the case worked out fully. He has paid off 19*l.* 5*s.* only, but he is paying off a loan of 30*l.* at 60 per cent., consequently they would go on appropriating It would take 29 months to pay off the loan with the secret appropriation of interest, and therefore he has to go on until he pays altogether for that loan 56*l.* 18*s.* 6*d.* He has paid 42*l.*, 30*l.* capital and 12*l.* interest, that is if he has paid interest and capital; but he has to pay 56*l.* 18*s.* 6*d.*, that is 14*l.* 18*s.* 6*d.* in addition, by this system of appropriation of interest.

1115. Then he has the use of the money longer?—He has the use of the money for 29 months, instead of getting out of the money-lender's hands in 15 months.

Mr. *Jeffreys.*

1116. The 9*s.* a week is about 18 guineas per cent. a year, which, according to you, is not exorbitant for money-lenders?—Nine shillings per week?

1117. Is it not so?—He paid 9*s.* per week interest.

1118. On the 30*l.*?—Yes, on the 30*l.*

1119. What would that interest be per annum on a hundred pounds; about 18 guineas, would it not?—Yes.

1120. That would be a high rate of interest, but nothing like the 60 or 70 per cent. you have

Mr. *Jeffreys*—continued.

told us about?—No, but the money-lender takes it all, and does not give the borrower any credit for it at all.

1121. The interest was 9*s.* a week, I understand?—No, the man thought he was paying off the loan.

Chairman.

1122. The repayment was to be 9*s.*?—The repayment of principal was to be 9*s.*

1123. That is the note I have?—Yes.

Mr. *Jeffreys.*

1124. Interest and capital?—Interest and capital. He has been paying off that amount for that period, and yet owes 34*l.*, which is more than he borrowed.

Chairman.

1125. He imagined in paying this 9*s.* a week that that was his weekly instalment of principal and interest?—Yes.

Mr. *A. K. Loyd.*

1126. How could that be, if it was not sufficient to deal with the interest alone?—There would be certain charges; the man had a prior bill of sale and a renewal. In that case I expect he would lump in the expense of the renewal of the bill of sale.

1127. What I want to know is this: how can any man believe that a sum which is not sufficient to wipe out interest alone can be a payment in respect of capital and interest?—I think it is not so.

Mr. *Jeffreys.*

1128. It is quite evident the man must have been an idiot, is it not?—On the other hand, you have a very clever set of scamps to deal with.

Mr. *A. K. Loyd.*

1129. Here is a distinct statement that the man thought this periodical payment was a payment in respect of capital and interest; I say how could he believe such a thing as that, when the sum he pays is not sufficient to wipe out the interest alone?—I think you make a mistake there. The interest is 30*l.*, and he paid 36*s.* per month; therefore he knew that he was paying more than the interest.

1130. Then, if it is sufficient to wipe out the interest up to date, and provide for a portion of the capital, how can the money-lender apply the whole of that sum to interest, and leave the capital?—I cannot say how he does it; I have merely put in books to show that he has done so, and his letter claiming a certain amount.

1131. Then it can only have been done by leaving the transaction in the books absolutely unnoticed and unexamined for months together?—Yes, they ask for the books to be sent in twice a year to be examined. Here is a case where a man borrowed 30*l.*, and paid 10*s.* a week.

Chairman.

1132. From the same financial company?—No, this is from Wilberforce; it is an illustration of the same system. If the Committee do not want it I do not propose to give the details.

1133. Give

Chairman—continued.

1133. Give the details of that case?—A man borrows 30*l.*, and had to repay it at the rate of 10*s.* per week. He went on paying until he got tired of paying, he then wrote to Wilberforce to ask how much he owed. Wilberforce writes: "23rd July 1895.—Dear Sir, I have had your account carefully worked out, and, as you will see by it, the 10*s.* a week is equal to paying 2*l.* 3*s.* 4*d.* per month, so that for the sake of brevity I have had it worked out as a monthly payment of 2*l.* 3*s.* 4*d.* You will see by this that the loan of 30*l.*, payable by such small instalments, the interest amounts to 22*l.* 6*s.* 1*d.*, and there is, therefore, a balance of 11*l.* 6*s.* 1*d.* still owing in respect of your loan." The man there thought he had paid it off, and there is the money-lender's calculation; but, even there, taking it for his purposes at 2*l.* 3*s.* 4*d.* per month, the man ought to have had credit for each weekly instalment; 10*s.* paid each week off the capital ought to have reduced his liability.

Mr. *Warr.*

1134. You have made no mention of interest at all in your statement there, have you; it is at 60 per cent. per annum?—Nothing under 60. There is the table, supplied by the money-lender himself.

Mr. *Jeffreys.*

1135. When the man borrowed the money, did the money-lender tell him the interest would be 60 per cent.?—Not in that particular case, but in many cases 5 per cent., and when he hands the small book to the borrower (I have seen many of the books) there is no mention of the amount of interest, the place for that is left blank; therefore this system of appropriation helps the money-lender to carry on the idea, up to the end of the 15 months, at any rate, that the man is paying 5 per cent. per annum.

Chairman.

1136. Very well, we will take the next thing, "That no rebate is allowed if the debt is repaid before the period agreed upon"?—As to rebate, I think I may mention two cases I have here, an English case and an Irish case; but the Committee may take it as a fact that no rebate is allowed. If the borrower wishes to pay off at any time the loan, he has entered into a contract to pay off by certain instalments, and the law allows the money-lender to ask for the full balance. These are cases where the people have gone to him and the money-lender has demanded the full balance. Evidence is hardly necessary to prove it, but I mention the matter because it comes in as part of the suggestion that the money-lender should not be allowed to ask for more than half, or some portion.

Mr. *Warr.*

1137. Your only suggestion as to this question is that the actual amount of interest (pounds, shillings, and pence) should be expressly stated in the document?—Yes, and the two added together, making together a sum of blank, to be repaid at a certain date, "per month," so that the borrower should know exactly what he has to send to the money-lender. He does not know of this system of appropriation until he makes inquiry at the end of the 15 months.

Chairman.

1138. I do not think the question of rebate is important?—No.

Mr. *Warr.*

1139. The principle of the appropriation of payment is a highly technical principle?—Yes. Under the Conveyancing Act you can call in a mortgage and pay it off in three or six months respectively; but in this case you have to pay for the whole period of two years, if necessary. The same remark applies to the "refusal," which I would like to amend, or add to, and say, "refusal or neglect on the part of the money-lender to enter up satisfaction."

Chairman.

1140. What do you mean by that?—As a matter of fact 90 per cent. of the bills of sale given are never legally satisfied. When the borrower has paid off his loan he may get his signature returned, but not often. He does not get the document itself back. The money-lender will not allow his bills of sale to be floating about, but the borrower knows nothing of "satisfaction," and that an entry has to be made at the law courts, which would be subsequently published in Gazettes, that he has paid off his loan; but from a search at the law courts I am satisfied that 90 per cent. of them are never entered as having been satisfied.

Mr. *Warr.*

1141. And so they remain as a black mark against the particular borrower?—Yes.

1142. And to the credit remaining permanently injured?—Yes; and a solicitor will give evidence that he did on one occasion summon the money-lender to enter up satisfaction.

1143. Is it the duty of the lender to enter up satisfaction?—No, it is no one's duty. The borrower has to pay the expense, but the lender, having got his money back, does not trouble about it; and there are many borrowers, I think you will admit, who know nothing about its being necessary to enter up satisfaction.

1144. Tell me what is the process of entering up satisfaction?—You have to make an affidavit stating that the loan has been paid off.

1145. That is, of course, the lender has to make the affidavit?—The lender. Then that is taken before the registrar, who issues an order that the loan may be satisfied; but, of course, it necessitates the employment of a solicitor, whose costs he pays.

1146. It does, does it?—Yes, to prepare the affidavit. These poor people could not prepare affidavits; it costs two or three pounds.

1147. Does it?—Yes; and then if you succeed in compelling the money-lender to enter up satisfaction, the borrower still has to pay the costs; I say that because in this case it was carried to the judge, and he said the borrower must pay the costs. I put this in simply to suggest that on payment off of the bill of sale, the money-lender should immediately enter up satisfaction at the borrower's cost.

1148. There should be that duty upon the money-lender?—It should be a duty imposed upon him.

Chairman.

1149. In order that the black mark may be

Chairman—continued.

removed?—Yes; and if he did not do it, it should be provided that, on being summoned, he should pay the cost of the summons; but I think that the duty should be imposed upon him to enter up satisfaction, at the expense of the borrower, of course.

1150. Now what have you to say about "(*d*) that the amount of interest occasionally exceeds the amount of instalments of principal"?—I have one case as to that which I should like to bring forward. This is a case which I investigated (and mentioned in my opening statement) at Cirencester. In my letter to the money-lenders, Messrs. Holloman & Co., of Dollar-street, Cirencester, I give the facts: "29 November 1894. Dear Sirs, *Re* 'Blank's Bill of Sale,' I have been made acquainted with the details of this transaction, and my own opinion, confirmed by that of my solicitors, is that the security is bad, and that gross deception has been practised upon 'the borrower' as to the rate of interest. At the present moment he is paying 2*l.* monthly, whereas interest alone, from the bill of sale, appears to be 3*l.* 3*s.*, so that he cannot possibly hope ever to reduce his liability. I shall be glad to have your explanation of this matter, and also why it is that in the three receipts already given you have not affixed a stamp as required by law; an immediate answer is requested." He made inquiries. The bill of sale was for 63*l.*, together with interest at the rate of 5 per cent. per month. He was told that he would pay off the loan in 18 months, and, of course, every 2*l.* he paid practically increased his liability one guinea, because the interest was three guineas and he was only sending two; that would have gone on for ever, but I happened to be out that way, and a clergyman mentioned the matter to me.

1151. Is he a clergyman?—No, but the clergyman took the man's case, and continued correspondence with me upon it. I hope that will be considered a clear case, and therefore I will not give other cases on that point. Then I come to the destruction of repayment books. This is the case of a man who applied to Mr. Jones, a money-lender who has a branch office in Bradford-

Chairman—continued.

street, Walsall. This is my own summary. He borrowed 2*l.*; interest 5*s.* in the pound; book made out for 3*l.* 2*s.* 6*d.*, repayable 2*s.* 6*d.* per week. After paying seven instalments the lender, Mr. Jones, called and said that I had signed a bill for 7*l.*; and he produced his book in proof of the contrary. Mr. Jones seized the book, when the borrower put the matter in the hands of a solicitor, who demanded the book back. A new book came back made out for 7*l.* 5*s.*; the book itself which he seized contained an entry that 3*l.* 5*s.* was owing, but when the new book was supplied 7*l.* 5*s.* was inserted. He says he sent his little girl with the instalment, and the money-lender sent for the borrower and asked him if he knew what he had signed. "I told him I had signed a note for 3*l.* 2*s.* 6*d.*, and he said I had signed a bill for 7*l.* I said, How can that be when there is the book with the 3*l.* 2*s.* 6*d.*?" The man refused to pay, and he then summoned him; but he summoned him for the precise amount that the borrower insisted that he owed, with 7*s.* 6*d.* in addition; but he did not go on. That is a case where the lender took the book for his own purposes.

Mr. *Warr.*

1152. You surely do not suggest that that is a usual proceeding?—Well, I have several cases here of different money-lenders.

1153. Have you?—Yes.

Mr. *A. K. Loyd.*

1154. Detaining the original book and substituting one with a larger amount, do you mean?—No; but detaining payment books in order to deceive the borrower as to the exact amount which is owing. I have a statement here (really an affidavit) taken by a solicitor, of two borrowers. The money-lender there in both cases destroyed the old repayment cards, so that they never knew what they had paid back or how the loan stood. Then on the renewal of the loan another card was taken, and it was impossible to question the amount inserted in it.

Thursday, 3rd June 1897.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. A. K. Loyd.
Mr. Thomas Bayley.	Mr. Price.
Mr. Garfit.	Mr. T. W. Russell.
Mr. Lloyd George.	Mr. Warr.

MR. T. W. RUSSELL IN THE CHAIR.

Mr. THOMAS FARROW, re-called; and further Examined.

Chairman.

1155. Now, Mr. Farrow, we are ready for you to proceed with your evidence?—The Committee asked me to calculate the rate of interest charged by Messrs. Fielding and Company to the lady boarding-house keeper at Oxford. I have had a rough calculation made. You will remember the amount actually received by her was 30*l.* Five pounds was charged for the first month for interest, which would make the rate of interest for that month 200 per cent.; for the next month the interest would be reckoned on 25*l.*, which would make it 240 per cent.; the next month the interest would be reckoned on 20*l.*, which would make it 300 per cent.; the next the interest would be reckoned on 15*l.*, which would make it 400 per cent.; the next it would be reckoned on 10*l.* (for the fifth month) which would make it 600 per cent. and for the sixth month 1,200 per cent.; then 67*l.* was the agreed amount which was still owing which would make the interest 5,000 per cent. in addition. In addition to this heavy percentage it was stated that notwithstanding paying it all back at these excessive rates 67*l.* interest was still owing, and as the woman had practically paid it all back (she had paid it all back with the exception of 4*l.* 10*s.*) it would make the interest 5,000 per cent.

Mr. *Ascroft.*

1156. Not "in addition;" the total?—The total.

Chairman.

1157. And they held plate value for the whole loan?—Yes, they held plate value for the whole loan. If she had taken the plate to a pawnbroker he would not have charged more than 10 per cent. per annum upon it.

1158. Now will you proceed with your evidence from the point at which we left off on Tuesday?—I have three definite promises of attendance on the part of witnesses who will swear that their signatures were forged to documents. They will attend at any time the Committee request.

1159. Very well?—Now, I come to the point of frauds, and attempted frauds. I propose merely to read a summary of a selection of these.

Chairman—continued.

In this case Palmer the money lender (who calls himself the City of London Loan Office) lent a compositor on the staff of the "Church Times," 6*l.*; interest deducted at the time of the advance 1*l.* 4*s.*; he paid 1*l.* 16*s.*; he was sued before the Recorder of London for 8*l.* 3*s.* 6*d.* last month.

Mr. *Garfit.*

1160. How long was that running?—The loan was for six months. It was then discovered that Palmer had inserted the figure "2" in a small space in the note, which made it read that interest at 2*s.* in the £ per month was payable; as interest had been deducted the man did not see why he should pay further interest at the rate of 2*s.* in the £ per month. He went into Court, when the verdict was given for the defendant, and the promissory note was impounded as evidence of fraud.

Chairman.

1161. That compositor is willing to come here, is he?—Yes; Davis & Sons, Limited, money lenders, of George-street, Edinburgh, asked one of the daughters of the late Canon Cadman to sign two bills amounting to 100*l.* as a witness to her sister's signature. She was subsequently sued as a surety by Davis.

1162. Signed as a witness; not signed as a surety?—Yes, he asked her merely to sign as a witness to her sister's signature.

1163. Will that lady come here?—I could get her.

1164. Have you her address?—Yes, I have her address; it is Trinity Lodge, Grove Park, Denmark Hill.

Mr. *Ascroft.*

1165. What was the result of suing her as a surety?—I do not quite understand Scotch law, but the decision is given here in this newspaper cutting. The verdict was that the note should be passed without caution and the sist continued. "Lord Low, in the Outer House, passed the note without caution, and continued the sist. Their Lordships yesterday remitted the case back to the Lord Ordinary to pass the note without caution, and grant interim interdict." That

Mr. *Ascroft*—continued.

is cut out of my own paper. The verdict really has nothing to do with the point I desire to make upon this.

Mr. *Warr.*

1166. I think they allowed her to go into the merits?—Yes.

Mr. *Garfit.*

1667. It proves the opinion of the judge on the matter?—Yes; it was really a decision against the money-lender, as I make it out.

Chairman.

1668. What I apprehend is that the lady signed without knowing what she was signing?—Yes.

1669. That is what it comes to when pressed. She simply signed a document, imagining that she was signing as a witness, when she was absolutely signing as a surety?—Yes. She swore that at the money-lender's request she signed as a witness.

Mr. *Thomas Bayley.*

1170. Will you put in the particulars of the shareholders of Davis and Sons, Limited?—I have not got them. I can find everything out; but it is not for this purpose that I bring this forward. Dasmail, money lender, of Walthamstow, levied distress two days after instalment had been sent by telegraphic order. Then, although the balance of loan on bill of sale for 40*l.* was due on the 3rd October, he took possession on 12th September, and remained in possession until the loan was taken over by the Mutual Loan Fund Association, London. I can get the witness and one from the Mutual Loan Fund Association. They got their money before it was due.

Mr. *Warr.*

1171. That is to say, the money lender availed himself of the default?—Yes.

Chairman.

1172. That is really what it comes to?—That is what it comes to.

Mr. *Ascroft.*

1173. Do you mean levied a distress and issued execution?—He levied a distress. It was really an illegal distraint, because under the bill of sale the last instalment of the 40*l.* was due on the 3rd October, and he seized on 12th September. The man being a poor man did not fight it.

Mr. *Thomas Bayley.*

1174. Had he paid all up to 7th September?—Yes.

Chairman.

1175. These are your three cases that you propose to give for fraud?—Yes; I wish to give another. King, a money lender of Portsmouth, lent 2*l.* 19*s.* to a poor woman at Portsmouth to pay out the landlord, or to pay the rent of the landlord. He took away, unexpectedly, nearly 20*l.* worth of furniture; he would not say the rate of interest or how the loan was to be repaid. Answer, after a long time, obtained, with interest and expenses, 7*l.* 1*s.*, or 10*l.* in all. Then he treated the

Chairman—continued.

matter as an absolute sale of the furniture to him. I put that in the hands of the Portsmouth police (it was also a question whether the man had not infringed the Pawnbrokers Act), but nothing came of it; they could do nothing with him. Then a money lender (Isaac Gordon) wrote, attempting to bribe a court official if the latter would privately keep any surplus of a particular sale for him. He offered to give him a handsome sum for himself.

Mr. *Warr.*

1176. How did you get that information?—The court official was a friend of mine in Chester (a Mr. Cunnah, an auctioneer), and he had an interest in the case of Gordon *v.* Burden (which I shall refer to later), and put in this letter which the Registrar ordered to be placed on the file.

Chairman.

1177. You are now coming to "distraint is made upon the borrower's goods if his rent is in arrear," under Heading 6. This is all one subject; the 6th Division, complaint is made "that homes are quickly sold up." It is all in substance one subject, is it not?—Yes, I have put it under the "recovery of money," I think. That is a division for convenience; this the first, Lodge and Harper, Limited.

1178. These are the lenders?—These are the money lenders; they took a bill of sale.

1179. Where do they do business?—St. John-street-road, Clerkenwell; that took a bill of sale from a Mrs. Bebington (I may give her name), then of Granville-square, King's Cross-road. I saw this woman; she told me that she had made her repayments with fair regularity, and when I saw her she said that nothing whatever was owing in respect to the bill of sale, but she had not paid her Christmas rent. I told her that I would call and see Lodge and Harper, because they were threatening execution, but I had a letter from her the following morning to say, "At 7.30 p.m. on Thursday every bit of furniture in my house was removed by Lodge and Harper; what for I don't know; the only cause was not being able to produce my Christmas rent receipt." They removed the whole of the furniture.

1180. You have got no evidence that this money was paid to Lodge and Harper, save the statement of the lady herself, have you?—The statement of the lady, and of a gentleman who lodged in the house and subsequently saw me.

Mr. *Ascroft.*

1181. Do you mean that nothing was owing on the bill of sale, or that there were no arrears of principal and interest owing?—No arrears of principal and interest owing.

1182. That is a very different thing?—They simply took and seized her home because she had not paid her rent.

Mr. *Warr.*

1183. Was not that legal?—Yes, it is quite legal.

Mr. *Thomas Bayley.*

1184. Was the landlord pressing her for the rent?—I do not know.

1185. If

Chairman.

1185. If the bill of sale was satisfied, why was not satisfaction entered and the bill discharged?—Oh, she still owed money on the bill of sale itself.

1186. I see. That is a different thing entirely?—Yes, that is my point under this. Here she writes: "We are now on the streets, no home, no money, 'nothing.' God help us; do not write to us after to-day, as we are moving our address."

Mr. *Ascroft.*

1187. I suppose there was a clause in the bill of sale under which they were able to do that?—It is customary, and it is legal.

Mr. *Thomas Bayley.*

1188. You have no evidence as to whether the landlord was pressing for the rent or not; it makes all the difference in the world if the landlord was pressing for the rent and coming in first?—No, I have no evidence as to that. I had communication with Lodge & Harper, who subsequently wrote to me to know if I was aware of her address, and I wrote them a very strong letter back. Here is a case which I personally investigated of a farmer near Reading. He borrowed 30*l.* from Kirkwood (his Bristol branch); 9*l.* interest was added, when he required a further advance of 61*l.*——

Chairman.

1189. Before he had paid off any of the other?—Yes; a new bill of sale was taken, and the 100*l.* subjected to interest at the rate of 5 per cent. per month. In September 1894, and immediately after the bill of sale was registered, the landlord put a man in possession for his own protection, and this is an extract from a letter I received on the subject, which gives the facts. Dowding was then installed as manager at Bristol, and instructed Evans, a clerk, to advance a further sum, sufficient to pay the landlord out, adding: "Then we will all go in at the end of the first month if he does not pay the interest as well as the instalment, and sell him up, so as to get our money back." Unluckily for him his plan went astray, for the man paid both instalment and interest each month as they fell due, until the month of March last, when the date for payment fell on a Sunday. Now, says Dowding, this is March quarter and here is our opportunity; send the bailiffs down, and they did so. I called at the farm, saw Mrs. Barrett herself, and found a sale taking place; the place was absolutely empty. When they got there they saw the landlord's man in possession, and they said to her: Now the instalment has not been paid which was due yesterday, and we ought to have had the money by post this morning at Bristol. Well, Mrs. Barrett said, my husband has gone down to the market in order to get a cheque for gold, and he was sending it on to you to-day.

Mr. *Warr.*

1190. Is this on the Monday?—This was on the Monday.

Chairman.

1191. The instalment was due on the Sunday?—Yes, and the bailiffs were waiting outside the premises.

Mr. *Warr.*

1192. Then the instalment would be due on the Saturday, would it not?—Yes, it would, I suppose, legally. Evans, the clerk, called and said to Mrs. Barrett: "What money have you got in the house?" They took from her 3*l.* 4*s.* 8*d.* in postal orders, silver and coppers. He said: "Well, now ask your husband to send on the balance to-night and it will be all right." He left with this money (for which I saw the receipt), and within a quarter of an hour two bailiffs took possession for the whole sum due under the bill of sale. Then they got the landlord's man away to a neighbouring public-house, and forcibly removed the stock; and when I saw Mrs. Barrett she was in a pitiable state; her hands were bruised; she had been fighting to retain her cattle. They were brought down, and put into a yard near Farringdon, and the public were so sympathetic that they broke open the doors, and drove the cattle back again on to the farm: they were ultimately sold up by the landlord.

Chairman.

1193. By the landlord?—Yes. He had to sell for his rent; otherwise these people would have taken them. That proves my point, that the landlord is often compelled to sell up his own tenant; his hands being forced by the bill of sale holder.

Mr. *Thomas Bayley.*

1194. Did the money lender get his money in the end?—No, he sued for it, but I made him pay very dearly. We took the case up; took it before Mr. Justice Hawkins at the Reading Assizes, but rather than go into Court they abandoned their claim (which was then supposed to be 190*l.*), and they paid us 105*l.* damages and costs.

Chairman.

1195. That is Kirkwood?—Yes. I pass from that. It often happens (I have a case here) that the money lender sends his clerk round to people who have given bills of sale asking them to produce their rent receipt; if they have not got it he says: "Well, I shall either take possession, or you must pay me the levy fee;" and one man writes to know why he is supposed to pay 30*s.* every quarter for levy fee. I tell him it is because his rent is not paid. They make a good thing out of these levy fees (without taking possession). The next is a case on the point as to homes being sold up at ruinous rates. Here is a case of the Widnes Investment and Banking Company, Limited. I have their advertisement. A man living near Northwich borrowing 60*l.* at the rate of 4*d.* in the £. per week to be repaid in 12 months on bill of sale. He fell into arrears, when the lender seized his pony and carriage, and all his household furniture, which at a forced sale realized 84*l.*, the whole of which they kept, although the balance due was only 40*l.* He will give evidence as to that.

Mr. *Thomas Bayley.*

1196. Fourpence per pound per month?—Yes. Here is the case of a woman living at Forest Hill who borrowed from one or two money lenders. I do not know whether the Committee would allow me to withhold the one money lender's name, because I have no evidence that under the second bill of sale he was the same money lender, at the moment, but my solicitor will give evidence. This woman obtained a loan of 50*l.* In the first place she obtained it from George Shipway, a well-known money lender of Tavistock-street, who is, I believe, going to give evidence here. She gave a bill of sale on the furniture, including what she describes as "a beautiful piano," which she says she heard was sold afterwards for 19*l.* She paid 2*l.* 10*s.* per month on account of the bill of sale; it was increased in November 1895 by 15*l.*, and it was then arranged that she should begin to pay at the rate of 5*l.* per quarter. (My solicitor has, I think, verified the facts.) She paid something on account of this. Assume that she paid two quarters, or one quarter. She writes to me: "A fortnight ago I could not meet my instalment, they came and seized my home, taking everything, even down to the bed. Not satisfied with that they went into the shop and took what they could lay hands on, and would have taken the fixtures had not the landlord came and stopped them." She asked me to help her. "Besides," she says, "I want to get a bed; I am without one," and so on. "My landlord wishes me to stay, and would help me, but is a poor man." Her home was subsequently sold, when she thought that possibly something was due to her, and they wrote to my solicitor to say that the whole lot had realised 4*l.* She did not go on with the case, because she had no means, and we cannot get the solicitors to fight without money.

Mr. *Price.*

1197. She heard that the piano had afterwards realised 19*l.*, I understand you to say?—She heard that.

1198. That was amongst the furniture that they said was sold for 4*l*, including the "beautiful piano"?—Yes. I come now to "Judgment by trick," which is described fully at page 66 of my book. This is a case where a coachman (who is the borrower), of Southport, got into the hands of Mrs. Elizabeth Darlow, who put an execution into his house for 57*l.* 8*s.* 8*d.*; he had only borrowed 8*l.*; he had repaid 14*l.* 6*s.*, and execution was put in for 57*l.* 8*s.* 8*d.*

1199. Borrowed 8*l.*, do you say?—He borrowed 8*l.* in 1894 from Mrs. Darlow; he repaid 14*l.* 6*s.*

Chairman.

1200. Is this lady a real personage?—Yes; her husband is now in prison. He got 12 months, I believe, for forging a document.

Mr. *Price.*

1201. What was the date at which she put in the execution for 57*l.*?—November 1895.

1202. Then it was the beginning of 1894, was it, that the loan was made?—The beginning of 1894.

1203. How much?—£57 8*s.* 8*d.*, debt and costs.

Chairman.

1204. What was the period of time covered from the date of the loan to the date of the massing up of this sum?—About a year and nine months. The costs are included in that.

Mr. *Lloyd George.*

1205. What is the total?—Do you mean the total for which they put in execution?

1206. No, the total repaid altogether?—£14 6*s.*

Chairman.

1207. The original loan was how much?—£5 in 1893 and 3*l.* in 1894.

Mr. *Thomas Bayley.*

1208. The only cash received was 8*l.*?—Yes; he repaid 14*l.* 6*s.*, and a writ was issued for 57*l.* 8*s.* 8*d.*

Mr. *Price.*

1209. How much of that was for costs, do you know?—Debt and costs: I could not say.

Mr. *Lloyd George.*

1210. You have not got the writ, have you?—No, I have not.

1211. Do you think you could get it. I should like to know how the amount is made up?—The man writes to say: "I shall be very pleased if I can be of use to you in the above matter; my opinion being that legislative action is imperatively necessary." I have yet to come to the point of this case.

Mr. *Thomas Bayley.*

1212. Was this a bill of exchange or a bill of sale?—A bill of exchange. He had no defence, and, therefore, went into the bankruptcy court to escape the liability.

Mr. *Lloyd George.*

1213. Could you tell me whether the endorsement on the writ would show the amount advanced, the amount repaid, and how the balance was made up?—I think I can get that.

Chairman.

1214. Can you get that for the information of the Committee?—Yes, I will make a note of that and try to get it. The point here is this: that when the man was served with a writ, the writ was served (as is usual in these cases) by the money lender's clerk, and he, in handing the writ to the borrower (Mr. Hamson), says: "You need not trouble about this; you need not trouble about entering an appearance, simply burn the writ." And the official receiver asked the borrower this: "He was keeping you away from the court while he got judgment against you? The bankrupt: Yes; I was not there."

Mr. *Thomas Bayley.*

1215. Is the "trick" telling of the man to keep away?—Yes, that is the trick. Here is another case of the same kind (where the man is willing to give evidence) affecting Darlow

Chairman.

1216. The same lady?—Yes.

1217. Very well, let us have it?—Here is the letter. The borrower went bankrupt, and the solicitor

Chairman—continued.

solicitor suggested that this man was also told not to appear in court. It seems that Darlow carried on this system extensively. This is a letter written by Mr. Rimmer (Darlow's managing clerk), who did the trick to the borrower, and he says, "Dear Mr. Anckers,—Darlow *v.* yourself. If you have not settled this case with Mr. Darlow's London solicitors it will be to your advantage to do so at once. Mr. Darlow had a case of the same kind yesterday, an appeal from the same judge from the Macclesfield County Court, tried before the Lord Chief Justice and Justice Wills, the same as yours is before, and succeeded. It was all on the question of ½*d.* in the 1*s.* interest, and I understand yours will be on in a few days, so I think it would be well to accept the offer made to you as early as possible. Of course I write to you on my own account, and without prejudice in any way." That was done for the purpose of keeping him away.

Mr. *Thomas Bayley.*

1218. Were those cases tried in that court at that time?—Yes, both those cases.

1219. Then that is a fairly correct letter?—Yes; but I would like to put in this other case which comes to me from a public accountant of Nottingham; the letter is dated 27th May 1897.

1220. Will you put the name in?—Yes; "Edward Mayhew, Public Accountant, Nottingham." "One Nugent, manager for Sankey of St. James-street, Nottingham, issued a summons in our local county court for a sum of 9*l.* odd against a poor widow woman. She attended the court upon the return day, and whilst waiting for the case to be called on was accosted by Nugent's clerk, and told by him that Nugent was ill in bed and would not attend the court that day, and that she might go home as the case would not then be heard; she believing what he told her went away, and in due course the case was called, and (I assume) proved by the clerk and judgment obtained for 10*l.* 1*s.*, when in fact she only owed 3*l.* or 4*l.* How far these facts are capable of proof it is not for me to say, but I am convinced the poor old woman in stating the case to me spoke the truth; I have no business interest in the matter, and simply send you these particulars thinking the case will interest you."

Mr. *Lloyd George.*

1221. What is the date of that letter?—Twenty-seventh May; last month.

Mr. *Ascroft.*

1222. Did not she apply for a new trial?—I have communicated with Mr. Mayhew and have had no reply.

Mr. *Lloyd George.*

1223. That is a case that ought to be reported to the judge, surely. It is contempt of court?—Yes. I have wondered how to get over this difficulty, but I cannot suggest anything as to how the evil is to be stopped.

Mr. *Thomas Bayley.*

1224. You might send a letter to the registrar of the court, might you not?—Certainly. The High Court does not give notice to the borrower

Mr. *Thomas Bayley*—continued.

that judgment has been entered against him; the county court does: therefore, as these writs are taken out as a rule from the high court, the borrower who has been told to burn or take no notice of the writ, is so glad to make terms with the money lender that he does not trouble to appear. He gets no notice from the high court, and the next thing is that he sees the sheriff in possession. It is supposed to be an unpardonable sin to interfere with the rules of the high court. I shall have a witness who has himself often burned these writs. I need not put in cases on the next point, I think, the "Bills of Exchange Act."

Chairman.

1225. We have had that; we do not need any more than we have had on that?—The Bills of Exchange Act.

1226. Yes, I think so. Now "oppressive proceedings;" what have you to say about that?—I should like to read a few of these cases. There are some special cases here. One is the case of a shoemaker living at Thornaby near Doncaster; his name is John Wass. He borrowed 2*l.* 17*s.* from a money lender named Bloom, to whom he gave an acknowledgment for 3*l.*

Mr. *Ascroft.*

1227. Do you mean a promissory note, or what is an "acknowledgment"?—Yes, a promissory note. He paid back 3*l.* 5*s.* for that loan of 2*l.* 17., and still owes 2*l.* 5*s.* for interest and court expenses. That case came before Judge Turner of the Middlesborough County Court, and the man was sent to prison.

Chairman.

1228. The lender?—No, the borrower; although he had paid the money back with interest.

Mr. *Price.*

1229. That is because he did not comply with an order to pay so much a month, is it not?—Because he did not satisfy the judge, I suppose, that he had made the best efforts he could to pay.

Mr. *Garfit.*

1230. You have not stated the length of that loan at all. It might have been just?—I do not think that affects the question at all.

1231. Yes; he might have owed the interest if it had been going on for years?—No. He received 2*l.* 17*s.*; he paid back 3*l.* 5*s.*

Mr. *Price.*

1232. In what length of time?—I cannot say. As I say, I do not think it affects the point.

Mr. *Garfit.*

1233. Yes, it would affect it; because if he had had it for five years the lender would have been entitled to charge something?—I mean to say in this case the money lender had got back all his own with interest, and yet this man was sent to prison.

Mr. *Ascroft.*

1234. I suppose a judgment was obtained; then a default summons was taken out, and for non-

Mr. *Ascroft*—continued.

payment the judge, being satisfied that he could pay—having the means and would not—sent him to prison. That is perfectly legal, is it not?—It is not illegal, but I wish to bring the point forward, because I have something to say on it. The facts were sent up to the Local Government Board.

Chairman.

1235. To what?—The Local Government Board—the department which, I think, did something in this matter.

Mr. *Price.*

1236. It must have been the Home Office, must it not?—No, sir. Allow me to explain. The result of this man going to prison was that his wife and children were sent into the workhouse.

Chairman.

1237. Now, I understand it?—The ratepayers were taxed to the extent of some 10*l.* to keep these people in the workhouse while the man was in person; and the man might be again committed for the same debt, as he assured me by letter he could not pay; and one of the guardians, in discussing the matter, said that at Hartlepool they had cases of a similar character. I communicated myself with the Lord Chancellor, who said that he had no power at all to interfere in the matter. I have taken these figures from a return moved for in the House of Commons; 8,306 people are sent to prison every year for debts, and as 253 of these debtors are imprisoned twice, three times, and up to five times, in respect of successive instalments of the same debt, I think that a return might be asked to show in how many of the cases money lenders were responsible.

Mr. *Thomas Bayley.*

1238. I suppose money lenders are responsible in all of them, but it is the distinction between the two classes of money lenders that you referred to?—Professional money lenders.

Mr. *Lloyd George.*

1239. Do you know when this money was advanced?—What date?

1240. Yes. When was the principal advanced?—I had full particulars in my own papers, and I am sorry I have not brought them here.

Chairman.

1241. The case is covered by the question of Mr. Garfit. The whole question here is as to the time, and if you can get that during the progress of the inquiry I shall be obliged to you; the time covered by the loan?—Yes. Then this is a case which I took up myself, and shows the type of men who are put into possession by money lenders. They put their own men in. A lady living at Ilford borrowed from Henry Seymour, alias Panton Edwards, alias M. Henry. He took a transfer really of a bill of sale given to Messrs. Hollingsworth, the auctioneer. He paid Hollingsworth the 14*l.* charged; deducted 3*l.* for expenses and gave her 5*l.* in cash; 22*l.* in all; and the bill of sale was taken for 30*l.* On the 26th July 1895 distraint was made, which cost the woman 1*l.* On the 10th September

Chairman—continued.

another distraint was made without any notice. Two men took possession, and remained in possession for 10 days. One of the men was a very old and feeble man, the father of the money lender; and the other was a very violent and drunken individual. They had the whole run of the house, and at times these men behaved in such an abusive and indecent manner that the ladies could not retire to rest. These facts I have personally investigated. I fought the case on behalf of these ladies and got a verdict. When an instalment of 30*s.* was due two men came again, levied distress at 11 o'clock at night, and would not withdraw unless 4*l.* was immediately paid them. An injunction was granted, and as I saw subsequently they had seized on that occasion for more than was actually owing under the bill of sale, we made them pay for it.

1242. These oppressive proceedings I am afraid are common in all matters of the kind. I do not think you need go further with that. What do you say about "F"?—The same remark might be applied to this subject.

Mr. *Price.*

1243. "Blackmailing practices"?—Yes, and "garnishees" too. I regard this as an important point, the garnisheeing of salaries. I will first give a concrete case and then describe it. This man borrowed from Alexander Lewis, who trades as Talbot, as the City Discount Office and the Mortgage Mutual Loan Society and under various aliases. He is a man who has more clerks, post office clerks, bank clerks and Government clerks probably than any money lender in London. This man borrowed 4*l.* for a month on a promissory note for 7*l.* payable on the 1st April 1896. The borrower being unable to take up the bill the lender issued a writ, obtained a judgment summons in the Mayor's Court, then a garnishee order by means of filing an affidavit; that was served upon the manager of the bank and the clerk was immediately dismissed; he was entitled to three months' notice; he got the three months' salary and then left. I saw the man yesterday and verified this case.

Mr. *A. K. Loyd.*

1244. The garnishee order was to impound his salary, was it?—Yes; some years ago it was impossible to garnishee a man's salary; and I have practically an authority, coming from the registrar of the Mayor's Court, to state:—"If the result of this inquiry only brings about the passage of a short Act of Parliament abolishing the power to garnishee salaries it will have accomplished an excellent purpose."

1245. When was it rendered lawful to garnishee the salary?—I have not the exact date, but the officials seem to be bound by some decision; practically they can only garnishee an amount that is actually due, but the affidavit is made the day before it is due, and they can get it through in a couple of hours (it must be served on the employer), and it is served the next morning.

1246. So that it is all ready the moment the salary falls due?—Yes. In this case it was obtained the day before, but the man had to leave all the same.

Mr. *A. K. Loyd*—continued.

same. It is an unwritten law in banks that the clerks shall not borrow from money lenders.

1247. Is not it rather a suicidal policy on the part of the money lender to garnishee a man's salary and get him dismissed?—No doubt it is.

1248. I should have thought he would have resorted to some other means—that he might threaten to expose him, but allow him to go on drawing his salary?—Yes; but he occasionally gives object lessons in this way to other clerks.

Mr. *Thomas Bayley.*

1249. I suppose every now and then they must carry this threat into execution?—Yes.

1250. It is not a usual custom to do it; only they have to carry their threats into execution sometimes?—Yes. These garnishee orders are taken out solely by money lenders and they issue a large number from the court.

Chairman.

1251. I suppose when you refer to Government clerks you are aware that there is a Treasury Minute warning clerks against this system and against being security for others, and various other matters. There is a Treasury Minute to that effect, so that a clerk, whose salary would be covered by a garnishee order, has warning at all events that dismissal will ensue if he disregards it?—Yes. The same thing is carried on to the same extent in Ireland.

1252. Give us an Irish case?—I have one from Dublin upon the point. This is from Mr. Monck, the Registrar of the Dublin County Court. He says: "Salaried officials, especially those who have a prospect of promotion to an increased income, are frequently induced to deal with money lenders. The risk of being dismissed or, at all events, of promotion being stopped in the event of bankruptcy, induces such men to make great efforts to meet the demands of the money lenders; and when the officer is hard pressed he often induces a brother officer to join with him as security, or possibly as a joint borrower. It rarely happens that such an official has recourse to the Irish Court of Bankruptcy (usually as an arranging debtor) without finding other officials involved along with him, and we often have two or three arranging debtors from the same office in court at the same time. The composition in such cases is an allocation of part of the debtor's salary, and the money lender proves against the estates of two or three persons for the same debt, and receives dividends from all of them. The inconveniences which may result from having public officials in the power of money lenders need not be pointed out." These garnishee orders do not specify the position of the borrower or the nature of the transaction, or the amount owing, otherwise the Registrar might at times use his discretion and refuse them.

Mr. *A. K. Loyd.*

1253. Who makes the affidavit?—The money lender makes the affidavit.

1254. Does not he describe himself, his occupation and address?—He describes himself. There is also another system after a judgment summons has been obtained of serving a subpœna upon the employer to attend the court to give evidence of

Mr. *A. K. Loyd*—continued.

the clerk's means. That is also done by money lenders, practically by money lenders solely, and the result is that if the employer does not order the clerk to pay immediately, or he is compelled to go into court, he either dismisses or reduces or suspends the man.

Mr. *Garfit.*

1255. You have evidence of such cases as that, have you?—That is a common occurrence. I also referred to the point of money lenders taking from borrowers an authority to draw their salary. Here is the case of a Government clerk (whose name I withhold), but whose letter I will read. This relates to the Confidential Loan and Discount Company, of High Holborn. The proprietor of that is a Mrs. Elizabeth Jacobs, and a man named Checketts is the manager. "Confidential Loan and Discount Company, 128, High Holborn." This is a flagrant case. "Last February I obtained a copy of their prospectus with others and selected it as offering the most favourable terms. Rate of interest was shown at about 10 per cent. I applied for 15*l.* I furnished a surety, the loan was approved and I called with my surety. They then stated that the loan would cost me 25*l.*, if repaid 1*l.* a month, or 22*l.* if 30*s.* a month. I remonstrated at the extraordinary difference between these rates and those on prospectus, but without avail, and as you know 'needs must when the devil drives,' I had to accept the 15*l.* for 22*l.* In addition I had to sign a letter to the Paymaster General informing him of my liability and requesting that official to pay the amount with fines, &c. This was in case of default." The majority of these money lenders who deal with clerks take authorities to draw salaries. They know that these men (especially bank clerks) are in a good position with prospects, and would pay anything rather than jeopardise their position.

Mr. *A. K. Loyd.*

1256. Then that authority is held as a whip?—Yes, it is held as a whip for extortion.

1257. May I ask as to that gentleman whose case you gave last: You called him a Government clerk. The Paymaster there paid the salary to this money lender, did he?—No, I should not think so. I should say the borrower has paid the loan.

1258. The letter he signed was not presented to the Paymaster?—No, but he had to sign the authority.

Mr. *Thomas Bayley.*

1259. Is that done on a printed form, and if so, have you one of those printed forms?—No, it is done in writing. The man writes it himself. A man named Davis, of Ludgate Hill, does a great deal with Civil Service clerks and takes such authorities. I believe the letter is simply written at the time.

Chairman.

1260. Let us have the "Lord Mayor's Court" now?—I give but one case of that to show the evil of London money lenders suing country borrowers through the Mayor's Court. Two men who were employed at the Great Western Railway works at Swindon borrowed money from the Carlton Bank, Limited, in December 1892.

Chairman—continued.

1261. Who is the Carlton Bank. Is it Kirkwood or Townend, or who?—It is a limited company of Finsbury Pavement. It was, according to their prospectus, specially incorporated to assist clergymen.

Mr. *Thomas Bayley.*

1262. Will you put in a prospectus and balance sheet of that bank?—Yes, I put one in now (*the document is handed in*). They have branches all over the kingdom. They have recently sent a circular to every clergyman in England offering to give him 10 per cent. on all sums which he could induce his parishioners to deposit in the bank. I have had at least 200 of these circulars returned from clergymen. In 1892 they borrowed 5*l.*, for which 2*l.* interest was charged.

Chairman.

1263. These are the two railway men that you are now speaking of?—Yes.

1264. I suppose they were porters or something of that kind?—They were at the Great Western Railway works there.

1265. They were mechanics?—Yes. The promissory note was of the ordinary kind, and if default was made the whole would become payable. Default was unfortunately made in the payment of the second instalment; whereupon the Carlton Bank sued for the full sum in the Mayor's Court, London, as usual. The process in this court is very costly, and it prevented the two brothers Smart putting in an appearance. They would have had to have obtained leave from the Great Western Railway Company, and have explained their reasons for doing so; they would have lost their day's pay, and the cost of travelling to and from London. If they had been sued in the Swindon Court the Judge there would have known their circumstances and made some order; but the judgment was obtained in the Mayor's Court, and was transferred to the Swindon County Court. The bailiff of that court seized and sold the best part of the home, the whole value being 20*l.*, in respect of which, however, only 5*l.* was placed to Smart's credit. Later on (18th January 1895) Smart paid them further on account (they still owed money) the sum of 2*l.* 3*s.* 6*d.*; but from a note which I have here from "The Wilts Herald" of 18th April 1895, the Carlton Bank had the borrowers committed to prison, or had one of the borrowers committed; he was in prison for 14 days.

Mr. *Lloyd George.*

1266. Who made that order; was it made in the Swindon Court?—No, the Mayor's Court.

1267. Made the order for imprisonment?—No; judgment was obtained there.

1268. But who made the order for imprisonment?—The judge of the Swindon County Court. The man was imprisoned for 14 days, which meant a further loss of 2*l.* 4*s.* in wages.

1269. So the judge who made the order for imprisonment had no cognisance of the circumstances on which the judgment was obtained?—None whatever; he would not know. Even after that they paid 2*l.* 16*s.* 3*d.* further into court, while it is still stated that money is owing for costs.

Chairman.

1270. The peculiar feature of this is, is it not, that a debt contracted in Swindon is sued for in the Lord Mayor's Court here?—Yes.

1271. Now the next thing is what you call "The Scotch system of Summary Diligence," whatever that may be?—An eminent firm of solicitors has been good enough, in answer to my request, to write me a popular summary of it. I would like to put it in and say that I cannot understand it (*the document is handed in*).

Mr. *A. K. Loyd.*

1272. Is not the procedure of Summary Diligence very much like the procedure under Order XIV. and the Bills of Exchange Act; writ obtained, specially endorsed, then leave to defend only given upon cause shown?—Yes. I have cases here of three or four farmers who have been sold up under this process. It may be explained in this way: that the money lender (who in the cases at present brought to my notice is Isaac Gordon) lends money to Hereford and Worcestershire and Welsh farmers. This is a note given by a Welsh farmer, who lives near Denbigh, and has never been to Glasgow in his life, and yet this particular note is headed "Glasgow." I have seen many of such notes headed "Glasgow." If default be made in payment of any instalment, Gordon (who has a little office at 100, Wellington-street, Glasgow) uses this system of Summary Diligence. He inserts a notice in a paper, which I understand is never seen by the public, that such-and-such a person owes him so much, and that he has applied for Summary Diligence. Then Summary Diligence is obtained, and an order is sent down to the sheriff of the county where the borrower resides to issue execution, and the first intimation to the farmer that action has been taken is the presence of the bailiffs.

Mr. *Lloyd George.*

1273. Do you mean to say that no process of any sort or kind is served upon the defendant?—None whatever; it is simply done by advertisement.

Mr. *Ascroft.*

1274. How many years has that gone on in Scotland?—It would be a very old process in Scotland itself; but my point is, that it should not be made applicable to English borrowers.

Mr. *A. K. Loyd.*

1275. Is not the evil this, that the money lender has a place of business in Scotland, and therefore he professes to make the loan from there?—Yes.

1276. So that the contract is supposed to be entered into in Scotland?—Yes.

1277. And that enables him to put in force against the borrower in England a process which the man cannot understand, and has no means of putting in an appearance to, and therefore practically comes to be at the mercy of the money lender?—That is so.

Mr. *Price.*

1278. The Scotch people know and understand this process, do they not?—The Scotch people know.

1279. There

Mr. *A. K. Loyd.*

1279. There is no occasion to attack the process of Summary Diligence in itself; that may be a perfectly suitable and fair process in Scotland, may it not?—Oh, yes.

1280. The abuse of it is that the man here professes to carry on business in Scotland?—Yes.

1281. And the process is applied to an English debtor?—Yes.

Chairman.

1282. Where was the business of the loan transacted?—It was transacted in Birmingham at Gordon's office.

1283. The promissory note is dated "Glasgow," which enables Mr. Isaac Gordon to sue in a Scotch court as if the contract had been made in Scotland?—Yes, and the first intimation to the borrower is the execution by the sheriff.

Mr. *Ascroft.*

1284. Do they give any reason when they get this note signed why it is headed "Glasgow"?—Oh, none whatever. That would "give the game away." I have seen notes of a lady who has a lodging-house here in Piccadilly. The earlier notes are headed "Glasgow"; but the subsequent notes are not headed "Glasgow" because she is a substantial woman, and he has had a great deal out of her. In the earlier days he thought that Summary Diligence might be useful, no doubt.

Chairman.

1285. May I ask if this Summary Diligence procedure is confined to Mr. Isaac Gordon; is he the only man as to whom you have found it out at present?—At present; I have a case here where Mr. Cheese, a solicitor of Hay, near Hereford, is prepared to give evidence in regard to two cases where his clients borrowed 200*l.*, paid 400*l.* in interest alone, and then suffered under Summary Diligence.

Mr. *Ascroft.*

1286. Have you any figures showing the amount lent under this Summary Diligence process in England and Wales?—No, but I have a copy of a resolution passed by the Worcester Chamber of Commerce sent up to me; it was passed after a speech by Mr. Corbett who called attention to this abuse. This is it, "Resolved that the attention of the Government be called to the frequent and scandalous abuse by usurers of the Scotch process of Summary Diligence for the purpose of enforcing by means of the Judgments Extension Act 1867 (31 & 32 Vict., c. 54) contracts entered into in England and thereby evading investigation in an English court of law. Ordered,—Resolution to be sent to Home Secretary and secretary of Associated Chambers." The next point I come to is in regard to "Evasion of the Bankruptcy Act." The 23rd section of the Bankruptcy Act of 1890 provides that in cases of bankruptcy the rate of interest upon the total debts shall not exceed 5 per cent. per annum. The money lenders have found a way of winding in and out of this particular section which was framed specially to hit them; and now instead of putting in a claim for the capital due they insist on taking all the earlier instalments as interest; so that when the bankrupt comes into court they prove for a sum which is represented mainly by interest, and then get their 5 per cent. in addition. The Inspector General of Bankruptcy (Mr. John Smith) urged me to press this point upon the Committee.

Mr. *Price.*

1287. You gave us a case or two the other day that illustrated that, did not you?—Yes.

Mr. *Warr.*

1288. What is the page of your book that you are referring to?—Page 78. An important point in connection with this matter was also decided in the Liverpool Bankruptcy Court on February 28th last year. It was a case where a London money lender (Kayler) tendered a proof for 756*l.* 7*s.* 1*d.* Mr. William Dixon, the trustee, admitted the proof for the purpose of dividend for only 128*l.* 19*s.* 7*d.*, of which 100*l.* was balance of money due, and 28*l.* 19*s.* 7*d.* interest. The trustee defended the claim and took that course under this particular section of the Bankruptcy Act; but the Judge gave his decision in favour of the money lender, with costs against the trustee; so that, although under this Act, the bankrupt would only pay 5 per cent. interest under composition cases in the Bankruptcy Court the lender is entitled absolutely to the whole of his claim without question. This latter is a composition case.

Mr. *A. K. Loyd.*

1289. You mean that it is the interest of the money lender to keep him in composition and not let him get into bankruptcy?—Yes; the law should be amended in composition cases and bankruptcy cases. Mr. Smith informed me that the Official Receivers (and I have several cases here) have no power to go back on a transaction; they have no power to find out how much is capital and how much is interest. They have no choice in the matter and they want that power under this particular section.

Chairman.

1290. Very well, you may pass the next; we will take that for granted: "Bankruptcy and Suicide" following these things?—I do not want to rake up questions of suicide, but I should like to put in one or two cases of bankruptcy.

1291. Is it at all necessary; how can a man escape bankruptcy if he gets into the hands of these people?—I am very glad the Committee accept that point.

Mr. *A. K. Loyd.*

1292. Can you give us a few instances of men who have righted themselves through the assistance of money lenders?—No; I think that is a question you should address to the money lender when he appears before the Committee.

Chairman.

1293. You may pass that and come to "Division 7"?—I have an interesting case from Mr. Monck, which I should like to have referred to; I will put it in. There are two or three cases, but I am glad the Committee admits my contention. Would the Committee admit the next point: "The provisions of the Companies Acts are evaded"? I have made out a list of evasions

Chairman – continued.

under the Companies Acts in the case of three limited companies, which I have personally prosecuted, or caused to be prosecuted, the London and Universal Bank, Limited, the Carlton Bank, Limited, and the Southern Counties Deposit Bank, Limited. I wish to put the list in without reading it, because I imagine the Committee would not consider that necessary. I thought it better to put these in as evidence of the system adopted by these men who trade as companies.

1294. Why do you propose simply to put them in and not give evidence upon them?—To save the Committee's time.

1295. We are at "Division 7," and it is only twenty minutes past one; what is the point of this case; you had better make your case there; there is plenty of time; what provisions of the Companies Acts are evaded?—I wish to say, mainly, that these companies go to allotment on insufficient capital. Take the case of "Joel Ford," the company of "Charles Peel and Company," where they are supposed to start with a capital of 7*l.*, which is a distinct evasion of the Act.

Mr. *Warr.*

1296. Why?—I mean to say, how could it be done unless money lending is so remunerative that they could start with a capital of 7*l.*

1297. What evasion of the Act is it?—Perhaps it is not an evasion of the Act, but it is opposed to common sense that a company should be registered with a capital of 7*l.*

Chairman.

1298. To carry on the business of money lending?—To carry on the business of money lending.

Mr. *Warr.*

1299. I thought you were on "evasions" of the Act?—I mentioned that as an instance.

Chairman.

1300. Are you prepared to go into that?—I am prepared to put in a schedule, because I prefer to spend the time available to me in other ways rather than in discussing these particular points.

Mr. *Thomas Bayley.*

1301. You will put this "Carlton Bank" in as well as others?—Yes; I have had them prosecuted and fined.

Mr. *Garfit.*

1302. What for?—I called at the bank and found that, although they had agencies all over the kingdom, their agents were advertising in their own names. Now, that is an offence under the Companies Act. Under the Companies Act of 1862 a registered company must trade in the name in which it is registered, and I said to them, "Unless you are prepared to issue instructions by to-night's post authorising these people to advertise in the name of the limited company, I shall prosecute you;" and they had the thing altered. I prosecuted the Southern Counties Deposit Bank. While they were trading in Brighton and Bristol as the Southern Counties Deposit Bank, they were trading in Leicester as the Provincial Union Bank. I prosecuted them, and they were fined the maximum penalty.

Mr. *Garfit*—continued.

1303. They had not taken both names, I suppose?—No, sir; this man had not; not then. He had no right to trade as the Provincial Union Bank.

Chairman.

1304. What was he fined?—Fifty pounds; the maximum penalty.

Mr. *Ascroft.*

1305. What was the total penalty?—The total penalties received that day were 105*l.*

1306. What became of the money?—That goes to the police court, I suppose; at any rate, it goes to the Government. I did not get any of it. I ought to say that it cost us altogether 100*l.*, and I believe the Treasury paid eight guineas, my expenses, which shows the encouragement an individual gets in taking up these grievances.

Chairman.

1307. Will you put those in?—I will put those in.

1308. The next point I imagine to be very important; that is, that "depositors in these banking companies often suffer;" have you any evidence of that?—Yes, I have plenty of evidence, but the point is proved by the recent failure of the London and Universal Bank, which I brought about, the failure of the Prudential Deposit Bank, Limited, the failure of the Holborn Advance Bank, and the failure of the Imperial Deposit Bank. The public have lost hundreds of thousands in those banks; I will say "a hundred thousand" to be within the mark. I wish to be within the mark always; but I have letters here from shareholders (I have seen many of them) who were convinced, especially in the case of Scotch depositors, that they were depositing money in genuine banking institutions.

Mr. *Warr.*

1309. Do you mean "shareholders" or depositors?—Depositors, who thought they were putting money in a genuine bank; and I would suggest that the Official Receiver, whose duty it has been to wind up the two companies, would give better evidence on that than myself. The Official Receiver has recently investigated and publicly examined the directors of the London and Universal Bank, Limited, and the Prudential Deposit Bank Limited, and he knows the exact state of those concerns, which I first discovered, and the fraudulent balance sheets which they were publishing. They had put down, for instance, under "Government and other securities," 111,000*l.*, but I discovered that 100,000*l.* of that was the goodwill of the business, and the other was a loan, I believe, to the managing directors; and the bank at that moment was paying no dividend, yet the public was being gulled by statements made by Sir John Campbell and other directors, that the bank was in a most flourishing condition. I also discovered that the managing director inserted an article in an "apology for a newspaper," calling itself "The Railway Supplies Journal." He prepared this article puffing up the bank, and stating that the writer of the article had perfectly disinterested reasons for stating that it was in a perfectly sound condition. He takes the article to the editor of this six-

penny

Mr. *Warr*—continued.

penny paper, which is devoted to puffs, and it goes in as an editorial note. Then Mr. Cochrane purchases a certain number; the condition is that he buys a thousand or more of the copies of that particular number; subsequently that article which is written by him is printed on the prospectus of the bank (which is issued largely to the public) as being an extract from "The Railway Supplies Journal."

Chairman.

1310. Division 8, I do not think really you need say a word about, because you have proved to the hilt that this business is carried on all over the country?—Yes. Might I read an extract from a letter I have here from a man who deposited 150*l.* in the Imperial Deposit Bank, not a limited company; he says: "I deposited 150*l.* at the beginning of 1892 with the so-called Imperial Deposit Bank, of 18, Adam-street, Strand, London, the deposit being due in 1896. The interest paid was 10 per cent. for the first year. But a notice received June 1893 stated that the bank had to go into liquidation, being unable to meet its obligations. Since I have been receiving quarterly instalments of the principal of first 5 per cent. and the last instalment 3*d.* in the £. Living as I do in Scotland, I have no means of ascertaining the true status of the bank referred to, though a loan office, it seems to me, would be the right definition of their business in that sense. I may be a victim of money lenders, at any rate, I have been victimised enough, in all conscience. Probably you are not in a position to lend any aid or assistance in this case, but any information as to the kind of business carried on by the Imperial Deposit Bank would be gratefully received." He has lost his money.

1311. No provision would safeguard a man like that; he was caught by the 10 per cent., was he not?—The prospectus stated that it was an ordinary bank, and it contained references to the dividends paid by other joint-stock banks.

Mr. *Ascroft.*

1312. Are the banks that are mentioned in this prospectus genuine banks or money-lending concerns?—Genuine banks, joint-stock banks; and they publish them as a bait.

Mr. *Thomas Bayley.*

1313. Here is the London and Westminster, the London and Provincial, and they put their own bank in connection with those?—Yes; that is likely to deceive an investor. My remedy for that is that the title "bank" should be prohibited.

Mr. *Ascroft.*

1314. There is one part of the inquiry you have not dealt with; do you intend to give us any particulars of the class of people who make a living by introducing young men to these money-lenders? Are you aware that there are hundreds of men in London who make a living by introducing young men who have just attained 21 to money lenders, charging usurious interest, and who receive big sums for that introduction?—Yes, I have heard that.

1315. Will you try and put us in a position to have some evidence of that?—I am making

Mr. *Ascroft*—continued.

inquiries, on the Chairman's suggestion, as to West End money lenders, and I will include that. I know that in every club the money lender has his tout.

Chairman.

1316. What you now come to is "suggested reforms"?—Yes.

Mr. *Lloyd George.*

1317. Before we come to remedies I want to ask one question on "summary diligence." I have just read the particulars you have handed in, and there is one thing I should like to ask. Reverting to the summary diligence process in Scotland, I observe here that where the debtor is not resident in Scotland, 14 days is allowed for the purpose of either extending process, or for "the period of charge," as it is called. Where the address of the debtor in England is known to the plaintiff, he is bound to send notice by post. Well, now, the address is known surely in these cases?—To the plaintiff?

1318. Yes?—Yes, Gordon would know his address; but in the case before me he sent no notice by post.

Mr. *A. K. Loyd.*

1319. Then he has not even followed the process of summary diligence?—No, if that is so.

Mr. *Lloyd George.*

1320. That is clearly the case; "a copy of the charge is sent by post if the address is known"?—By the plaintiff?

1321. By the holder of the bill?—But suppose he does not do that, what is his remedy after execution has been issued?

Mr. *A. K. Loyd.*

1322. Whose remedy?—The borrower's.

1323. The borrower's remedy in this case would have been to expose the whole fraud if he could afford it, would it not?—But he cannot afford it.

1324. What Mr. Lloyd George points out is that the process itself has not been followed in that case, is not that so?—Yes.

Chairman.

1325. That makes it still worse, that Gordon here has not complied with the legal process itself?—Certainly.

Mr. *A. K. Loyd.*

1326. Before you pass to the proposed remedies let me put this to you: You have mentioned certain money lenders as doing business chiefly with clergymen, others dealing with medical men, or perhaps the same deal with medical men and clergymen; then you have mentioned others who deal chiefly with civil service clerks and bank clerks?—And farmers.

1327. I am coming to farmers; can you classify these money lenders at all as to who their *clientèle* chiefly are?—Yes, I think I can, roughly.

1328. Roughly, of course?—For instance, the Clerical and Medical Bank advertise that they do no business except with clergymen; but they do other business as well.

1329. Certainly, but then may I ask whether

there

Mr. *A. K. Lloyd*—continued.

there would be others, again, who are doing business chiefly with working men?—Yes.

1330. Will you put those into the list, and also those that deal chiefly with farmers?—Yes.

(Adjourned for a short time.)

Chairman.

1331. There is something you wish to say about profits, I understand?—Yes. There are three points on profit, Messrs. William Usher & Co., of Swansea.

Mr. *Thomas Bayley.*

1332. Are they a limited company?—Yes, a limited company. Mr. Usher is an important man who gave evidence in the House of Commons on the Bills of Sale Amendment Act and has written a pamphlet entitled: "How can I invest my money?" He says that "after sixteen years of vast experience in the money-lending business during which time they have done business with thousands of people, they know that they can, with perfect safety, pay depositors 7 to 8 per cent. and then make a further 10 to 12 per cent. on the depositors' money for themselves. The following figures have been taken from the certified balance sheets of the company for four years and nine months trading:—Capital 15,000*l.*, gross profits 34,760*l.*, working expenses, losses, &c., 22,822*l.* 3*s.*, net profits 11,938*l.* 7*s.* 1*d.*"

Chairman.

1333. That is 12,000*l.* net profit on a capital of 15,000*l.*?—Yes, net profits 11,938*l.*, 12,000*l.* I have seen Mr. Usher; he admits those figures to be correct.

Mr. *Ascroft.*

1334. You do not know how that 22,000*l.* for working expenses and losses is made up, do you?—No, I do not know whether it includes the money lender's personal expenses, living and so on.

Mr. *Thomas Bayley.*

1335. It would include enormous commissions, would it not?—Yes, doubtless.

Chairman.

1336. That is Usher & Company?—That is Usher & Company. This next one is the Eastern Counties Advance and Investment Association of Norwich.

1337. Is this limited?—"Limited." This is the auditor's certificate: "I have examined the books of the Eastern Counties Advance and Investment Association for the two years ending 10th December 1888, and hereby certify that the net profits for that period averaged upwards of 20 per cent. per annum upon the capital employed, and I am of opinion that from the amount of business offering and the nature of the same that, with the aid of additional capital, the above percentage of profits would be largely increased." That is 20 per cent. Then again Charing Cross Bank belongs to one individual, a man named Carpenter.

1338. Is this limited?—No, this is a "one man" company, a "one man" bank: "Again

Chairman—continued.

the Charing Cross Bank gives to depositors 5 per cent. to 8 per cent. interest according to the terms of notice of withdrawal, while the terminal annuity deposit bonds of the bank" (issued by Carpenter, he calls them "terminal annuity deposit bonds") "pay nearly 10 per cent. interest and these in the opinion of the proprietors 'form one of the safest and best investments for money of the present day.'" That is he can afford to pay 10 per cent. out of the money which the public deposit with him after paying all his expenses. "The Carlton Bank, Limited," is another.

1339. It is only fair to say that in the evidence you have already given to-day it has been shown that these people, whatever their promises, do not fulfil them, for in some of them things went to smash?—Yes, that is so.

1340. I do not think the promise to pay 10 per cent. on any kind of bond whatever proves the extent of the business?—No.

Mr. *Thomas Bayley.*

1341. It is a different thing, is it not, to dividends declared?—I see the distinction; but there is no check upon these men's figures, which are absurd as published in the press. The Carlton Bank, Limited, lent 30,000*l.* during the year 1893. They paid 6 per cent. interest on the preferred shares.

Chairman.

1342. They lent 30,000*l.*?—Yes, upwards of 33,000*l.* as a matter of fact. They "paid 6 per cent. interest on the preferred shares, with a bonus of 1½ per cent.; while 25 per cent. was paid on the deferred shares, with an additional bonus of 10 per cent. free of income tax."

Mr. *Thomas Bayley.*

1343. I have the prospectus of the Carlton Bank in my hand, and I see the authorised capital is 72,000*l.* in 65,000 six per cent. first preference shares of 1*l.* each; 500 six per cent. second preference shares of 10*l.* each; and 2,000 deferred shares of 1*l.* each; the whole capital invested on which they pay 25 per cent. is the 2,000 deferred shares of 1*l.* each; is that so?—Yes.

1344. You say they lent 30,000*l.* on that?—£.33,000.

1345. But then they go on to say further in their own prospectus: "As the bank has entered into many thousands of contracts since its incorporation, and has between 3,000 and 4,000 open and running now"?—That is so; they have.

1346. Then that is about an average of 10*l.* each?—That is about an average of 10*l.* each; that would be it. That would be the average loan; they lend from 5*l.* to 10*l.*

Mr. *Garfit.*

1347. Do you say they lent 33,000*l.*?—They lent 33,000*l.*

1348. They might have lent some of that the year before, and some of it not the year before, might they not?—Yes, I am only taking one year from a particular balance sheet.

1349. Is that all the amount they had lent out at the time?—That is what they lent out during that year. They may have a hundred thousand pounds out.

1350. Can

Mr. *Thomas Bayley.*

1350. Can we get the balance sheet of that. Can you put in the balance sheet of this Carlton Bank?—Yes, I can get a shareholder to obtain one.

1351. We have got the prospectus, and I should like a balance sheet?—I will endeavour to get one. I have two other illustrations; one is taken from the case of Mr. Cochrane, who, in his public examination the other day, stated that "he originally started business in Old Kent-road with a branch in the Westminster-road, afterwards removing to York-road, Lambeth, where he traded as the 'Imperial Deposit Bank.' In 1875 he started the 'National Deposit Bank' in Russell-street, Covent Garden, which was afterwards converted into the National Mercantile Bank." In a subsequent examination he stated that his original capital was "752*l*, and when he retired from his own business in 1882, his accumulated profits amounted to 100,000*l*." He had made a hundred thousand pounds of clear profit.

1352. On paper, or in cash?—He stated his net profit averaged 11,000*l*. a-year.

1353. Where did he state that?—He stated it before Mr. Registrar Hood on being examined in connection with the winding up of the London and Universal Bank, Limited, of which he was managing director. As soon as he got hold of the public money the profits began to fade. Then this is from a company which deals largely with small shopkeepers, mechanics, and labourers; the Metropolitan Credit Company.

1354. Limited?—No, not "Limited" according to this heading in 1894; 222, City-road, London. They do an enormous business. Some time ago an advertisement appeared that a particular company could give good rates to depositors. I got a friend of mine to write to the secretary, saying he was anxious to invest, and this is their confidential letter to him: "In reply to your favour of the 6th inst., the security offered to depositors is the capital of the late proprietor and his widow, who is life tenant of the business. Our working capital is 20,000*l*.; and over half of that amount is held by Mrs. R. E. Mitchell, the executors of her late husband and members of the family. The Metropolitan Credit Company has now been established for a number of years, and began in a small way and has steadily grown to the present proportions; our net profits this year will be over 3,000*l*., and our applicants are increasing beyond our means to meet them. The following figures taken from our books will give you an idea of the increase:

	Loans. £.	Profits. £.
1890 - -	12,860	1,336
1891 - -	13,410	1,501
1892 - -	17,562	1,730
1893 - -	19,006	2,231
1894 (half-year)	11,721	1,698

I should be pleased to give you any further particulars if you could give me a call. As we are not a limited company, we do not publish account, neither can we give names of depositors as we are pledged to privacy in all our transactions. Yours truly, *D. W. Lamb*, secretary."

Chairman.

1355. Very well, that exhausts that; now we come to the remedies?—Yes.

1356. Or rather "reforms." Now the first is "money lenders—personal." What do you mean by that?—I would suggest "that money lenders should be licensed, and pay an annual duty not exceeding 10*l*." Pawnbrokers are licensed. Their licenses amount, I believe, to about 13*l*. if they lend on silver plate. Auctioneers and other people are licensed. Then I suggest "that they should be compelled to trade in their own names."

Mr. *Warr.*

1357. Before you pass from that, have you thought how you would propose to define "money lenders." A professional money lender?—There is an obvious distinction between a professional money lender and a banker.

1358. Can you put it into words?—Well, I should call a man who lives by lending money at a high rate of interest, "a professional money lender."

Mr. *Ascroft.*

1359. What is a high rate?—Well, I call 60 per cent. a high rate.

1360. I call 20 per cent. a high rate?—Yes, so it is; then I suggest "that they should be compelled to trade in their own names wherever they carry on business; that they should not be allowed to use the term 'bank,' or any other misleading title, such as a corporation." "Interest: That the rate of interest should be fixed at a rate not exceeding that allowed by the Pawnbrokers Act of 1872, viz., 25 per cent. per annum."

Mr. *Thomas Bayley.*

1361. Twenty-five per cent. per annum?—Not exceeding it; I can leave out the rate of interest.

1362. Leave out the interest?—I am willing, "That default, penalties, fines, and bonuses, be declared illegal. If a loan be repaid before the expiration of the time agreed upon, only one month's prospective interest shall be claimable. Preliminary Fees: Preliminary or inquiry fees to be declared illegal, or the plan now adopted by some offices made compulsory, viz., no charge within a four-mile radius" (that is to cover London and the biggest cities), "and beyond that distance railway fare only." I would suggest third-class railway fare, because one can never stop these men waiting until applications come in from the same district when they would do the whole on one journey. Bare third-class railway fare, I suggest. "Bills of Sale: That money-lenders' bills of sale should be abolished, because (a) they are given in respect of loans upon which an extortionate rate of interest is charged; (b) they are taken to secure loans of a smaller sum than that contemplated by the Bills of Sale (Amendment) Act; (c) they place the home of the grantor and his family in jeopardy at all times, particularly when he is overtaken by adverse circumstances, such as loss of employment, sickness, &c.; (d) they are frequently obtained from persons who are quite unaware of their nature and effect; (e) they are used as levers for extracting

Mr. *Thomas Bayley*—continued.

tracting costs and fees; (f) they are a source of endless litigation and trouble; (g) they are illusory as a means of relief; (h) that for these and other reasons the professional money lender should not be allowed to have a preference over other creditors, or the power to seize and control the borrower's home," which to a working man is his all; if he loses his home he loses everything. "If bills of sale are to remain: that the document itself should commence with the words, boldly displayed, 'This bill of sale.' That it should be attested before and explained by the registrar of the county court in the district in which the borrower resides" (not a solicitor, as it was formerly, nor as now by the money lender's clerk). "That it should be immediately registered in that court, and the register open to public inspection; in addition to the present registration at the Central Law Courts."

Mr. *A. K. Loyd.*

1363. Is not the bill of sale registered now in the county court?—No, only in the Central Law Courts, and in Ireland it is in the Central Law Courts at Dublin. "That the present limit of 30*l.* should be increased to 100*l.*" (That would prevent a working man, a lodging-house keeper, or a poor widow, giving a bill of sale.) "That the security be void and amount advanced be irrecoverable if the borrower does not have the enjoyment of the whole sum stated to have been advanced. That the exact amount of principal advanced, together with the rate of interest, the amount and date of payment of each instalment, showing the sum repayable in respect of principal and the sum repayable in respect of interest, shall be clearly stated. That a bill of sale holder shall not be allowed to distrain upon the borrower's goods merely because rent, rates, or taxes are in arrear, until the expiration of 21 days from the date of a notice given by him to the borrower of his intention to distrain on that account. That the borrower's goods shall not be removed or sold until the expiration of 21 days from the date of levy." (At present it is five days, which does not give a man an opportunity of turning round to find the money.) "That only certified bailiffs should be allowed to take possession, and that the costs in respect of levy and realisation should be fixed by law; that immediately a loan upon a bill of sale or other registered security has been repaid, the money lender shall be compelled to enter up 'satisfaction,' and if he be summoned for neglect, that the costs of the proceedings shall be borne by him." Then we must consider this point: if we make the conditional bill of sale stringent the money lender will fall back upon the absolute bill of sale and take a hire purchase agreement. I anticipate that gentleman. I suggest "that absolute bills of sale, accompanied by hire purchase agreements or other documents for securing repayment, be subject to the same conditions and procedure as conditional bills of sale, and that both documents should be registered;" hire purchase agreements are not registered now. "Warrants of attorney: warrants of attorney (by which the borrower consents to judgment and execution without notice) to be abolished. Statutory declarations: statutory declarations (in money-lending cases) to be illegal, or if allowed to remain, to be taken before and explained by the registrar of the county court of the district in which the borrower resides. Copies of documents: the money lender shall, upon the request and at the cost of the borrower (at a rate to be fixed), supply the borrower with copies of all documents signed by him. Pension papers: the lending of money on pension papers to be made a criminal offence. Bills of Exchange Act: that the Bills of Exchange Act, 1832, shall not be used by money lenders."

Mr. *A. K. Loyd*—continued.

1364. Eighteen hundred and eighty-two, is it not; not "1832"?—I am not quite sure; 1832, I think it is. "I suggest that that Act shall not be used by money lenders for the recovery of moneys due, or, if allowed to be used, that the money lender should not proceed to execution (on judgment being obtained) without in the first place affording the defendant an opportunity of stating his means to the judge."

1365. I suppose it really means 1855, because there is no power under the Act of 1832 for any procedure?—It may be so.

1366. Eighteen hundred and fifty-five would be the right date?—"Summary diligence: the Scotch law of summary diligence now used for the recovery of loans contracted in England to be declared inapplicable in all cases where the borrower is not domiciled in Scotland. The Bankruptcy Act: Section 23 of the Bankruptcy Act, 1890, to be so amended as to enable the trustee both in bankruptcy and composition cases to investigate the whole history of the transaction, so as to give due effect to the real intention of the section. Garnishee orders, &c.: garnishee orders attaching salary; authority to take salary; or service of subpœna on employers to attend court to give evidence of employés' means; to be made illegal. County court proceedings: that money lenders should sue in the county court of the district in which the borrower resides. That defaulting borrowers should not be committed to prison in cases where the capital and interest at the rate of 5 per cent. per annum have been paid. That in all applications to county court judges for committal of defendants residing at a distance from the court the judge shall insist on the latter's travelling expenses to the court being first paid; a wider aspect of the question. In addition to the foregoing specific suggestions, there is the wider question as to how the financial needs of the people might be met by State, municipal, or voluntary organisation." If I have made my meaning clear in this matter I am quite satisfied. These are not the suggestions of a solicitor, but common-sense ideas, having regard to the evils which have been discovered.

Tuesday, 29th June 1897.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. A. K. Loyd.
Mr. Thomas Bayley.	Mr. Price.
Captain Chaloner.	Mr. T. W. Russell.
Mr. Garfit.	Mr. Warr.

MR. T. W. RUSSELL, IN THE CHAIR.

Mr. MACKAY JOHN GRAHAM SCOBIE, is sworn; and Examined.

Chairman.

1367. WHAT is your name?—Mackay John Graham Scobie.

1368. You are Official Receiver in Bankruptcy for Hereford and Leominster?—Hereford and Leominster.

1369. Where do you reside?—At Hereford.

1370. Do you remember the public examination of the bankrupt, William Barrell?—I do.

1371. When did it take place?—On the 21st July 1896.

1372. Had Mr. Barrell any transactions with money lenders?—Yes.

1373. That was revealed at the examination?—At the examination; he and his two brothers, who were also bankrupt.

1374. Both of them were bankrupts as well as himself?—Yes, all three were bankrupts.

1375. Were any of those transactions that were brought before the court with Messrs. Fieldings, Limited?—They were.

1376. Can you give the Committee particulars of the money-lending transactions between Mr. Barrell and Messrs. Fieldings, Limited, as revealed in court?—Some of them.

1377. Yes, some of them?—I may say I did not take *this* for the purpose of an inquiry afterwards.

1378. No, naturally you did not?—The figures given were apparently approximate, and the dates were not exact.

1379. The first transaction was with Fielding and Company, of Gloucester, was it not?—Yes, there was a bill given for 130*l.*

1380. In that case?—In that case.

1381. How much was kept back; how much cash did Barrell absolutely get for the 130*l.*; he was asked the question, and it appears that his answer was "about 84*l.*"?—That was his answer, "about 84*l.*"

1382. That is to say, 46*l.* would be kept back?—I think, as a matter of fact, it was 87*l.*

1383. Was there any charge for commission?—£43 was kept back; assuming it was 87*l.*

1384. How much money then of the 130*l.* did he actually get?—Either 84*l.* or 87*l.*

Chairman—continued.

1385. How much did Barrell pay back of that?—Three 27*l.*; that equals 81*l.*

1386. That left 49*l.* due on the bill?—On *that* bill.

1387. Yes; what happened then?—There was another bill given for 130*l.*

1388. A renewal?—A renewal.

1389. How much did Barrell receive in cash of that?—£38, or thereabouts; within a pound or two.

1390. How much did that leave for interest?—£43; the same amount.

1391. How much of that bill did he pay?—£54; two 27*l.*

1392. That left 76*l.* due?—That left a balance of 76*l.* due.

1393. Taking these three transactions together, can you tell the Committee how much cash Barrell actually received from Messrs. Fielding and Company; I mean how much cash absolutely passed?—£87 and 38*l.*; assuming it was 87*l.*

1394. Eighty-seven pounds and 38*l.*?—About.

1395. How much had Barrell actually paid, back?—£81*l.* and 54*l.*

1396. That is 135*l.*—£135.

1397. He received 125*l.*; he repaid 135*l.*?—Yes.

1398. What was the balance still owing?—£76.

1399. Can you tell the Committee what was the length of time over which these transactions extended?—I have a note that the arranged payments were 32*l.* 10*s.* a quarter.

1400. But you have no means of giving the time over which the transactions extended?—Only by calculating it out in that way.

1401. Were the bills produced in Court?—Yes.

1402. Were they for three months or six months?—They were not like that at all.

Mr. *Garfit.*

1403. Why did he pay in sums of 27*l.*; had that anything to do with it?—I have a description of the bill: a promissory note for 130*l.*,

Mr. *Garfit*—continued.

signed 26th September 1895 in favour of J. S. Fielding & Co., Limited, now Fieldings, Limited, signed by William Barrell, Louisa Barrell, George Barrell, and John Barrell, and payable by quarterly instalments of 32*l.* 10*s.* each; the first of such instalments being due and payable at 18, Bell-lane, Gloucester, on the 26th September 1895; but in case of default in due payment of any one instalment then the whole balance to become due and payable immediately. I have a copy which I made the proof.

Mr. *A. K. Loyd.*

1404. Is there any clause about interest on the whole of the residue on default?—That is all.

1405. The whole becomes payable?—The whole becomes payable on default.

Mr. *Garfit.*

1406. Was the date three months before that, 26th September?—Yes.

Chairman.

1407. September 1895?—September 1895.

1408. And the bankruptcy proceedings were in August 1896?—Yes, but the receiving order was made on the 17th June 1896. This is a copy of the proof.

1409. Then these proceedings could not have extended over more than 12 months, taking the dates, or less than 12 months?—This is a proof upon the last promissory note only. There probably were previous transactions of a similar character.

Mr. *A. K. Loyd.*

1410. This shows that between the 26th September 1895, and the date of the receiving order, the 17th June 1896, that is about nine months, the figures stand as the Chairman has stated them, 125*l.* actually received, 135*l.* actually paid, still owing 76*l.*?—No, sir.

1411. It comes within that interval, does it not?—No, I do not read it in that way.

Chairman.

1412. That is what I have?—The first transaction was some time prior to the 26th September 1895, and it is only the last transaction that is dated 26th September 1895.

Mr. *A. K. Loyd.*

1413. But that is that bill, the beginning of the bill for 130*l.*?—There are two bills for 130*l.*, the second one is a renewal; we are dealing with the second one.

1414. Can you give us the date of the first 130*l.* bill?—No, I cannot.

Chairman.

1415. Have you anything else to say on this subject?—Yes, there is the question of the 23rd Section of the Act of Parliament.

1416. What Act?—The Bankruptcy Act 1890.

1417. Proceed, please, with regard to that. Is this a violation of the Act by the money lender?—I sought to reduce his proof under the powers of the Act of Parliament. You have the purport of it in your mind probably.

Mr. *A. K. Loyd.*

1418. Is this the difference between composition and bankruptcy?—No.

1419. It is not on that point?—No, this is in bankruptcy.

1420. I mean is it on the difference between what can be done in composition, and what can be done in bankruptcy by way of reducing an exorbitant claim?—This is bankruptcy only.

Chairman.

1421. I will read the section. The 23rd Section of the Bankruptcy Act, 1890, runs as follows: "Where a debt has been proved upon a debtor's estate under the principal Act, and such debt includes interest or any pecuniary consideration in lieu of interest, such interest or consideration shall for the purpose of dividend be calculated at a rate not exceeding 5 per centum per annum without prejudice to the right of a creditor to receive out of the estate any higher rate of interest to which he may be entitled after all the debts proved in the estate have been paid in full"?—Yes.

Mr. *A. K. Loyd.*

1422. As I understand, one of Mr. Farrow's points is that that should be extended to composition; is that so?—My point is to make it workable.

Chairman.

1423. I want to hear you upon this. What took place?—According to my reading of the Act of Parliament, I reduced the proof for the purposes of dividend to 58*l.* 18*s.* 11*d.*; I need not go into these figures, because nothing turns upon them.

Mr. *Thomas Bayley.*

1424. From 76*l.*?—Yes, from 76*l.*

Chairman.

1425. To 58*l.* 18*s.* 11*d.*?—To 58*l.* 18*s.* 11*d.* Then Messrs. Windybank, who are Fielding's solicitors, called my attention to a case which was decided *in re* Holland *ex parte* Parker, which they sought to apply in their own way. I find this case reported in 1 Manson. Perhaps I had better read the head note of that. The head note of 1 Manson is: "A money lender discounted two promissory notes of a borrower for 400*l.* and 600*l.* for a cash advance of 600*l.* The 400*l.* was paid at maturity. Before the other note matured, the borrower became bankrupt. The money lender claimed to prove for 600*l.* Held: That the 1,000*l.* must be treated as a lump sum of principal and interest, and the creditor's proof admitted at 6-10ths of 600*l.*, namely, 360*l.* with interest at 5 per cent. from maturity to the date of the receiving order."

Mr. *Ascroft.*

1426. Was that a judgment of a County Court judge?—No, that was in the High Court.

Chairman.

1427. Well, what took place then?—Then I adopted what I conceived to be the principle——

1428. Embodied in that judgment?—Embodied in that judgment, and applied it to these facts

Chairman—continued.

facts so far as I was able to, with the result that I reduced the proof. I do not know whether you want me to show exactly how it was worked; I have got the figures here.

1429. Yes, I shall be glad to have them?—I reduced the proof to 50*l.* 3*s.* 10*d.*

1430. That will do. I do not think you need state the details if we get the amount under that judgment. You reduced the proof to 50*l.* 3*s.* 10*d.* from 76*l.* ?—Yes.

Mr. *A. K. Loyd.*

1431. The money-lenders' solicitor called your attention to that case?—To that case.

1432. And he lost 8*l.* 15*s.* by it?—He lost 8*l.* 15*s.* 1*d.* by it. Then they objected to that mode of dealing with it. I almost think it will be necessary for me to go into the figures, because something turns on it afterwards.

Chairman.

1433. Very well, I do not object in the least; go on?—According to the principle embodied in that case I found that 130*l.* was the amount of the bill, 43*l.* was the amount of interest, and 56*l.* 2*s.* was the amount that had been repaid; and I should state that in dealing with these figures I did not take the figures as given to me by the bankruptcy proceedings altogether as correct, but I obtained the figures from Messrs. Fieldings themselves, and I accepted their own figures. Then, 43-130ths of 56*l.* 2*s.* equalled 18*l.* 11*s.* 1*d.*, and that represented according to the judgment the interest repaid. Then 87-130ths of 56*l.* equalled 37*l.* 10*s.* 11*d.*, and that represented the principal repaid. Then I calculated that the 18*l.* 11*s.* 1*d.* represented the interest on 87*l.* at 50 per cent. for five months and five days, and thus the interest would be satisfied on the note up to the 1st March 1896. The promissory note was dated the 26th September 1895. The difference is the five months and five days. According to Section 23 the money lender would be entitled to interest at 5 per cent. from the 1st March to the 17th June; the date of the receiving order; 109 days at 5 per cent. equals 14*s.* 9*d.* The amount of principal repaid was 37*l.* 10*s.* 11*d.*, and this deducted from the actual principal (87*l.*) left 49*l.* 9*s.* 1*d.* for principal, and the 14*s.* 9*d.* being added made 50*l.* 3*s.* 10*d.*

1434. That is what you reduced the proof to?—Yes. Then Messrs. Windybank, on behalf of Messrs. Fieldings, claimed the right to allocate the whole of the payments towards the interest; and they quoted this very judgment as reported in the "Law Times" in justification. I do not know whether you have got the "Law Times" judgment.

Mr. *Warr.*

1435. Is that the same case?—It is the same case, but it is put in a different way.

Mr. *A. K. Loyd.*

1436. Will you give me the name of the case once more?—In *re* Holland. That is reported in 71, "Law Times Reports," page 435.

Mr. *Warr.*

1437. I suppose really the principle of it is that the debtor made no appropriation at the time he made the payment?—Exactly.

1438. Therefore the creditor had the right to make the appropriation himself, and he made the appropriation by appropriating it against the interest instead of against the principal?—That is what he tried to do.

Chairman.

1439. That was his contention?—That was his contention; but inasmuch as he had not done it before the receiving order, it was too late.

Mr. *Warr.*

1440. That was the effect of the decision?—That was the effect of the decision. The decision practically goes to this: that if there is no appropriation, then it must be a proportion; 4-6ths, 4-10ths, or 6-10ths, as the case may be.

Chairman.

1441. Do I understand that if the money lender had made the appropriation before the receiving order you would have been bound by that judgment?—Clearly.

1442. But he could have apportioned the whole of it for interest?—I believe so.

Mr. *Warr.*

1443. And equally the debtor could have appropriated it if he had chosen towards payment of principal; but, of course, he does not know what the law is?—If he had done it at the time. I pointed out that there was no appropriation in that case, and I stuck to my guns. It was a very small case, and they did not fight it; but, of course, they said they did not acquiesce in the principle.

Chairman.

1444. Is that all you have to say bearing upon Messrs. Fieldings?—That is all bearing upon Messrs. Fieldings. I have some other cases.

1445. I believe you cannot conveniently attend on Thursday in Gordon's case?—I could if I was wanted.

1446. Yes; but if we could take your evidence now on this case, you would be ready to give your evidence now?—Yes; I have got all I can give.

1447. Since you are here, I think we had better take your evidence on this. Were you going to make any suggestion upon this point you have raised as to any change in the law on Section 23?—Well, I must say this: that any suggestion I make is made in my own private capacity.

1448. Certainly?—I am the representative of the Board of Trade, but I do not represent them here.

1449. Quite so; I quite understand that you are here in answer to a summons?—In answer to a summons.

1450. We are entitled to ask you if you have any opinion arising out of your experience?—In my experience the section is unworkable: perfectly unworkable.

Mr. *A. K. Loyd.*

1451. What is your criticism on Section 23 of the Bankruptcy Act of 1890?—That it can be always evaded.

1452. Now, can you tell us what you suggest could be done to prevent that evasion. How could that section be altered or amended. First of all, will you give us the possible evasion. Would that be by an appropriation of the interest before the man came into bankruptcy?—Yes; I will show it you by another case; without mentioning names I will give you another case in which it can be done: Supposing a man borrowed 50*l.* for three months and paid 5*l.* for it, and he kept on renewing this 50*l.* bill and continually paying 5*l.*, that is clearly an appropriation of interest. He may continue to pay the 5*l.* and more. I have got one case in which he paid 5*l.* for so many renewals, and then afterwards it was raised to 10*l.*, and he went on paying at that rate, and he paid from April 1894 to July 1896 no less than 105*l.* in renewals on a 50*l.* loan, and still owed 50*l.*, and there was no mode of applying that section to it.

1453. This section only applies to the administration of an estate when bankruptcy has occurred?—So does this one that I am referring to.

1454. The man was not in bankruptcy when these appropriations were going on?—No.

1455. You say unless there is something to prevent any lender appropriating repayments to interest, even although the man may never become bankrupt there always will be a chance of evasion?—I was looking at the spirit of it. If I may offer a suggestion I should say that in the case of all these promissory notes the rate of interest per cent. per annum should always be stated.

Chairman.

1456. That is a practical suggestion?—It is not a lump sum. The 5 per cent. may be for three months.

1457. Or for a month?—Or for a month.

Mr. *A. K. Loyd.*

1458. The rate per cent. per annum should always be specified on the note?—Yes; and I think, too, that the principle in *re* Holland should be adhered to in some way by making any payment a payment in reduction of principal and interest, and not simply an appropriation to interest only.

Mr. *Warr.*

1459. That is an alteration in the whole law of appropriation, is it not?—Yes; that would be.

1460. And when you say "these transactions," what do you mean?—I mean money-lending transactions.

1461. Money-lending transactions?—Yes.

1462. How about ordinary banking transactions; I mean, where do you draw a line between what you call money-lending transactions, and what you call ordinary transactions?—I think there would have to be a line drawn.

1463. Have you thought how that line could be suggested?—Well, I have thought it out.

1464. It is rather difficult?—I know it is a very difficult question.

Mr. *Thomas Bayley.*

1465. In an ordinary banking transaction you would prove for the debt with 5 per cent. interest?—5 per cent.; that is so.

1466. And you want money-lenders' debts to be treated precisely the same as an ordinary bankers debt?—Exactly.

Chairman.

1467. I take it you have finished that part of your evidence?—Yes; I do not know that it would be a bad plan to make all persons who lend money over a certain rate be registered Whether that is workable or not, I do not know

Mr. *Ascroft.*

1468. Have you had experience of cases of great hardship from these money-lending transactions?—Oh, great. Once they are in they cannot get out.

1469. Have you had many cases in your court?—Yes; we have had a lot.

1470. Any commitments?—I cannot tell you that; that is in the County Court.

1471. You are not connected officially with the County Court? No; that is a separate jurisdiction.

1472. Have you considered the question of the advisability of allowing a borrower at usurious interest to have the whole account gone into by the court?—I think it ought to be; and there is a difficulty now.

1473. Then you would suggest that the law should be altered to enable the Bankruptcy Court in cases of bankruptcy to go back to the first loan?—I should certainly like it to be able to do so, because in many cases it is the foundation of the downfall; the beginning of it.

1474. Would you go so far as to recommend that the court should have the power of saying what was reasonable, and what was usurious interest?—Yes; I think it would be just.

1475. Would you consider it unfair that the courts should have the power of placing all above a reasonable interest to the principal amount, and so reducing the debt?—I should very much like to see it.

Chairman.

1476. You think that is a counsel of perfection; I understand Mr. Ascroft's question affected the Bankruptcy Court. Would you care to give any opinion upon proceedings before they reached that stage: do you think it would be reasonable to allow County Court Judges in dealing with these cases to have a discretion as regards usurious interest?—I should like to see it, but I have not thought that matter over.

1477. You confine your evidence to your own department?—Exactly.

Mr. *Ascroft.*

1478. I understand you recommend that the note should show on the face of it the rate of interest?—Per annum, distinctly.

1479. Are you under the impression that the borrowers are misled by a lump sum?—They are; there is no doubt about it.

1480. Now

Chairman.

1480. Now we will take the case of James Parry of Abbey Dore; he was a farmer?—That is the case really that I was quoting to you.

1481. There is no estate in this matter at all?—There is no estate, and therefore the proof has not been dealt with; this is a B. Edwards' case (Isaac Gordon).

Mr. *Warr.*

1482. Was there any estate in Barrell's case?—Yes, a little one, a very little one; but this Barrell that I was quoting to you is not the man who had any of the money; he was only a surety.

Chairman.

1483. Now let us have this case of Parry's of Abbey Dore?—In April 1893, he borrowed 50*l.* from B. Edwards, repayable in three months, for which he gave a promissory note for 55*l.*

1484. Of course there is no question that "B. Edwards" is Isaac Gordon?—There is no doubt about that; oh, no.

1485. He borrowed 50*l.* on a promissory note for 55*l.*?—For 55*l.*; in this case I have a mass of letters from Gordon which show the transactions from one end to the other; I do not know whether you care to have them.

1486. I think we must have the case fully?—The 50*l.* was repayable in three months, for which he gave a promissory note for 55*l.* This note was renewed in July and October 1893 and January 1894, on payment of 5*l.* on each transaction; that is 15*l.* It was further renewed in April, July and October 1894, and in January, April, July and October 1895, and in January, April and July of 1896, on payment of 10*l.* for each renewal; that equals 90*l.* making a total of 105*l.* for interest.

1487. For what space of time?—From April 1893 to July 1896.

1488. That is a little over three years for a sum of 50*l.*, 105*l.* interest?—Yes.

1489. The whole sum of 105*l.* interest?—The proof of debt is for 55*l.* upon the last promissory note.

Mr. *Garfit.*

1490. The total amount paid was 105*l.*; but there is 5*l.* before that, because the promissory note was for 55*l.* and he got 50*l.*, so that it is 110*l.* of interest?—It is 110*l.* really.

Mr. *Warr.*

1491. What was Parry?—He was a small farmer.

Chairman.

1492. The proof of debt was for 55*l.*?—£. 55. This debt has not been dealt with, because there is no estate, and I may say that in a number of cases like this the proofs are not dealt with under the 23rd section, simply because there is no reason to do it as there is no estate.

1493. Is that all that case?—This same bankrupt also stated that for five years he had been borrowing money and renewing bills with the Hereford Loan and Advance Company; Moss Fisher; he has kept no account.

1494. Is Moss Fisher the real name?—I cannot tell you that, but I think it is a name you are likely to hear of.

Chairman—continued.

1495. He kept no account, you say?—He kept no account, but he thought, speaking from memory, to the best of his knowledge, he had paid them the best part of 300*l.*, and still owed them 65*l.*; 50*l.* being the amount borrowed. There is no proof on the file with regard to this. That is the bankrupt's statement.

1496. Now, let us have the case of Alfred Lewis?—I have a long account of that that Mr. Farrow has got; Alfred Lewis is a caterer. In this case, "B. Edwards" (Isaac Gordon) made a proof for 890*l.*

1497. Did you require an account of that?—I required an account of that and I have got the account; it will be here in a minute.

1498. Perhaps I can help you in the meantime?—I have got the result but I have not got the actual figures.

1499. Will you give the result please. What was the amount lent by Gordon to Lewis from September 1889 to January 1894 according to that?—I make it out according to the account (which I have sent for) 1,105*l.* 5*s.* 6*d.*

1500. During the same period how much did Lewis repay to Gordon?—£1,717.

1501. Or 612*l.* 14*s.* 1*d.* more than the principal advanced?—More than the principal advanced.

1502. How much did Lewis still owe Gordon?—£890.

Mr. *Garfit.*

1503. The first sum borrowed was 1,100*l.* and what?—It is not the first sum borrowed; it is the total sum borrowed over a long period, 1,105*l.* 5*s.* 6*d.*

1504. And notwithstanding that 612*l.* 14*s.* 1*d.* more than the principal advanced had been paid Gordon brought in the debt due 890*l.*?—Yes, making 1,502*l.* 14*s.* 1*d.*, which is practically interest, and interest upon sums which might have been due from time to time. When you see the account you will see it is a running account like a bank book almost.

1505. But that is the result?—That is the result.

Mr. *Warr.*

1506. Of course in every case he treats the payments as appropriated against interest, does he not?—I do not know; I cannot tell you; you will see the account; I have not ventured to touch the account; I have not ventured to deal with it.

1507. It is pending, is it?—It is pending.

1508. Is there an estate?—Oh, yes, there is a little estate.

Mr. *A. K. Lloyd.*

1509. But on default of any instalment, does not the whole balance become due with very exorbitant interest?—It does not say so; I will just look at that. Yes, and "if default shall be made in any one payment of the aforesaid instalments, all instalments remaining unpaid shall at once become due and payable immediately."

1510. Is there anything about interest upon the balance if it is unpaid?—No.

Chairman.

1511. You were not able to settle this proof owing to the difficulties of Section 23?—That is the reason that I have been afraid to tackle it.

Mr. *Thomas Bayley.*

1512. Is there any estate?—A small estate.

1513. You could have taken that case, could not you, before the county court judge?—For directions?

1514. For directions. I have a case in my mind which occurred this last week which was in the Sheffield County Court; a very similar case. There was a case there of Townsend, who is a money lender; he put in a proof in the case of a clergyman there for 123*l.* for interest; a very similar case; and the county court judge there reduced that to 16*l.* 17*s.* 8*d.*?—But is that a similar case?

1515. He gave no reason for doing it?—Our experience of going to the court is that it generally results in a compromise beforehand.

Chairman.

1516. Your case is that Section 23 is unworkable?—It is unworkable. My difficulty with regard to this case (Lewis) is that according to my way of looking at it the whole of this is due for interest; every bit of it.

1517. The principal has been repaid over and over again?—The query in my mind is whether I should not reject it altogether until everybody else had been paid twenty shillings in the pound, and I hesitate to do that.

Mr. *A. K. Loyd.*

1518. As I understand it, your view of this Section 23 of the Bankruptcy Act is that it is a very beneficial section when once bankruptcy has supervened?—If it can be applied in a simple case it is very good.

1519. It enables you to limit the payment of interest to 5 per cent. until all other claims have been satisfied?—That is all exorbitant interest that has not been satisfied.

1520. You say that it is a defect in the law that a money-lender should be able, prior to bankruptcy, to go on treating these payments as exclusively applicable to interest?—Exactly; that is a way out of it.

1521. Is that a defect in Section 23 at all; is not that a matter with which Section 23 does not affect to deal? You see it is only on a bankruptcy arising that this section steps in and says: We will divide this estate upon a certain principle, namely, that no more shall be paid than 5 per cent. interest until all other claims have been satisfied?—Yes, but even according to this way of doing it it is quite possible for the interest that has been paid to go three months over the bankruptcy.

Mr. *Warr.*

1522. Therefore, your point is that it is all interest?—My point in this last case is that it is all interest.

1523. Therefore it ought to go until the other creditors have twenty shillings in the pound?—Yes.

Chairman.

1524. Now we will take Mr. Hope's case, please?—I have got very little with regard to Mr. Hope, because I may say that that was a case that was handed over by me to a trustee. I can only tell you generally that Gordon's proof was put in for 350*l.*, and that the trustee, acting with a committee of inspection, reduced it to 150*l.*, which Gordon accepted, and the bankrupt stated that he paid 40*l.* interest upon 100*l.* for a three months bill, and was constantly doing that.

1524.* Had this Mr. Hope any transaction with Fieldings?—Yes, he had two transactions with Fieldings. He borrowed 100*l.*; they charged him 44*l.*, and he repaid 90*l.*, leaving 54*l.* due, but I have not got all the particulars with regard to that.

Mr. *A. K. Lloyd.*

1525. Can you suggest any way by which these usurious transactions could be defined as distinguished from beneficial and useful lending transactions?—I think that would have to be a matter of compromise. A line would have to be drawn somewhere.

1526. In the rate of interest?—In the rate of interest.

1527. But beyond that you cannot suggest any definition whereby a county court judge or other person could say, "This is a usurious transaction," except in the rate of interest?—Except in the rate of interest, that is all.

1528. We know that formerly there used to be a legal rate of interest?—Yes.

1529. What you suggest is a return to the policy of the old law by saying that all above a certain amount shall be deemed usurious interest?—I think it would be better than the present way.

Mr. *Garfit.*

1530. In the case of a running account like that you have referred to you might charge it under the name of commission; how would you deal with that?—I am not prepared to give anything definite in that way; I did not come here to do that.

Mr. *A. K. Loyd.*

1531. I want to get something practical, I do not want to embarrass you. In your mind, you have no difficulty in distinguishing between the case of a *bonâ fide* money lending for commercial purposes?—Not the slightest.

1532. For commercial purposes and profitable employment of money lent, and the taking hold of a person in pecuniary straits, who wishes to have secrecy preserved, and has a dread of law, and gradually landing him in the plight you have described; that is a condition of things which, in your own mind, you have no difficulty in distinguishing?—No, but there is such a wide line between them that one can spot them at once.

1533. When the facts are laid before you, you can see at once where a man has been made a victim, and where he has had a transaction in the ordinary course of business?—Exactly.

1534. At the same time, you cannot suggest a definition for these two cases except by a line of demarcation in the rate of interest charged?—I think there would have to be a line somewhere.

I do

Mr. *A. K. Loyd*—continued.

I do not think it would have to be as low as it used to be.

1535. No, it used to be 5 per cent.?—It used to be 5 per cent., but that would be ridiculous.

1536. Suppose a line was drawn in the rate of interest, do you think it could be drawn at such a place as to exclude all banking loans and loans to persons in a responsible position with security to give, and those which are of this kind?—I do not see why it should not.

1537. You see what I mean?—I quite appreciate the difficulties.

1538. Unless it were difficult to draw a line we should have had the money lender brought to his bearings long ago; but he exists because of the difficulty of distinguishing between *bonâ fide* transactions and these high-handed proceedings?—No doubt that it is so. I now have Isaac Gordon's account with Lewis.

Chairman.

1539. The result is quite sufficient?—I think it would be satisfactory for you just to see it (*handing in document.*)

Mr. *Thomas Bayley.*

1540. You have in these money-lending cases men of the same name trading under a variety of names?—That is so.

1541. What is the reason, in your opinion and experience, why they do that; for instance, this Mr. Gordon we have been talking about trades in half-a-dozen different names?—Because he may get into a very bad odour in one particular locality in one particular name; then he would trade in that locality as somebody else.

1542. That is one of the reasons, you think?—Yes.

Mr. *Thomas Bayley*—continued.

1543. In proving the debt, does Mr. Gordon always prove the debt himself, or does he prove it sometimes in the name of the alias he is trading under?—It is "Isaac Gordon trading as B. Edwards," and so on.

1544. Then you would be in favour, as I understand, of registering these names of men, we will say, who do a banking business and charge more than 5 per cent?—I do not say what per cent.

1545. You do not say what per cent?—No.

1546. At any rate, here are men trading?—As professional money lenders?

1547. Or trading in two or three different names; you would be in favour of registering those?—I certainly would.

1548. What better would the position be if they were registered?—Because the public would know who they were dealing with, and that they were dealing with professional money lenders who made a business of lending money at exorbitant rates.

1549. Because they would be registered?—As professional money lenders.

1550. But an ordinary respectable banker is a professional money lender?—Oh, no.

Chairman.

1551. They do not send round circulars?—No, it is a different thing altogether.

Mr. *Thomas Bayley.*

1552. All those firms we will say who advertise in the papers in alias you would be in favour of registering, and of putting in the advertisement "This is a registered money lender"?—Yes.

Mrs. ISABEL RUSSELL, sworn; and Examined.

Chairman.

1553. IT was in March 1893, I think, that you had the first transaction with Messrs. Fieldings, Limited?—I have first of all to say, that as most of the papers are destroyed, and the thing settled, I cannot be very accurate as to dates, but I think you will find Messrs. Fieldings' books are quite correct. Mr. Farrow also, I might say, in what has been inserted in the newspapers in some very extraordinary way, has very much misunderstood the circumstances. I parted with Messrs. Fieldings, and got rid of the debt, and we have parted quite satisfied on both sides. I think I may decline to give further evidence.

1554. Oh, no, you cannot do that?—May I also say, that in February last I got a notice from Mr. Farrow asking me if I was willing to appear in this case. I wrote back to him in that month of February saying I would have nothing to do with it, and also that everything I wrote to him, or told him, should be considered as confidential. I am in such a position in Oxford that bringing this forward, the trifling loan I have had, would be ruin to me and my husband; my husband had nothing whatever to do with it, and contrary to my express

Chairman—continued.

desire Mr. Farrow has brought me forward in this way. I have nothing to say against Messrs. Fieldings; and it was before the Committee was called that I wrote to Mr. Farrow, and distinctly stated that I should have nothing to do with this case; and my solicitor tells me that I had no right to be called up when I gave ample time to say that I would have nothing to do with it.

1555. Well, your solicitor is a very bad adviser in the matter. Perhaps you will be good enough to answer the questions as accurately as you can?—I cannot attempt to say that they will be accurate, because the transaction is over now for some time.

1556. Of course, you are on your oath, but you can only answer them to the best of your recollection?—That I will try to do.

1557-8. That you will try to do?—Yes.

Mr. *Samuell.*] Mr. Chairman, I am the representative of Fieldings, and I wish to hand in a copy of the account, if you will allow me to do so.

Chairman.] Mr. Fielding will be examined immediately

Mr. *Samuell.*] I ask permission to hand in a copy of her account.

Chairman.] The Managing Director of Messrs. Fielding and Company will be the next witness.

Witness.] That is Mr. Redgrave, is it?

Chairman.] I do not know who he is.

Witness.] I always found him particularly nice to deal with.

Chairman.] He will be the next witness, and anything he has to say bearing upon this case will come then.

Mr. *Samuell.*] I only wish to hand in a copy of the account, sir; I do not wish to make any remark beyond that.

Chairman.] I have a copy of the account.

Witness.] What Mr. Farrow had was this: I saw his advertisement in "The Oxford Times," and at that time one of the directors I had seen I found unpleasant, rather.

Chairman.

1559-60. First of all, let me take it in order. It was about March 1893 that you had the first transaction with these people?—I think that was the time; about that I think it was.

1561. Mr. Beechy was the agent for Messrs. Fielding at that time?—Yes.

1562. And you applied for a loan of 30*l.*?—I did.

1563. The surveyor called upon you next?—Yes, that is so; I do not remember the date of that either.

1564. No; the surveyor called?—Yes.

1565. Did he demand any preliminary fees?—No, he did not demand any fees, but he was about to take fees, and I think it was 30*s.* he had for fees.

1566. It was not 3*l.* 10*s.*?—That was a mistake altogether.

1567. It was 30*s.* fees?—Yes.

1568. The surveyor had 30*s.*?—Yes.

1569. That was before you got the loan at all?—No, that was not before I got the loan at all; he put down the money and he took back the amount of the fees; he put the money down on the table to me.

1570. You asked for a loan of 30*l.*?—Yes, that is what I asked for.

1571. Did Messrs. Fielding and Company, through their agent, ask you to take 50*l.* instead of 30*l.*?—He did not ask me; he said that it would be better perhaps if he made it 50*l.*; so I said: Very well. I thought there might be some reason for it.

1572. You applied for 30*l.*; he suggested 50*l.*; you agreed?—Yes.

1573. The loan was for three months?—Yes, according to what I thought then; money of mine was being kept back; that is the reason I required the money at all.

1574. The loan was for three months?—Yes.

1575. You gave, I believe, some valuable silver plate as security?—Yes, I did that; it was plate that I did not require to use, extra plate.

1576. When he laid down the 50*l.* on the table for you, did he take anything back?—Yes, he took back what I understood; but it is some time since, was part instalment of the debt, and part interest for three months.

Chairman—continued.

1577. He took back 15*l.* and two sovereigns for expenses?—He took back 15*l.* and two sovereigns, and then gave me back 10*s.*

1578. So that the actual cash received by you in all was 30*l.*?—No, I must have received more, as far as I can go. You will find it all in Mr. Fielding's account book.

1579. In paying that back you paid 5*l.* on June 3rd?—I cannot answer any of those questions, because, as I say, I have not looked at the papers for such a time, and many of them are destroyed, because the thing was at an end, as I understood. I say I cannot say yes or no to any of those statements. I have just heard Mr. Fielding's representative say that he has his books here, so you will be guided by them, please.

1580. You are not even able to say that you sent for an account of the transaction; of how the account stood with Messrs. Fielding?—I found Mr. Redgrave was so very satisfactory; in the beginning I was not satisfied, but when Mr. Redgrave, or who is the agent at Oxford, took the management of affairs, he sent me a receipt for everything I paid.

1581. Do you remember after you had paid a certain amount you asked for the return of some of the silver plate?—Did I ask for the return of it, do you say?

1582. Yes?—No, indeed, I did not.

1583. You never did?—No. I asked when we were having a very big entertainment, and before I had the money to pay them, whether they could hire me some of my silver on the same terms that any Oxford young men borrow silver from jewellers, and they said no, they could not do that.

1584. Did you receive this letter from Messrs. Fieldings, dated May 1894: "Dear Madam,—In reference to your request per our Oxford manager, for a part of the security to be returned to you"; that is the plate?—Yes.

1585. "I am directed to inform you that the directors regret that they are unable to accede to your proposition, at any rate until the amount is considerably reduced." You got that letter?—Yes, I remember that letter.

1586. Then you must have made an application?—I made an application to Mr. Redgrave to know whether I might have some of it back, if I gave them a receipt for it, simply for the one day, and he no doubt wrote to Cardiff, the head office, to ask; they objected, and it was dropped; I said no more about it; we managed without it. I had nothing to say about their refusing, because I do not think that financial agents or financial people do that sort of thing; I think it is only jewellers, as far as I know, that lend out plate.

1587. Do you remember getting that from Messrs. Fielding (*handing a document to the Witness*)?—I thought Mr. Farrow returned me all the papers he had.

1588. Do you remember getting that?—I do not. I conclude if it is in the letter it would be so.

1589. Was that after you had paid 25*l.*; according

Chairman—continued.

according to the evidence given to us you heard, when you asked to know what you actually owed, it amounted to 67*l.*, according to this account?—That I think Mr. Farrow, however it is put, has not understood.

1590. This is Messrs. Fieldings own account; the evidence I have is that on 3rd December 1893 you had paid of the original loan 25*l.*?—The original loan.

1591. On 9th January 1894 you had 4*l.* further advance; do you remember that?—Yes, I remember that. That is perfectly correct, and I had an extension of time.

1592. After you had paid 25*l.* of the original loan, and received 4*l.* additional, you asked for an account, and an account was sent to you, stating that 67*l.* was due?—No; that is a mistake. It all happened in the office in Oxford. These legal proceedings of mine were going on so long that I wished my debt to go on; I think it was for the space of 14 months longer. Mr. Redgrave added up what the debt then owing would be, and what the interest would be, when I had 14 months longer in which to pay it. That is what I believe to be a true statement. He added it all up, and said it might go on to that time if I signed a paper for 67*l.*; that the debt would be that at the end of that time.

1593. Do you remember that account being handed to you (*handing the same to the Witness*)?—I am afraid I do not.

1594. That is in Messrs. Fieldings own writing?—I am afraid I do not remember it.

1595. It was not sent here direct; it came from yourself?—It could not have come from me, because, to the best of my belief, I never saw this in my life.

1596. There are a great number of your letters here. This is very painful; but we shall have to get out the truth, and you are on your oath?—I am telling the truth, to the best of my belief.

1597. You have no pass-book account with these gentlemen, have you?—They gave me a pass-book; I am afraid I was rather careless; they gave me a little book in which I was to enter my payments.

1598. Then you are unable to give the Committee any information as to the actual amount you repaid these people?—I truthfully say I am unable, quite. This I say truly, I am unable to say; but I also say, that after Mr. Redgrave had to do with it everything was made very different to what it had been before. The gentleman I dealt with before died shortly after.

1599. I see the final payment you made to these gentlemen was 22*l.*?—I think that was it; I think so.

1600. Of course, you had paid a very considerable sum in instalments?—They had given me a receipt for everything I paid off a debt for some time after that; after I signed the paper for 67*l.*

1601. What I want to get at is this: of course, you paid monthly for some time?—Yes, but I was not always punctual.

1602. No; I am quite aware of that?—And they allowed me to pay.

Chairman—continued.

1603. You commenced to pay monthly?—The interest and part of the principal, as I thought, was paid for the first three months; deducted at first.

1604. You found out that was not so?—I found out that the person who called on me, the representative, was dead, so that there was no help for that.

Captain *Chaloner.*

1605. May I ask what made you think that the sum of money which they deducted was to cover interest and capital?—Because of what the gentleman said to me; but I may have made a mistake.

Chairman.

1606. But you are sure of paying 22*l.* at the end?—Well, I cannot be sure of anything, because it has vanished from my mind altogether. I have not looked at the papers, but in Mr. Fielding's book I say he has got it correct. Mr. Redgrave has shown me a book every time almost, and every statement there was correct.

1607. Very well, we shall have to get it from Messrs. Fielding?—I am stating all as far as I can remember, and I say the truth in saying I cannot remember these things any more than I have stated.

1608. Did you write to Mr. Farrow stating that his intervention had cost you 30*l.* more than you would otherwise have had to pay?—I am under the impression that there was some great unpleasantness. I had no idea that anything was going to be said in an imperative way by him; I thought he was going to negotiate some sort of settlement.

1609. What did you mean when you wrote to Mr. Farrow, stating you had paid 30*l.* more than you would otherwise have had to pay Fieldings, because of his intervention?—What I meant was this: they were very angry at the letters they received from him, and I believed that there was some reduction to be made by them at that time for me if these letters had not come. He meant it kindly, and I fully appreciated it, except that I had no idea there was anything unpleasant to come to the company. I thought it was a friendly negotiation to set things right.

Mr. *Warr.*

1610. Have you seen Messrs. Fielding at all recently with regard to this?—I have never seen them themselves; I have only seen their agent.

Chairman.

1611. When did you see him last?—This is Tuesday; yesterday I called there.

Mr. *Warr.*

1612. You called there yesterday?—Yes.

1613. And, I suppose, discussed the evidence you would give to-day?—No, I cannot say I discussed the evidence. I said I could not say what I should say when I came here; that I could not remember; I said very much what I have said here, simply; I was not at all questioned by Mr. Redgrave as to what I was going to say.

Chairman.

1614. Why did you go to Messrs. Fielding yesterday before coming here?—I suppose I had a perfect right to do so.

1615. A perfect right?—I have been dragged forward; I cannot understand that such a thing can be allowed in England, when in February last I told Mr. Farrow I would not come forward, and that all I had written to him or he to me was supposed to be confidential. Instead of that I am brought into public like this, and probably my living too; I do not think it at all right.

Mr. *Ascroft.*

1616. Do you wish the Committee to understand that you have been treated by Messrs. Fielding in these transactions very fairly?—I consider——

1617. Will you kindly answer my question as shortly as possible, please; yes, or no; I put the question very plainly?—I cannot answer in that short manner; I can only say I consider that I had to pay very large interest, but I also say that I got the money on security that neither bankers nor anybody else would have lent on; and if people go to money-lenders they know that they must pay more interest than they would otherwise.

1618. Did you send a statement to Mr. Farrow, and appeal to him for his assistance to get you out of Messrs. Fieldings' clutches?—I do not think I used that word.

1619. First of all, did you write out a statement; just kindly look at that (*handing a document to the Witness*)?—Yes, that statement; but I was very flurried at the time.

1620. Exactly; I made all allowance for your state of mind?—This statement I did write; it is my writing. I found after, when I looked at the papers, I had in that statement made one or two mistakes.

1621. Perhaps you will correct them as far as you can; kindly listen to this: "I decided to apply to them, and called upon their agent here; a man of the name of 'F,' who said the surveyor would call upon me?—Of the name of what?

1622. "F." ("Beechey" is struck out) "but that I must first of all pay the expenses. In all got 3*l.* 10*s.* out of me." At the time you wrote that, did you believe that to be correct?—Yes, I believed it to be correct when I wrote it.

1623. "He inquired what amount I required, I said 30*l.* He said: You had better make it 50*l.*; after a little hesitation, I agreed"?—That is quite true.

1624. You believe that to be right?—Yes, I have just stated that now.

1625. "He took back 15*l.* in notes and two sovereigns?"—Yes.

1626. "And gave me to understand that the 15*l.* was part interest, and part repayment of the loan?"—Yes; that is what I understood from him.

1627. "He subsequently gave me back 10*s.*?"—Yes.

1628. "The money lenders continued getting 5*l.* a month from me till August 1893?"—Yes; that, I think, is correct.

1629. That you believed to be correct when you wrote it?—Yes, I think so, but I cannot swear to anything in that way, because I do not remember it all.

Mr. *Ascroft*—continued.

1630. At that time you believed that to be correct from your recollection?—Yes, I did believe that.

1631. "I then went to a solicitor here, for I was in a pitiable state of mind, but he did little good, as the threat of selling my plate was and is held over me as a whip, and they add that they have the power to sell it for anything, and come down upon me to make up any deficiency"?—I was told that. Yes, that is true.

1632. You believed at the time that that was a correct statement?—Yes.

1633. "In January last he got me to sign a paper, to the effect that he would call the debt 67*l.*"?—Yes.

1634. "Allowing me till next February to pay this off by paying 5*l.* a month?"—That is a mistake, I think, of mine."

1635. But at the time, immediately after it occurred, you believed it to be correct?—But the interest was immediately reduced.

1636. Now you think it was a mistake?—I think it is a mistake.

1637. "I have paid 22*l.* of this, and on inquiring what they would take now for immediate payment I was told 42*l.*"; were you told 42*l.*?—If I wrote it there I daresay I was.

1638. If you wrote it there?—I do not swear to that letter, because I was very confused and agitated when I wrote it, and I did not apply to the papers.

1639. "If there is any chance for me to get out of this terrible extortioner's power, I do not know how I could ever show or feel sufficient gratitude to my saviours"?—Yes; well at that time I felt it, but then, of course, when matters were all altered.

1640. Matters have all altered since this inquiry?—Well, almost immediately upon it.

1641. At that time you considered Messrs. Fieldings to be extortioners?—I thought it was tremendous interest.

1642. You thought they were?—I thought it was tremendous interest to demand.

1643. "I must add, that while I am in these people's power I dare not anger them, for fear they would carry out their threat about the plate"?—Yes, I was frightened about that.

1644. You were frightened they would sell your plate?—Yes, it was only that once.

1645. Then I believe you wrote a great number of letters, still asking Mr. Farrow to assist you. Will you kindly look at those letters (*handing in the same to the Witness*). Are they in your handwriting; just glance at them?—Yes.

1646. Those letters, I may take it, are all in your handwriting?—Yes, all those. *This* is not my writing.

1647. I will just ask one more question; may the Committee assume that at the time you wrote these letters you believed that what you were stating in them was a fact?—Yes.

1648. Did you believe it at the time you wrote it?—At the time I wrote it; but since then I have found I made several mistakes, and serious

ones

Mr. *Ascroft*—continued.

ones too, and I think you may go by Messrs. Fieldings' books.

Mr. *A. K. Loyd.*

1649. Do you owe Messrs. Fielding anything now?—No, nothing whatever.

1650. Why are you ashamed of anything that has taken place?—It would injure me immensely; at the time my money was kept back.

1651. Monies that you were expecting?—Monies that I ought to have been regularly receiving. My husband had never been used to give me money. He knew my money was kept back; he did not think of offering it to me, and I could not ask him for it; I preferred paying interest; and without his signature I could not have got money at the bank. Then I knew Fieldings and went to them; that is the case.

1652. You do not think anybody thinks any the worse of you for having borrowed some money, do you?—No; but if it came to my husband's ears and got into the Oxford paper, it would injure him there and it would injure me; it would injure me in society and it would injure him in society, and might mean ruin. He is a very kind man, but very irritable, and I should not be able to stay at home.

1653. Then, as I understand it, owing to some unavoidable circumstances, some money that was coming to you was held back?—Yes, it was through the death of a trustee.

1654. And you had resort to those whose advertisement you saw in the local paper?—Yes, I am not sure that that was the first, or whether it was a paper that was put in at the door. I think that was the first thing.

1655. At that time you were very anxious to obtain the money, and although you were willing to resort to that advertising firm, you were very unwilling that it should be known for the reasons you have given us?—Yes.

1656. Rightly or wrongly, you thought it would annoy your husband and would injure him and would injure you?—If he had known I was going to them, and wanted it, he would have said a good deal that was unpleasant, and handed me the money; and rather than go through that I thought I would rather pay.

1657. Secrecy was a great object to you?—Yes.

1658. Was and is?—Yes, thank you for putting it so kindly.

1659. Did you go to the office of Messrs. Fielding in answer to this advertisement, or did you write them?—No, I went to their agent, Beechey.

1660. You went to the agent?—Yes.

1661. Did you say that you wanted to borrow money without anybody knowing of it?—Well, I forget what I said about that.

1662. Was there anything in the advertisement about strictly confidential; secrecy respected, and so on?—I think there is in their advertisement.

1663. And that naturally attracted you under the circumstances?—Yes, I could have got the money from friends.

1664. You wanted to do it without anybody knowing?—Yes, and to pay interest.

Mr. *A. K. Loyd*—continued.

1665. Did you convey to them that you did not wish any questions asked of your family, or anybody consulted?—I do not think I did. I thought it was so clearly stated and so thoroughly understood that it was a confidential thing.

1666. As between you and them, it was strictly confidential?—Yes, I think it is in their advertisement so stated.

1667. Was it your suggestion or theirs that you gave this amount of plate as security?—I fancy I offered that; I said I had valuable plate, valuable silver.

1668. Was that to prevent any question being asked as to your solvency?—No, because my position there would make them secure of that.

1669. You and your husband were living together?—Oh dear, yes; most happily together, except in the matter of the money.

1670. Did they know you were a married woman?—Yes.

1671. Living with your husband?—Yes.

1672. They knew that. Have you ever had that plate valued?—No.

1673. Where is it now?—At home.

1674. You got it back again?—Yes.

1675. It would be worth certainly more than 30*l.*, as I understand?—Well, I wondered if it was; I had not the least idea.

1676. Thirty pounds is what you had?—I had more than 30*l.*; that is a mistake of mine; I had 34*l.*

1677. Was the plate removed by them; did they take the plate away?—Yes; they took it away.

1678. And kept it?—Yes; the man wrote down what he had received, but it was my suggestion.

Mr. *Garfit.*

1679. After you had signed the note for 67*l.*, how much of that 67*l.* did you pay back in instalments?—Well, I wish I could tell you, I am very sorry I cannot; I really, honestly, and truly cannot. I am stating the exact truth. I cannot tell you. You see they let me off a good deal of that.

Mr. *Warr.*

1680. As matters stand between you and Messrs. Fielding now, have you ever thought how much interest you paid them?—I am afraid after I had finished, I let the thing go out from my mind.

1681. You have never reopened the account at all since?—No, never.

Mr. *Thomas Bayley.*

1682. You have said that you are very anxious for it not to be known that you are here; I suppose your husband knows you are here?—It is from my husband I wish it kept; I do not care so much for anybody else; it would annoy him so dreadfully.

1683. There is nothing at all to be ashamed of in the transaction, except that it was rather a foolish thing for a lady to do perhaps, but most ladies (my experience of them is) are foolish in financial transactions very often?—I see you are pleased to be facetious.

1684. I do not see that there is much you need be ashamed of. There is only one other question I want to ask; did you tell Messrs. Fielding and Company, or their agent, when you paid them

Mr. *Thomas Bayley*—continued.

the last instalment, that you were perfectly satisfied with the transaction?—Was I perfectly satisfied?

1685. Yes; did you tell them that?—I did not say anything, but I paid it and got a receipt in full.

1686. You did not say so to them?—I never said it to them: I have said it here. May I ask, are you a solicitor, or what?

1687. Oh, I am a member of this Committee?—Because it is rather like cross-questioning in a law court.

1688. I am only asking for information; that is all. Then you have never told them you are satisfied with the transaction; you have told us that?—I have never said so; to the best of my belief I have not.

Captain *Chaloner.*

1689. You say you saw Messrs. Fielding yesterday?—I saw their agent yesterday; I went of my own accord.

1690. Cannot you give us any reason why you went to see them?—I daresay I could give you many.

1691. Well, will you please give me a reason?—I wished to have some idea of what this would be that I should be subjected to, and whether I could get out of it; and I had always found Mr. Redgrave so very nice or very satisfactory that I thought I should like to see him and speak to him upon the subject.

1692. You went, therefore, without any communication from him upon the subject whatever; of your own accord?—I went on my own accord; he did not know I was going yesterday.

1693. But you told him you would be unable to remember anything, and could not give

Captain *Chaloner*—continued.

evidence?—No, I did not say anything of the kind.

1694. I understood you to say so yourself just now?—I said it myself, but I did not say it to Mr. Redgrave; I did not say it to him; I said it when I was sitting at the table just now.

1695. I understood it the other way?—No, no; I never said anything of the kind to Mr. Redgrave; I certainly did not say it to him.

1696. Have you received any monies from them since the closing of the original transaction?—No, not a farthing.

1697. Nor any promise of money of any sort or kind?—No.

Mr. *Ascroft.*

1698. Just a moment, please. I see on 27th October 1894 you write in a postscript; "Perhaps I may as well mention that by Mr. Walsh, the solicitor's advice, I wrote particulars some time before I wrote to you to Mr. Labouchere, and he will (if I choose, and do not mind my name being used), as he puts it, 'take the case up'; but I do object to my name transpiring"?—Yes.

1699. You objected only to your name transpiring?—Yes, all throughout.

1700. On 21st November 1894 you wrote, "You will see that the Fieldings have been paid over and over again the money (*i.e.*, 33*l.*)——"?—That is a mistake; it should be 34*l.*

1701. "Though called by them 50*l.* I had from them, and Mr. Walsh, the solicitor, said about 100 per cent. interest besides"?—Yes, that is what I said, and at that time I stated I was very discontented.

1702. Now, I suppose you feel very grateful to Messrs. Fielding for charging this 100 per cent.?—I feel grateful to them for reducing the charges.

Mr. ISAAC SAMUEL, sworn; and Examined.

Chairman.

1703. You are Managing Director of Fieldings, Limited?—Yes

1704. The head office of that company is at Cardiff?—That is so.

1705. Is that your advertisement (*handing same to the Witness*)?—Yes, that is one of them.

1706. You commence this advertisement by stating, "Why pay fees, fines, and unnecessary expenses?"—Yes, I do not know the date of that.

1707. As a matter of fact you commence your advertisement by that statement?—I do not know the date of that; our advertisement has been varied on different occasions.

1708. The date of it is June 1897?—June 1897.

1709. Now you commence that advertisement, which appears in the "Oxford Journal," by the statement, "Why pay fees, fines, and unnecessary expenses?"—At that period we did not charge fees or fines, and we have never charged fines.

1710. I am speaking of fees first. Do you say you charge no fees?—No, not now.

1711. When did you give it up?—We have only at any time charged a little for travelling expenses.

Chairman—continued.

1712. Now, will you please answer the question. When did your firm give up the practice of taking fees preliminary to the loan being granted?—This couple of years, I believe; but we charge what we term travelling expenses, which comes under the designation of fees.

1713. May I take it that the statements contained in this advertisement represent the lines on which your business is conducted?—I have not read that advertisement.

1714. Will you please read it (*handing same to Witness*)?—Generally speaking.

1715. Of course, it goes without saying, that a firm like yours would not put in an advertisement on any other lines than those on which they do conduct their business?—I mean to say that an advertisement is a little flowery, to use a term; but on those lines we have always carried on our business.

1716. How many branches have you in the United Kingdom?—About 11; 11 or 12.

1717. Are they all controlled by the head office at Cardiff?—Not the detail work of the office. Each manager is allowed a latitude to carry on the office according to his discretion,

Chairman—continued.

tion, and he reports at the end of the week the business done.

1718. That means that the whole business is controlled by the head office at Cardiff to which—— ?

1719. The branch office makes reports?—Yes, the branch office makes reports.

1720. When was Fieldings registered?—In 1889. As Fielding and Company it was registered in 1889; they simply altered their title; they abbreviated it; so, practically speaking, we were registered in 1889; we simply abbreviated the name.

1721. You simply abbreviated the name?—Yes, from "I. S. Fielding and Company" to "Fieldings, Limited."

1722. Is there any "Fielding" in the firm at all?—No.

1723. Who was Mr. I. S. Fielding?—If you will allow me to explain, when I opened business there was another person in the same town of the same name as myself, and not to confuse the two offices, I traded under the name of I. S. (Isaac Samuel) Fielding, and when we decided to amalgamate our concerns and register it, we registered "I. S. Fielding."

1724. Is that one of the prospectuses of "Fieldings, Limited" (*handing same to the Witness*)?—Yes. It is hardly a prospectus; it is, well—— ?

1725. "Well;" what?—Well, it is a prospectus. I thought a "prospectus" would mean a formation of a company.

1726. Oh, no. Is that a prospectus issued to the public?—It is a circular that has been issued to the public.

1727. Have you any connection with the Charing Cross Bank?—No.

1728. Will you listen to this extract from your prospectus: "Nearly all the existing banks and similar institutions appeal only to the higher class of merchants, traders, and private persons, leaving almost without banking or borrowing assistance a very large and important class of professional men, tradesmen, and others, who equally need the facility of banking or temporary advances, but who cannot afford to submit to the terms imposed by the great joint-stock banks, and it is to this latter class of persons chiefly that this company extends its system of deposit accounts." That is in your prospectus?—Yes.

1729. Did you copy that from the Charing Cross Bank prospectus?—I do not know where it was copied from; I did not compose it.

1730. Then listen to this. This is from the Charing Cross Bank. "Nearly all the existing institutions, however, appeal to the higher class of merchants, traders and private persons leaving almost without banking or borrowing assistance a very large and important class of professional men, tradesmen and others, who equally need the facility of banking or temporary advances, but who cannot afford to submit to the terms imposed by the great joint-stock banks, and it is to this latter class of persons chiefly that this bank seeks to extend the system of banking." That is word for word what is in your prospectus?—Yes.

1731. Did you take it from the Charing Cross Bank prospectus?—I expect so.

1732. Does not that show a great lack of originality on the part of "Fieldings, Limited"?—That is so.

1733. But you say there is no connection between you and the Charing Cross Bank?—None at all.

1734. In this prospectus you quote the names of well-known banking institutions, such as the London Joint Stock Bank, the London and Provincial Bank, Parrs' and Alliance Bank; the London and County Bank, giving the "nominal amount of shares" and "the amount paid up" and the "market price." Now what is your object in the prospectus of this firm in quoting these high class institutions: is it done in order to make the public believe your company occupies a precisely similar position in the banking world as these banks occupy?—Oh, no.

1735. What is the object of it?—There is no special object; we invited deposits, and we simply stated that these banks paid a certain percentage, and therefore on the lines of those ours would pay a certain percentage, and we could afford to pay 5 per cent. on deposits.

1736. I suppose you intended to lead them to suppose you offered the same security for the money deposited by the public?—Oh, no.

1737. Then what was the object; why should you in a money-lending prospectus introduce the names of these leading banking firms that are known the whole world over into your prospectus?—Simply to show a comparison of what is paid on banking business, and that we could afford to pay the interest we offered to depositors.

1738. In joint-stock banks the shareholders have some sort of control, have not they?—Simply at an annual meeting; I do not suppose they have much control, the directors' control.

1739. How many shareholders have you?—We have about nine or ten; it is practically myself and relatives.

1740. I know; all in the same family?—Yes.

1741. Therefore, at all events, you have not the control of the shareholders such as these other banks possess?—I do not quite catch your remark.

1742. In your case, you have not the control of the shareholders in the same sense in which these other banks have?—Well, we have our shareholders' meetings, and, of course, the majority of the shares—in fact, all the shares are in our own names.

1743. Do you mean to convey to the Committee that the meeting of a family party (as yours is) is anything resembling a meeting of shareholders of the London Joint Stock Bank, or any of those banks?—Oh, no.

1744. Have your directors power to appoint other directors in their places without consulting the shareholders?—Yes, I think so.

1745. Is that the same as other banks?—Yes, other banks appoint their directors until the annual meeting.

1746. I know what happens at an annual meeting?—When their election is confirmed?

1747. Quite so. You say the depositors are practically shareholders in your company in this prospectus, and that is printed in large type. What do you mean by that?—Simply that they receive

Chairman—continued.

receive the interest, and that that carries no responsibility as far as the hazardous part of the business is concerned.

1748. They are simply depositors?—They are simply depositors.

1749. In this prospectus again you quote at the top of page 3 an article from a paper called the "Christian Union." Can you tell me where that newspaper is published?—Well, we had an advertisement in it some years ago. I do not know where it is published. It is published in London somewhere; we sent them an advertisement and it was inserted and it was issued.

1750. Are you still continuing that advertisement?—No.

1751. When did you drop it?—I do not think we carried it beyond one or two advertisements, because we had no results from it.

1752. Are you aware that it is quite impossible to find out anything about this "Christian Union," where it is published or anything else; the wholesale trade know nothing of it?—I believe I could produce the cheque we sent; and we got a copy of the paper.

1753. You put an advertisement in this "Christian Union" and the advertisement produced this article which you quote?—The advertisement went in first.

1754. I quite admit that. Did you take any number of copies to circulate?—No.

1755. You simply took the quotation out of it and used that in your prospectus?—Exactly.

1756. Are you still issuing this prospectus or this circular?—No.

1757. When did you stop?—We made one issue and stopped.

1758. When was that?—We made one large issue. If a person wrote for one we might send him one, but we do not issue them now.

1759. But you do not know whether the "Christian Union" is in existence now or not?—No.

1760. In the prospectus you state that "the facilities offered by the company for the safe investment of money at a reasonable rate of interest"; you also state that you allow "interest based upon the ruling value of money"?—We state what we allow interest upon, and we state the terms and the interest we allow.

1761. You do not apply that rule to the interest charged upon loans, do you?—No, we do not.

1762. The ruling value of money has nothing to do with it?—The ruling value of money is what they can receive at any bank, and that is about 1½ or 2 per cent.

1763. Your view is that 5 per cent. per annum should be paid for the use of money by Fielding & Co., while those who apply to Fielding & Co. for money should pay 60 per cent. or even higher?—Because there is a difference in the risk; they are quite safe with their money for 5 per cent.

1764. That is money affecting depositors; their opinion might not be the same as yours?—Then they do not need to deposit. I say they are quite safe in investing with us at 5 per cent. If we lend out at 60, or in the Oxford case at 59 per cent. as it works out, we take the risk and we give them their interest clear.

1765. What is the rate you charge in Croydon, to the working classes there?—We charge so much on the transaction; we do not charge interest. Suppose they borrow 5*l.*, we say: So much will be added to that for interest. We never say "percentage"; we tell them exactly the amount they will have to pay.

1766. Now I come to the case of this Oxford lady. Now I am going to take you through the account you have handed to me, if you please. When was it that this lady had her first transaction with you. I may state that I considered this lady's evidence so unsatisfactory that I stopped examining her. I saw there was no use pressing her, and I felt that we must get the actual facts from you?—Yes, sir.

1767. Now we come to this: When was it that this lady had her first transaction with Fielding and Company Limited?—March 3rd, 1893. If you like to look at *this*, this proves the date to be accurate.

1768. I am quite satisfied with what you say as to the dates; what was her application for?—I could not tell you what her application was for; I can tell you how much she received. You see, we did not get that sent down to the head office.

1769. Did you hear her state here to the Committee that it was for 30*l.*?—I caught that, but I could not hear all she said, because it did not carry to the part of the room I was standing at.

1770. Her evidence amounted to this; that she applied for a loan of 30*l.* in March 1893, and that she was pressed to take 50*l.*?—Yes; but that is not quite correct as far as my knowledge goes, because we would not press her to take 50*l.* If she applied for 30*l.* she would receive 30*l.*; we charge on 30*l.* I cannot say what took place with the person who carried through the transaction with the Oxford lady. She is not a lodging-house keeper, as has been stated; she is an educated lady and knows what she is about; quite different to how Mr. Farrow put it.

1771. My point is this: She gave evidence here to-day (so far she was perfectly clear), that she applied for 30*l.*, and that your agent in Oxford pressed her to take 50*l.* Would this not be the reason of it, that if she wanted 30*l.* cash she would require to take 50*l.* in order to get that much cash?—No, because we add the charges to it; we do not always deduct them. If the person applies for a loan of 30*l.* we say the interest is so much, and the two sums make a total of so much; we do not always deduct it.

1772. Did you deduct it in this case?—The amount advanced on that date was 34*l.* 10*s.*, making a sum of 50*l.* to repay at the end of three months.

1773. Does not that exactly bear out what I was putting to you, that if this lady wished to have 30*l.* in cash (that she required that amount of actual cash), your agent must have said to her, "If you desire 30*l.* in cash, you must take a loan of 50*l.*"?—Not necessarily so. He could say,

Chairman—continued.

say, The loans and the charges added together make a total of so much.

1774. It is the same thing?—It is the same thing.

1775. As a matter of fact the charges were not added; they were deducted?—In taking a bill for 50*l.* the charges are deducted, but as a matter of conversation and arranging terms, we can say to the person who is applying, We will add so much and it will make so much; it amounts to the same thing I know.

1776. What I made out from the lady's own evidence is this: she wished for 30*l.* (I am not saying whether it was right or wrong), your agent instead of giving her a loan of 30*l.*, deducting the interest from it or adding the interest to it, pressed her to take 50*l.*, and he stopped out of that: how much?—£15. 10*s.*

1777. Now did the surveyor charge 3*l.* 10*s.* for preliminary fees and expenses?—No.

1778. What did he charge?—If you will allow me to explain, Mr. Beechy is not an employee of Fielding's; he is a commission agent, who when he introduces business, gets 5 per cent. or 2½ commission for introducing the business.

1779. What is Mr. Beechy in the first place?—He is a commission agent living at Oxford, but he has never been in Fielding's employ whatever; he simply introduces business, and we pay him commission. Here is a copy of a letter I have got from Mr. Beechy. That is a copy of the letter sent by Mrs. Russell to Beechy on February 27th 1893. This is a copy; Mr. Beechy has the original and will not give it to us: February 27th, 1893, from Mrs. Russell. "Dear sir,—I have got home late (9.45 p.m.), so only just found letter and form enclosed; the form filled up and the sovereign" (that is not "3*l.* 10*s.*," that is "a sovereign." The rest is about the trains) "will be here for your cashier when he calls. There is a train leaves Reading at 11.4 a.m., getting to Oxford at 11.50. I shall remain in the house from 12.30 till 1.45 to see him, or I can if you prefer it call on you at 12 noon. If you wish me to do so you must please wire early to-morrow morning. If I do not get a wire before 10 a.m. I shall conclude you abide by the first arrangement, and will go out till 12.30. If you wire I shall of course pay the 6*d.*" Will you allow me to say we did not have an office at Oxford at that time; we worked it from our Reading branch, and our manager from Reading went across.

Mr. *Garfit.*

1780. She said he took back 15*l.* and two sovereigns, and afterwards gave her back 10*s.*?—The person who carried out the transaction is dead.

Mr. *A. K. Loyd.*

1781. What was his name?—L. Samuel; but I have got a copy of the cash accounts at that date.

Chairman.

1782. One moment, before you pass from this: Is it your case that a preliminary fee of one pound was charged by your agent?—No, we do not know of it. Beechy charged it, and we got to know of it by subsequent events; but he ought only to have asked for the train fare from Reading to Oxford, and perhaps a shilling or two over to cover "out of pockets." You see, until we do the transaction we do not know Mrs. Russell. Mr. Beechy writes to us and says: I have got a person who wants to borrow certain moneys; then we appear on the scene, and we do not know what has taken place before.

1783. Then I understand that you propose to throw over all responsibility for anything this commission agent has done?—Except the sovereign, with which we were conversant; we know of the sovereign, but we know nothing of the 3*l.* 10*s.*

1784. But there was a sovereign, you admit?—I say we know of that; we admit that.

1785. Yet your advertisement states that there are no fees?—That is a subsequent advertisement, sir.

1786. Never mind; your advertisement asks people why they pay fees and fines and unnecessary expenses to other money lenders?—But this took place in 1893, and our advertisement is 1897, and we have ceased to charge fees; we have never charged fines.

Mr. *Thomas Bayley.*

1787. You have never charged fines?—Never charged fines; or course, unless you classify the words "interest" and "fines" as synonymous.

Mr. *Ascroft.*

1788. What do you call it: interest or bonus?—"Fines" means if a person is in arrear.

1789. I know what it means; what do you call it?—"Further interest." The difference between that and fines is this: many persons charge a penny on each shilling, fines, if they do not pay the weekly instalment to date.

Chairman.

1790. Do you draw a distinction between "default interest" and "fines"?—Yes, if you will allow me to tell you——

1791. I know. I only want an answer to this question: What other people call "fines" you call "default interest"?—No. What is generally called "fines" is this: Suppose a person had to pay 5*s.*, and did not pay it on Monday, perhaps on Wednesday he would be charged five halfpennies or five pennies; but when the account is due on a cartain date, and they do not pay it we charge further interest for agreed further time.

1792. You granted this money at all events; the surveyor took back 1*l.*, and 1*l.* 10*s.* for expenses, 34*l.* 10*s.* he gave in cash?—£34 10*s.* he gave in cash; but the pound was paid to Beechy.

1793. Did you get as security this list of plate that you have handed in to me?—Yes. You see, she was a married lady, and her promissory note was of no value whatever. That was the only security we had; we could not sue her, she being a married woman living with her husband. She said the plate was hers, and we accepted it as security. We had nothing else.

1794. Does your firm carry on business as pawnbrokers?—No.

1795. Have you taken out any licence authorising you to lend money on silver?—Any sum above

Chairman—continued.

above 10*l.* is out of the Pawnbrokers' Act, and does not require a licence.

1796. Have you taken out any licence for that?—No, because we are not pawnbrokers.

1797. That is what I want to find out?—You need not be a pawnbroker to lend above 10*l.*

Mr. *Ascroft.*

1798. That is not the question The question is: have you taken out a licence?—No.

Chairman.

1799. The actual interest of 15*l.* which you stopped on 50*l.* for three months is what?—Well, I believe it is 179*l.* per cent.

1800. I think you are over the mark?—Well, I believe it is that. I have not worked it out to a nicety.

1801. That is really what you charged on the first transaction, 179*l.* per cent. What did the lady pay; will you give me the dates and the amounts that she paid?—Yes.

1802. When did she commence paying?—I have handed in a copy of the account. She commenced on 22nd June 1893, 5*l.*, on 12th August she paid 2*l.*; 22nd September, 5*l.* 10*s.*; 20th November, 5*l.*; 13th December, 3*l.*; and January 1894 it was re-arranged with a balance of 42*l.*

1803. How much had been paid up to December?—£20*l.* 10*s.* I have the ledger here if it is doubted.

1804. I will ask you for that when I want it. Then what took place in January 1894?—There was a balance of 42*l.* She had a further sum of 4*l.*, making 46*l.*; and a further interest was charged of 21*l.*, making 67*l.*

Mr. *A. K. Loyd.*

1805. Interest on what?—Interest on the 46*l.*

1806. Interest charged in advance?—Yes.

1807. How much?—£21.

Mr. *Garfit.*

1808. What was the date; how long was it for; three months?—It was created on 3rd March 1893; it was finished paying 23rd June 1896.

Chairman.

1809. Three years?—Three years and four months, less a few days.

Mr. *Price.*

1810. How long was the contract for for which you charged 21*l.*?—At 5*l.* a month; the 67*l.* is 13 months and a-half; you see that is a lump sum charged, not per annum. We knew very well she would not keep to those repayments, because she had never done so.

Chairman.

1811. We have got to the point of 67*l.* being due in January 1894?—No, re-arranged in January 1894.

1812. The original loan was 34*l.* in cash?—£34 10*s.*

1813. Thirty-four pounds ten shillings; she repaid, on your own showing, 20*l.* 10*s.* of that?—Yes

Chairman—continued.

1814. And the 34*l.* had become 67*l.* in January 1894?—With 4*l.* added.

1815. A further loan of 4*l.*?—Yes.

1816. What happened on the 1st January 1894?—She paid on the 15th February 1894, 5*l.* (it was due 9th February); 19th March, 2*l.*; 18th April, 3*l.*; 3rd May, 3*l.*; 3rd May, 2*l.*; 23rd June, 5*l.*; 22nd August, 5*l.*; 17th October, 2*l.*; 26th October, 1*l.*; 7th November, 1*l.*; 28th November, 1*l.*; 5th June 1895, 1*l.* 10*s.*; 26th July, 3*l.*; 23rd September, 1*l.*; 9th October, 10*s.*; 19th, 20*s.*; 30th, 10*s.* (total, 2*l.*); 6th November, 10*s.*; 29th, 10*s.* (total, 1*l.*); 8th January 1896, 20*s.*; 16th, 10*s.*; 21st, 10*s.* (total, 2*l.*); 4th February, 20*s.*; 15th, 20*s.*; 29th, 20*s.* (total, 3*l.*); 18th March, 20*s.*; 30th, 20*s.* (total, 2*l.*); 21st April, 1*l.*; 7th May, 1*l.*, 23rd June, by cash, 22*l.*

1817. Eliminating the 22*l.*, how much did she pay?—£47 10*s.*

1818. £47 10*s.* of the 67*l.*?—Yes.

1819. Then she paid 22*l.*?—Yes. That 22*l.* covered the extra charge of 2*l.* 10*s.* to date.

1820. The whole money that passed here to this lady was 34*l.* 10*s.*?—£38 10*s.*

1821. Oh, yes, the additional 4*l.*; you are quite right; in this period of three years, as I take it, not on her evidence or on Mr. Farrow's evidence at all, but on yours, the whole money that passed from Fielding's, Limited, to this lady was 38*l.* 10*s.*?—Yes, sir.

1822. How much did you get from her altogether?—Well, it is in that sheet, 89*l.* to 90*l.*; it is in that account I have just handed in.

1823. You got 90*l.* for 38*l.* 10*s.* Now will you tell me what rate of interest that amounts to?—Under 59 per cent. for the time she had the money, and here is the certificate of two accountants.

1824. Stop now; I know your certificates?—It is under 59.

Mr. *Ascroft.*

1825. After giving credit for the sums paid monthly?—Yes, day by day interest. It is worked out there if you like to have it. This is worked out on a basis of 60 per cent., and it is 1*l.* 11*s.* 10*d.* less than 60 per cent. There is a difference between that and Mr. Farrow's calculation of 4,941. Could I have Mr. Farrow's statement to test it? The statement has gone abroad on Mr. Farrow's word that we charge 5,000 per cent.; we produce the certificates of auditors and accountants to the contrary.

1826. I suppose you would charge 5,000 per cent. if you could get it?—No.

1827. Where do you draw the line?—Our percentage averages about 60.

1828. What is the highest?—Well, you see, we do not——

1829. I do not want to "see" anything; I want to know the highest percentage you charge?—If you will allow me just to say this——

1830. Give me the figures first and then say what you like, 500?—No.

1831. Three hundred?—It may be under 200; it may go up to 200.

Mr. *Ascroft*—continued.

1832. May it not go a little bit more than 200?—It may work out a little higher.

1833. Are you prepared to take your oath that on no occasion have you ever charged 500 per cent. interest?—No.

1834. Are you prepared to swear you have never charged 1,000 per cent. interest, on your oath. I will go further: Are you prepared to swear you have never charged 1,500 per cent.?—I do not think we have.

1835. Will you swear it?—I could not swear.

1836. Will you swear that you have not charged 2,000 per cent. interest?—I do not think we have, but will you allow me to say this: we never calculate interest except on a bill of sale. If a person comes to borrow 100*l.*, we say so much on the transaction; we never calculate interest, and therefore I could not swear to something I am not fully sure of.

Chairman.

1837. In the case of these borrowers, do they have pass-books showing what the repayments are?—Yes.

1838. Each borrower has a pass-book?—Each borrower has a pass-book, unless it is a three months' bill, or a six months' bill due in one sum at maturity.

1839. Had this lady a pass-book?—Yes, I believe so She should have had one, and I believe she said she had one.

1840. Do you do anything in the hire and purchase agreement line?—We do not now; not this last three or four years.

1841. You seem to have dropped a considerable part of your arrangements during the last three or four years; what was the cause of that?—There was a decision in a law case in which it was decided that you could purchase a person's goods and re-sell them to them on the hire system. While that decision was upheld we took hire agreements. There was a later decision in which it was decided that they were not proper legal documents, and we ceased to take hire agreements from that date.

1842. Did you hear the evidence given by the Receiver of the Hereford Court of Bankruptcy?—Yes.

Mr. *Warr.*

1843. Am I right in saying that you have eight shareholders in your company now?—I think it is eight or nine. I would not like to be positive.

1844. Is there any liability upon the shares held by them?—Upon some of them.

1845. What amount of liability is there upon the shares that are allotted?—Up to the date of our last balance sheet.

1846. Yes?—£.7,981 18*s.* 3*d.*

1847. Unpaid?—Unpaid.

1848. Up to 1897 is that?—1st November 1896.

1849. All the shareholders bear the name of Samuel, do not they; your name, except two ladies, who own one share between them?—Yes. May I say here that Mr. Farrow's statement as to the names of the Directors is very inaccurate, because he gives you the names of two

Mr. *Warr*—continued.

persons; one who was never a director and died in 1894, and the other who was a director and died in 1893, yet in the year 1897 he puts forward their names as directors at the present moment.

1850. You appear to consider that a very large and important class of professional men, tradesmen and others, are unable to obtain the banking facilities that they want in the ordinary channels?—Exactly.

1851. Is your business generally confined to professional men?—Well, we do a large amount of business with professional men.

1852. What class of professional men?—We have clients on our book who are magistrates, solicitors, architects, and all classes of professions.

1853. Then, among the poorer classes, do you have a large amount there?—We have in certain districts; not in every district.

1854. Do you do much business with undergraduates at Oxford?—Not that I am aware of; I do not think so.

1855. Do you think you do no business with undergraduates?—I do not think so; I could not remember every customer's occupation right off.

1856. Do you make a practice of sending your circulars to undergraduates?—No, we never send circulars to undergraduates. As far as Oxford is concerned our business is of a small nature, not of a large nature.

1857. I see you point out in your circular the dangers that shareholders are exposed to by reason of being shareholders in the nine leading English banks?—The danger?

1858. Yes, the danger; you point out to them that they are liable to calls?—Yes, shareholders.

1859. Therefore you point out to them the danger, for instance, of holding shares in the London and Westminster Bank?—I do not specify that; but locally we have had two bank failures and that has caused great distrust in South Wales, and upon those failures I base that remark.

1860. But you instance here these nine leading English banks?—It would not apply to them; it is applied locally. In South Wales hundreds of shareholders have been ruined by the failure of the National Bank of Wales.

1861. It is with reference to these nine banks that you point out the difference between the nominal value of the amount paid up and the amount that they are subject at any time to have to pay in calls?—If the calls are not paid up they are subject to having to pay them.

1862. With reference to these nine banks; then I think you go on to point out that "Fieldings, Limited," allow much greater advantages than any of these banks, and that the depositors with Fieldings are not subject to the liability for calls?—Well, depositors are not subject to calls.

1863. And then you quote the opinion of "The Christian Union," to which the Chairman has referred?—Yes; I was not aware that that paper was defunct.

1864. Does every applicant for an advance

Mr. *Warr*—continued.

receive one of these circulars?—No, we do not use it. It was simply a special issue for depositors: but we only issued it once (once only); and if one has gone out since it has been simply in answer to an application, and not as a matter of issue.

1865. What kind of securities are you in the habit of taking; do you find it convenient to take warrants of attorney?—No, we do not take warrants of attorney.

1866. You never take warrants of attorney?—Not since the company's existence. As a private individual before the company was formed I took about half-a-dozen, but I dropped them; I did not continue it.

1867. Can you tell me, as an expert in these matters, whether warrants of attorney are much used?—I do not think so. We never had one, as far as Fieldings, Limited, are concerned; we never use them.

1868. Bills of sale, I suppose, you use frequently?—Out of 34,344 transactions we have taken 227 bills of sale.

Mr. *Thomas Bayley.*

1869. For how long out of 34,344 transactions ranging over a period of 7½ years we have taken 227 bills of sale?——

Mr. *Warr.*

1870. Two hundred and twenty-seven?—In 7½ years.

1871. So that bills of sale are hardly usual securities with you?—We do not care for them at all.

1872. What kind of securities do you care for as such?—Promissory notes; promissory notes we generally take.

1873. Promissory notes with single names?—With single names. In some cases there are second names; for instance, if the person who borrows is a non-householder we ask for a second to sign with him.

1874. Do you always make your promissory notes negotiable?—No. I will give you one of ours if you would like to see it (*handing in a copy*).

1875. Yes, you make them negotiable?—We never do so in words, sir.

1876. From your point of view, as you use bills of sale so seldom, would you mind seeing them abolished as securities for money?—Not at all. Will you allow me to say here that this is our form of bill of sale. There the endorsement is "Bill of Sale" in large type (*handing in a specimen.*)

1877. Yes; that is so?—That is printed in the name of I. S. Fielding and Company, Limited, our old one.

Chairman.

1878. At the same time, I am bound to say that a person when signing this may never see the outside of it at all?—Exactly; but the front page is in the statutory form, and we must not depart from it.

1879. If I was asked to sign this, it does not follow that I should see that at all?—We must not deviate from the authorised form on the other side.

1880. You are talking about the "Bill of Sale" being in large type. If that were put before me to sign, I mean there is no reason why I should ever see that large type at all?—But we must have it in the authorised form on the other side; we are bound to keep to the statutory form.

Chairman—continued.

1881. I know that; but it is no protection to people to have this on the other side?—We cannot help that.

Mr. *Warr.*

1882. Do you avail yourselves much of life insurance policies?—In a small degree.

1883. Do you always insure with one company?—Well, you see they bring us the policy; we do not ask them to insure.

1884. You do not ask them to insure?—No; we might in an isolated case.

1885. Well, you require them to give a policy of insurance?—They have a policy in existence when we lend on it; there is no value in a new policy.

1886. If you ask for a policy of insurance and there is not one in existence, are you agent for any insurance company?—One of my brothers is; but we never ask.

1887. What company is he agent for?—I think it is the London and Lancashire.

1888. The London and Lancashire?—I think so.

1889. Have you any special agent in connection with life insurance except your brother?—Well, I am insured myself on a life policy, and when I took out my insurance they begged me to take out an agency as well; I have never introduced a halfpenny of business to them; I do not know whether you would call me a life assurance agent at all.

1890. Do you avail yourselves of garnishee orders at all?—No.

1891. You have never had occasion to use garnishee orders?—We have only had occasion once out of all these transactions to take out a garnishee order, and then we compromised it before we put it in force.

1892. Well, you have given your evidence very frankly with regard to the rate of interest; may we take it that 60 per cent is your normal rate of interest?—Yes, you may.

1893. I may take it so?—Yes. But if you will allow me, I should like to say this: that in the six years working, which our books will bear out, we lent out ——

Mr. *Thomas Bayley.*

1894. Is that from the commencement, when you started in 1889?—We did not make up these in 1889–90; but from 1890 to 1896 we have them made out; and these are extracts certified:—We lent out 459,094*l.*, and it works out to a gross per-centage of 32·954.

Mr. *Warr.*

1895. This is on the working of your whole business?—The money-lending business only.

Chairman.

1896. I wish to ask you a question as to this interest in the Oxford case. You say it worked out on the whole at something under 59 per cent.?—Yes.

1897. Now,

Chairman—continued.

1897. Now, do I understand that you proceed upon your calculation upon the lines of calculating interest for the lent money and for the interest upon interest during the whole period?—No; on the basis of the 38*l.* 10*s.* advanced, as it is made up in the account.

1898. For the whole period?—For the whole period of three years and four months.

1899. But she had paid a great deal of money upon that?—We give her credit for that. It is day by day interest.

1900. It is not interest upon interest?—No. I was going to say our gross percentage for the six years comes to a fraction under 33 per cent.; our expenses were 11 per cent., and our losses were 11 per cent. on 459,094*l.*, but our gross profit was 32·954 per cent.

1901. Your gross interest, you mean?—Yes, our gross interest; we call it "profit." Our expenses were 10·969 per cent.; our losses were 11·062 per cent., leaving a net profit of 11·006 per cent., and this is certified by two accountants. I am quite willing to hand it in.

1902. I suppose you put in your balance sheets; you have issued balance sheets each year?—Yes, I have them here.

1903. Put them in?—Shall I hand this in. This is the certified account.

Mr. *Ascroft.*

1904–5. Do any of your firm take out an auctioneer's license?—Would you allow me to put in a remark here in reference to the basis. In the seven and a-half years' work we received in fees, or travelling expenses, 3,385*l.* 2*s.* 3*d.*, and the travelling expenses incurred during the same period were 6,194*l.* 14*s.* 3*d.*, a loss to the company of 2,809*l.* 12*s.* I will hand this in, if you wish, sir.

Chairman.

1906. What is that?—You see we are accused of taking fees, and I say, according to our books (which are certified), in the 7½ years' work we received from people for travelling expenses a sum of 3,385*l.* 2*s.* 3*d.*; and the total travelling expenses incurred were 6,194*l.* 14*s.* 3*d.*, leaving a loss to the company during that period of 2,809*l.* 12*s.*; I hand that in.

Mr. *Ascroft.*

1907. Do any of your firm take out an auctioneer's license?—One has taken it out in his individual capacity; it has nothing to do with the firm.

1908. Is he in the habit of selling goods seized in execution by Fielding and Company?—No.

1909. Has he never done so?—Never done so.

1910. Have you any sale-room?—No.

1911. Have you any manufactories of any kind?—We are in the furniture line, and we manufacture same.

1912. In the watch line, the bicycle line, and other lines mentioned in your prospectus?—Yes, we sell, but do not manufacture watches or bicycles, but we sell them.

1913. You do not manufacture anything?—Oh, yes, we manufacture furniture.

Mr. *Ascroft*—continued.

1914. Can you give us any account of the number of legal proceedings that you have issued during the six years?—Yes, out of the 34,344 transactions the total number of debtors sued is 4,694.

1915. Now can you tell me how those have been sued; how many in the County Court, how many in the High Court?—That I could not.

1916. Where have you got that list from?—From our books.

1917. Do not your books show what proceedings were taken?—Yes, but I did not know what to prepare.

1918. Would you be prepared to furnish the Committee with the different courts from which those proceedings have issued?—Yes, I can get that if I have sufficient time; of course I did not know what to prepare.

1919. Can you tell me how many households you have broken up and sold?—If you mean executions levied from the county court, I do not believe there is a hundred.

1920. I do not care where it is from?—You mean on bills of sale?

1921. Bill of sale execution, distress warrant, or any other procedure; how many houses have you broken up and sold?—On bills of sale I will tell you: we foreclosed——

1922. Your bills of sale were only 227. I do not want to know about bills of sale at present. Tell me altogether how many houses you have broken up?—When we issue execution in the county court——

1923. Never mind how you do it; but tell me how many have you done. Can you say the number of houses you have broken up by sale?—I could not. I can safely say it is not 200.

1924. Would not your books show?—No, because when we issue execution in the County Court, the County Court officials return the money, and whether they get it by the debtor paying them, or selling the goods, I do not know.

1925. Then I may take it, it is not a matter of any moment to Fieldings', Limited, how many have been broken up?—It is.

1926. Why?—Because we do not like to know that when proceedings are taken they do not find the money, instead of breaking up the home.

1927. You want the money?—Exactly.

1928. Can you tell me how many borrowers you have sent to prison?—I can safely say not a dozen.

1929. Why. Do you avoid that course?—We avoid judgment summonses.

1930. Have you some reason for avoiding them?—Yes, because the judges very rarely commit.

1931. Why?—They have a prejudice against money-lending creditors.

1932. Why should they have a prejudice?—Oh, you must ask them that; I cannot answer that; they have the prejudice.

1933. It is a strictly legal business?—It is.

1934. And you contend the interest charged is moderate?—In proportion to the risk it is.

1935. Then those judges are not acting as they ought to do?—Exactly; we ought to be treated as fairly as any other creditor.

Mr. *Ascroft*—continued.

1936. That is all you wish for, I suppose?—That is all we wish for.

1937. Would you be willing for the law to be altered so that the judge should have the right to calculate whether the interest is fair and reasonable, considering the risks of "Fieldings, Limited," and others?—Yes; but I would not be agreeable to going back over six, seven, or ten years' transactions. If it was not kept within a certain limit you might go back from 1889 up to the present moment if the customer remains on our books.

1938. Why should not you be willing; have you charged some unreasonable rate of interest, considering the risk?—No.

1939. Then what objection could you have to a judge inquiring whether that was reasonable or unreasonable?—For this reason: the general opinion outside those conversant with the business is that they think 5 per cent. is ample to repay the money lender for all the work and risk.

1940. No sensible man thinks that of a money lender; would you be willing for 20 per cent. to be considered ordinary?—According to our figures, charging 60 per cent. leaves us 11 per cent. profit, and that is not unreasonable for the risk and labour attached to it.

1941. You have taken all your management and expenses out of it; they come to a great many thousands a year?—No, they do not; they are very small.

1942. How much do your management expenses come to in the year?—They came, in the seven and a-half years, to 62,205*l.* -*s.* 7*d.*

1943. Nearly 10,000*l.* a year?—Well, it is not 10,000*l.*; it is about three-fourths.

Chairman.

1944. Close on 9,000*l.*?—Yes, it would be.

Mr. *Ascroft.*

1945. Close on 9,000*l.* a year?—Yes; incidental expenses.

1946. Do not you call that a very great sum?—That is all expenses.

1947. I suppose you have considerable expenses in connection with the business?—Yes.

1948. You pay percentages to gentlemen who introduce clients?—Yes.

1949. And, I suppose, you have introducers from all classes of society?—Yes.

1950. I do not know whether you have any Members of Parliament amongst them; Oh! do not be afraid to say, have you?—No, we have not, sir.

Chairman.

1951. Have you got any solicitors on your books?—Yes.

Mr. *Ascroft.*

1952. Have you got any solicitors on your books?—Yes.

1953. Any justices of the peace?—Yes.

1954. Have you members of various clubs in Piccadilly or Pall Mall?—I do not know whether they are in Piccadilly or Pall Mall; but we take their private address and occupation.

1955. Is not that the way a customer is generally introduced to you, by another member of a club?—We do not ask them.

Chairman.

1956. Is it the case, to put it plainly, that you employ a certain number of touts under the name of commission agents?—No, it is not; we do not.

Mr. *Ascroft.*

1957. They are gentlemen who introduce other gentlemen who are unfortunate?—They are not gentlemen; they are commission agents, and men who do that class of business.

1958. What percentage do you pay them?—£. 5. and 2½ per cent. on the amount advanced.

1959. Have you ever paid as much as 100*l.* for the introduction of a customer?—No, we never have done such a large advance.

1960. Fifty pounds?—If it was 1,000*l.* it would be 50*l.*

1961. When you pay that over, do you tell the borrower you are paying 50*l.* to the man who introduced him?—No, but they generally know.

1962. Do you tell him?—No.

1963. You do not tell him?—No. We say we charge so much on the transaction; it is nothing to do with him how much we pay away from that.

1964. Do you keep a ledger account of these men who introduce the men to you?—No, as we pay them we take receipts.

1965. Have you a list?—We have the names in our cash account.

1966. Would you have any objection to prepare a list of those?—I can show you a few of the names here simply with the cash expended.

1967. Give me a few of the names?—Shall I make them public or write them down.

1968. If you write it down I am satisfied, or if you undertake to furnish a list?—If you will allow me just a moment; this is the way we deal with it (*placing a document before the honourable Member*).

1969. Do you receive jewellery on deposit?—Very rarely.

1970. But I see you advertise in your prospectus that you take care of jewellery for people?—Yes, we take care of jewellery.

1971. Do they ever deposit it with you without borrowing money?—No.

1972. Do you consider the rate of interest you charged that good lady; 179 per cent., reasonable, considering you had full security?—We did not have full security.

1973. Had not you the silver plate?—We did not have full security, that is where we differ.

1974. What was the value?—The realisable value, if we had to sell it (that is the realisable value, not her estimate) would be about 20*l.*, or 20 odd pounds; that would be the realisable value if we went to a sale. You must take it it is not all silver; electroplate is the proper term for it.

1975. But 179 per cent. you consider reasonable for that?—We only get 11 per cent. net.

1976. It is not what you get, but what you calculate?—They never pay up to the date: our experience proves that.

1977. After paying what she did, it still came to 179 per cent.; would you consider that a reasonable

Mr. *Ascroft*—continued.

a reasonable rate where you were secured so large an amount of the loan?—We had to pay Beechey a commission upon it.

1978. Pay a commission to whom?—To Beechey, the person who introduced the business.

1979. I understood you to say in answer to the Chairman that you paid no commission; that the commission was got from the lady herself?—No, I did not say that.

1980. Then I was wrong. Do you lend considerable sums to clerks?—Not considerable.

1981. Have you a number of clerks upon your books?—Yes.

1982. Clerks in banks?—Well, if I answered that question the clerks might get discharged.

1983. I will not ask the names; have you clerks at banks?—Very few.

1984. Have you also clerks in the Civil Service?—If we have it is very few.

1985. In the Post Office?—In the Post Office; yes.

1986. Of course you are aware that it is contrary to the rules that these clerks should borrow money?—They break the rules, not we.

1987. You do not mind being parties to their breaking them?—We have the knowledge that they are not allowed by their engagement to borrow.

1988. Are you in the habit of threatening them when the interest is in arrear that you will inform their superior officers?—No.

1989. Have you never done so?—Never.

1990. Never; on no occasion?—Not that I am aware of.

1991. Have you heard of its being done by any money lenders in London?—I do not live in London.

1992. Have you heard of its being done?—I have read it in the newspapers, but it has never been done by our firm. It does not make it true because you read of it.

1993. How many solicitors have your firm?—None.

1994. How many names do you trade under?—One; "Fieldings, Limited."

1995. Entirely; in every one of the eleven branches?—Yes, every one.

1996. Do you know why other money lenders trade under different names?—Yes, I know why they trade, to get a larger number of applications; because one will apply to, say, Mr. Edwards, another to Mr. Thomas, and another to Mr. Jones, and they get a larger number of applications; therefore they get more business.

1997. And do they sometimes recommend one when he is in arrear to go to themselves trading under another name?—I do not know. I can only speak for our own company.

1998. I do not mean a respectable firm like yours; have you not heard of some money-lending firms who will even do that?—I have read it in the papers, but you cannot always rely upon that.

1999. You think, and would consider, that a very improper proceeding?—I do.

2000. A dishonest proceeding?—Well, it is dishonest, because they are recommending themselves from themselves to themselves and getting a new interest.

Mr. *Ascroft*—continued.

2001. Would you see any objection to the amount a bill of sale could be given for being increased?—I would not mind seeing them abolished altogether. They will always lead to litigation, and they are the worst security we can take; we may as well lose the money on a promissory note as on a bill of sale, because in the case of 59 bills of sale (out of the 227) we foreclosed upon, resulting in our losing 48 out of the 59.

2002. I see in your promissory note you do not state the rate of interest on which the loan is lent?—No.

2003. Would you have any objection to the law being altered in that respect, and made compulsory, that the rate of interest should be stated on the face of every promissory note?—I would have objection to this, because 90 per cent. out of the 100 never keep to the agreed date of repayment.

2004. Would you have any objection to the law being altered in that respect?—Yes, because it would mean a calculation on every transaction that would entail about two extra clerks at each office.

2005. You could surely afford that out of 179 per cent. interest?—Not when it works down to 11 per cent. net.

2006. That is not a bad percentage, you know?—11 per cent?

2007. 11 per cent. is not very bad?—Not for a public company, when you read of others paying a good deal more.

2008. You are thinking of the Rand, I am afraid?—Allow me to point out that every customer knows what he has to pay, and what he signs for. We had a large amount of embezzlement at one of our branches some years ago, and when the transaction is done a verification notice is sent stating how much they have to repay. That is sent to each one of them, so that they cannot plead ignorance as to what they have to pay.

2009. When did you abolish hire agreements?—We ceased to take them about 1892. We took a few in 1893, but we attach no value to them at all; we never deal with them, and never utilize them.

2010. Have you been in the habit of lending money on plate or jewellery, or on any goods for sums under 10*l.*?—No.

2011. Have you had no transactions of that kind?—No.

2012. You have had no transactions of that kind?—No, we would have to be licensed if we did.

2013. Do you take proceedings in the Lord Mayor's Court in London?—No.

2014. What court do you proceed in?—The County Court and the High Court; a writ or a summons.

2015. But not in the Lord Mayor's Court?—No.

Chairman.

2016. I have just one question to put: Assuming that this Oxford lady had paid the loan at the end of the three months, and that no further

Chairman—continued.

transaction had taken place, you would have charged for the loan of this money 179 per cent.?—Yes, to her; but it would not leave us that net.

2017. Now one moment. If she had paid the amount borrowed at the end of three months, the rate of interest that you would have charged upon that would have been 179 per cent.?—Yes, I believe so.

Mr. *Thomas Bayley.*

2018. I should like to have an authorised copy of the "Christian Union," if you have got it. Will you kindly let me have it?—I will endeavour to get it.

Mr. *Thomas Bayley*—continued.

2019. And you will put in balance sheets of your company for the last four years, will you?—You do not want the balance sheet; I suppose you want the trading account.

2020. The balance sheet; you have to publish balance sheets, have you not?—No, not a balance sheet.

2021. A trading account, a balance sheet of each year; you publish them, do not you?—We issue them to the shareholders, but we do not publish them; we never get them printed.

2022. If you put a written one in that will do. I do not know that it is necessary by the law to get them printed?—I have the balance sheets here; I do not mind showing them to you.

Thursday, 1st July 1897.

MEMBERS PRESENT:

Mr. Thomas Bayley.	Mr. A. K. Loyd.
Mr. Caldwell.	Mr. Price.
Mr. Garfit.	Mr. T. W. Russell.
Mr. Hazell.	Mr. Warr.

MR. T. W. RUSSELL, IN THE CHAIR.

Mr. ISAAC SAMUEL, re-called; and further Examined.

Witness.] YOU asked me, sir, to bring a certain paper; I have brought it.

Chairman.

2023. What is the paper you refer to?—The "Christian Union."

2024. Yes, will you hand that in; I am very curious to see it, I confess?—And here are some letters as well, Mr. Chairman, from the paper, and the cheque in payment of the advertisement, and I have some copies of our letters to them (*the documents are handed in*).

Mr. *A. K. Loyd.*

2025. You told us, in answer to Question 1723, that the origin of the name of "Fielding" was that you adopted it in order to avoid confusion with another person in business of the same name?—Yes, sir.

2026. That was the origin of the firm of "J. S. Fielding"?—Yes.

2027. Which has since been changed to "Fielding & Co., Limited"?—"Fieldings, Limited."

2028. Did "J. S. Fielding" take over any previous business, or was that the founding of the business, as you term it; the opening of the business?—When it started as J. S. Fielding?

2029. When you took the name of Fielding?—That was the opening of my business.

2030. In the figures that you have given us from time to time you have gone back practically to the beginning of the business of I. S. Fielding & Co.?—No, only back to the time when we registered ourselves as a company.

2031. As a company?—Yes.

2032. How long had you carried on business before you registered yourself as a company?—Individually.

2033. Yes?—Perhaps 10 years or more.

2034. Then Fielding & Co., Limited, did take over a business?—They did not buy a business.

3035. No?—But as I was paid off on one account, I would renew, as it were, or make a further loan for Fielding's instead of for myself.

2036. So that practically you had founded the

Mr. *A. K. Loyd*—continued.

business, and you superintended the change of name?—Yes.

2037. You described the advertisement put forward by the firm as "flowery," is that so?—I said advertisements are usually "flowery."

2038. Is the expression in your advertisement "established over 50 years" one of the expressions you would describe as "flowery"?—You see, my brothers are in the business, and some of them have been established over 20 years.

2039. That is what I was asking you?—Yes, that may be a little stretch.

2040. That is a little stretch?—Yes.

2041. In your advertisement your state "85,000*l.* to lend;" is that an accurate or an exaggerated expression in the advertisement?—No; we lend out more than that in the year.

2042. That is a statement of fact and not merely a puff, is it so?—That is a statement of fact.

2043. That 85,000*l.*, of course, is made up of deposits?—Oh, no; our own capital.

2044. Do you mean to say that this list of shareholders, which consists of eight people of your own name, have got anything like 80,000*l.* between them?—There is over 80,000*l.* in the business; we have banking facilities and our own capital.

2045. By "banking facilities," do you mean credit with those with whom you bank?—An overdraft, I mean.

2046. You have liberty to overdraw with your bankers?—Yes.

2047. Who are your bankers?—The County of Gloucester.

2048. At any rate, the "85,000*l.* to lend" is a true statement?—Yes.

2049. And it is accounted for in the way that you describe?—Yes. Will you let me just say this: We have 80,000*l.* to lend, because during the year we have repayments coming in, and we have quite 80,000*l.* and more to lend during the year.

2050. How came you to resort to the "Christian Union" as the means of an advertisement?—They

Mr. *A. K. Loyd*—continued.

wrote to us. We get applications from papers all over the country asking us to advertise.

2051. A great number of applications?—Oh, yes; every day.

2052. Why did you select that one?—We wanted to get customers from the clergy if we could the same as any other profession, and we tried two advertisements in that paper.

2053. Is that paper described in the press directories as a non-sectarian, religious paper?—I do not know; they sent us a copy of the paper when they applied. I have handed it to the Chairman.

2054. Your idea was to reach as many of the clerical profession as you could, of all kinds?—For the same reason that we advertise in any paper, to reach any person who needs accommodation.

2055. That is the only paper from which you extract a press opinion; that is why I ask you the question?—That is so.

Chairman.

2056. Are you aware whether the paper is in existence now, or not?—Yes. I have a prospectus here showing its connection with 1896, a prospectus issued by Coleman and Company, in which they quote the "Christian Union" of 1896.

Mr. *A. K. Loyd.*

2057. It is published in Salisbury-square, is it not?—There is the address on the note paper, sir; I have a copy of one of our letters in which we say we will not continue the advertisement after the two we paid for, as there were no results accruing to us. We treated it as a commercial matter.

2058. Still, you have this very striking result, that you got a very handsome notice in the paper?—That is so.

2059. The clerical fraternity were led to believe you were their friends, and were giving them facilities they could not get in any other quarter?—We simply said we would lend money to persons requiring the same. We did not say we would be a friend to them; we treat it as a business transaction; we have money to lend, and we are willing to lend it.

2060. It says, "We note that Messrs. Fieldings, Limited, of Cardiff, and elsewhere, are offering from 3, 4, 5, and 6 per cent. interest on deposit. It would have been well if some of the Welsh capitalists had placed their money with this firm instead of with the Liberator Building Society"?—That is what they put in.

2061. That was giving you a very useful notice at this precise juncture?—Well, we can pay 3, 4, 5, and 6 per cent. on deposits safely.

2062. I am not questioning that; you say you got no results from this advertisement, and therefore discontinued it; what results did you anticipate?—Applications for loans.

2063. From the clergy?—From readers of that newspaper.

2064. From the clergy of different denominations?—I say from "readers"; that would include whoever reads it.

2065. But that was the object of resorting to that paper, was it not?—Yes.

Mr. *A. K. Loyd*—continued.

2066. Was your list of clients rather weak in clergy at that time?—Well, if business is slow we advertise in other papers and endeavour to get increased trade.

2067. I suppose you have on your books people of all classes, have you?—Yes.

2068. And of all occupations?—Yes.

2069. You have not got a list, I suppose?—No.

2070. Could you give us about the proportions in which you have these different classes?—No, I could not, because I did not know what to prepare; I could have prepared it.

2071. I am not complaining at all of that; now have you got agents in all these different classes so as to introduce the different classes to you?—I have brought a list of the agents we have in London, as I was requested (by the Chairman, I believe), but we have no agents, as you may term it; we do not appoint agents; we advertise and rely upon our efforts, and if people come to us and say, "If I bring you business, will you give me a commission?" we say "Yes." We are willing to receive offers of business from any person.

2072. Is it part of your method of business to have farmers to introduce other farmers?—No.

2073. Clergy to introduce other clergy?—No.

2074. Or lawyers?—No.

2075. Nothing of that sort?—No.

2076. I suppose there is one classification of your clients that is very obvious, namely, commercial clients and non-commercial clients?—You mean the artizan class and the commercial class; do you mean that, sir?

2077. No. I mean those who wish to employ the loan in some productive purpose and those who want it for some domestic need?—Yes, we have both kinds of those.

2078. I suppose in each of those classes you find there are those who can protect themselves and look after their own interests, and those who have no business capacity whatever?—Well, very rarely; for instance, if a labouring person came to borrow 5*l.* from us, we would say: You will have to repay the sum of 6*l.* or 6*l.* 5*s.* at 5*s.* a week. His intelligence is sufficient to carry him to that extent, that he knows he has to pay 6*l.* 5*s.* at a certain payment per week.

2079. You were saying you found there was a great prejudice against money-lenders in courts of justice?—Yes.

2080. Is not that on account of the revelations of these persons who have shown no business capacity to protect themselves at all?—It is on account of this, that we are treated unfairly. We sell 5*l.* for 6*l.* 5*s.*, and then that is calculated at interest per annum. Now if a butcher sold 5*s.* worth of meat and it cost him 4*s.* that would be a shilling on the transaction; that is 20 per cent. If that was multiplied as you multiply money lenders' interest, that would be 7,000 per cent. per annum.

2081. You claim to be treated as an ordinary tradesman supplying a commodity for which there is a need?—We claim to sell our money, not to lend it out as an investment.

2082. Why did you put in your advertisement, "from

Mr. *A. K. Loyd*—continued

"from 5 per cent." if you did not wish it regarded as interest at all?—For this reason: If a person wants to borrow 500*l.* on mortgage we can introduce him to people who will lend the 500*l.* and we make a small commission in that way. If you will allow me to allow me to say so here, we are endeavouring to make our business as profitable as possible the same as any other trader.

2083. I quite understand that, but your advertisement is: "Money lent at greatly reduced rates"?—Yes.

2084. What do you mean by "greatly reduced rates"?—In comparison to other money lenders' charges.

2085. Now do you call 175 per cent. a reduced rate?—You have taken it per annum, sir.

2086. I know; so do you when you say "at greatly reduced rates"?—No, we do not quote "per annum."

2087. You are complaining of the public judging your business by the rate per cent. and yet you in your own advertisements say this?—No, I meant the Committee, sir, and the public too.

2088. I am asking you about the prejudice against the money lender which you complain of in the Courts?—Yes.

2089. You say it is owing to an unjust way of regarding your business?—Because you see it is thus: there is a short transaction of three months; then you take that per centum per annum. Now we would not think of charging 60*l.* for the twelve months, though we charged 15*l.* for three months. It is a short transaction, and if completed with that it would simply be a certain percentage on one transaction; by converting the short loan into a long one and calculating "per cent." it is unfair; and I will tell you why, sir. When I was working the business myself, a tradesman came to me whom I knew well and said he wanted 30*l.* on the following day; he had a bill that was coming due at the bank, and could not meet it; he had not sufficient funds. I lent it to him for a week for a sovereign with which to meet the bill instead of having the bill returned dishonoured, or any process of law taken against him. If you calculate that sovereign at per centum per annum it amounts to a frightful sum; still I only received a sovereign on the transaction.

2090. What I am pointing out to you is: Do not complain of the public viewing your transactions by the rate per cent. when your advertisements are full of allusions to the rate and reduced rate which you are going to charge them?—In comparison with other money lenders' charges.

2091. Then there is no grievance upon that head at all?—I want to say this. I was a little misunderstood on the last occasion in reference to the fines and interest on deferred payments.

2092. Please do not go on to another point; it is impossible to conduct an examination in that way?—Very good.

2093. Now have you any objection to taking out a licence?—No; it would prevent people who have no money to lend advertising as money lenders. They bring a person who applies to them to us and receive 5 per cent. commission from us. That stamps those persons that we term "fee snatchers" as money lenders when they are not money lenders at all.

Mr. *A. K. Loyd*—continued.

2094. I want to ask you one or two questions upon this point, because you have experience on the matter. These persons whom you have on your books you say belong not only to those who wish to employ the loan in some productive outlay, but persons who want it for a domestic need?—Oh, yes, plenty.

2095. Have not the better class of these persons already generally banking facilities; that is to say, that they keep a banker of their own, people of a better position?—Tradesmen, doctors, and such; but their credit at the bank would not be such as to justify them getting an overdraft, therefore they have to come to people who lend money.

2096. May I take it that the object of your business is to reach those who have not ordinary banking facilities?—Exactly.

2097. I think you say so in your advertisement?—Yes, we do say so.

2098. The reason why a business such as yours exists is to lend money in cases where an ordinary bank probably would not do so?—Exactly.

2099. And is not the risk of doing so the reason why you charged these high rates of interest?—Exactly.

2100. Now, supposing it were possible to define the class of business in which you are embarked, would you have any objection to having to take out a licence to carry on that business?—No.

2101. And supposing that an action was brought upon any transaction of that kind, do you see any objection to the court having power to endorse or to withdraw the licence in case of misconduct?—No. I would go further if you would allow me, and suggest that 500*l.* or 1,000*l.* should be deposited in Consols to prove that the people who advertise as money lenders have the money to lend.

2102. You believe that a good deal of the prejudice that you complain of arises from an abuse of your profession, and not from the proper carrying of it on?—Exactly. I do.

2103. Supposing that by this process of endorsing or of withdrawing a money lender's licences, assuming that we could define the "money lender," would not that clear off a number of these cases upon which the prejudice arises against you?—It would, undoubtedly.

2104. Would the removal of that prejudice possibly improve the terms upon which you could lend?—Yes, it would, because then we would get fair judgments in the county courts that we do not get now.

2105. You do not resort much to the bills of sale, I think you told us?—No, very little, and very little to the county courts in proportion to the business done. I have brought figures as I have been requested to do.

2106. And the warrant of attorney you have nothing to do with?—We have nothing to do with it; nor the Scotch Diligence, whatever that may mean.

Mr. *A. K. Loyd*—continued.

2107. Now the "Summary Diligence." Have you any branch in Scotland?—No, we have an agent there recently appointed.

2108. And you find the promissory note is the most efficacious instrument for carrying on a money-lending business?—It is; but it is not the best of security.

2109. No, but you find it the most workable instrument?—There is less litigation about a promissory note than there is about a bill of sale.

2110. There is no summary procedure upon a bill of sale, and there is upon a promissory note?—Yes, there is; we can take possession upon a bill of sale without going to the courts at all.

2111. But you have got the bills of exchange procedure on your promissory note?—That is eight or 12 days; but supposing a person owed money to us on a bill of sale we could send in the bailiffs if there was any default, and take the goods.

2112. You would have an interpleader?—There is only an interpleader if somebody else claims the goods.

2113. Exactly, that is the whole thing?—Still our remedy to enforce payment is swifter than the eight or 12 days under the Bills of Exchange Act.

2114. At any rate you find the promissory note a more convenient instrument than the bill of sale?—From this point of view, that there is less litigation about it. A bill of sale is open to contention and litigation which we do not desire, because in whatever way it results we always lose by it.

2115. That is what I am saying, you find the promissory note to lend upon a better money-lender's instrument than any other?—Yes, from that point of view.

Mr. *Thomas Bayley.*

2116. I asked you at the end of Tuesday if you had a printed copy of the balance sheet; you said: no, it was not printed?—No.

2117. Has your attention been called to the Act of Parliament of 1862, where it says "a printed copy of such balance sheet shall, seven days previously to such meeting, be served on every member in the manner in which notices are hereinafter directed to be served?—We do send it to them.

2118. A printed copy?—Not a printed copy; a written copy.

2119. Then you are not carrying out the Act of Parliament?—Well, I did not know of that Act. It was said on Tuesday that we ought to hang one up in our office, but that only applies to joint stock banks.

2120. It applies to all joint stock companies?—Yes; I did not know it had to be printed.

2121. There is a form which the Government ask you to fill up each year with the capital of the company, and all particulars. This is the form. Do you fill that up, and send it?—We send a form every year.

2122. As I understand, the paid-up capital of your company is 43,000*l.*; I leave out the odd figures?—The paid-up capital is 44,538*l.*

2123. In the figures you have given us in this

Mr. *Thomas Bayley*—continued.

statement you say for the year 1895 to 1896 that you lent 137,996*l.*?—Yes.

2124. Is that the amount without interest?—That is the amount without interest.

2125. Without interest?—Yes.

2126. Then you add on interest 40,703*l.*?—Yes.

2127. You told us also that you pay interest on deposit; I suppose that is money lent to you, is it not?—Yes.

2128. £12,602 which must come out of that gross profit of 40,703*l.*?—Yes, expenses

2129. The 40,703*l.* is gross profit, is it not?—Yes, that is gross profit.

2130. It rather agrees with your statement here, I think—I have just been looking at it—when you say the average percentage is about 32 per cent.?—Yes.

2131. You get the figures from there?—The figures are correct; that is why they agree.

2132. You make losses 13,036*l.*?—Yes, it gives you the years they are made in.

2133. I am only dealing with this late year?—The last year, 1896?

2134. 1895 to 1896?—Yes, it is so, sir.

2135. Then I forget how much you said was spent in management?—It is there.

2136. It is not here?—Well, management and everything else is included in that.

2137. You told us it was, I think, 7,000*l.*, or 9,000*l.*, or 11,000*l.*?—I quoted from that sheet; I said there are no directors' fees paid, and that covers all the management, advertising, clerks, everything.

2138. About 11,000*l.* Then you finish by saying that the net profit when all expenses are paid, which you can declare as a dividend, I suppose, is 15,423*l.*, and you say that is only 11·176 per cent.?—Yes.

2139. But I make that out on a capital of 44,000*l.* at not 11 per cent.; I make it out to be 33 per cent.?—I will tell you why. We borrow from the bank and we borrow from depositors; that helps to increase our capital; and we get the difference added to the total profits between what we pay for money and what we receive for money.

2140. Then that 15,000*l.*, that 11 per cent., is reckoning all the money you borrowed as if it was capital?—Eleven per cent. is the net profit on the money actually advanced, whether we get it from one source or the other.

2141. The capital of your concern as a limited company is 44,000*l.*?—Yes, then we have banking facilities.

2142. Making a gross profit of 40,000*l.*?—Yes.

2143. A net profit of 15,000*l.*?—Yes.

2144. And that net profit on 40,000*l.*, as I made it, is 33 per cent.?—We have other capital besides our own.

2145. Any bank makes a profit on borrowing money and re-lending it again?—Many banks make more than 11 per cent.

2146. But you make 33 per cent.; you borrow money and lend it again and make 33 per cent. on the banking transaction?—If our credit was not good we could not borrow money, and we would not have that amount to lend out.

2147. I know,

Mr. *Thomas Bayley*—continued.

2147. I know, but your figures are wrong about the 11 per cent., that is what I mean?—Not from the point of view of this commission. Will you allow me to put it in this way: We are subject to a charge of charging a certain per cent. on the money we lend. We have lent out in that period a certain sum, and the net result is 11 per cent.

2148. But you cannot get away from the fact of 44,000*l.* capital for which you lend 137,000*l.* on which you get a gross profit of 40,000*l.*, and a net profit of 15,000*l.*; that is on a capital of 44,000*l.* paid up?—That is so. We get 11 per cent. on money we lend out, but we work our business to advantage by working with a smaller capital by borrowing money at lower rates.

2149. You do a very excellent business; I am not finding fault with it; but the figure you have given of 11 per cent. is absolutely wrong; it is 33 per cent.?—If the allegation is made that we lend out money at a certain percentage, I say the money we lend out leaves us a net percentage of 11 per cent.

2150. On the money you lend out it is on your own statement an average of 33 per cent.; what do you pay for money on deposit?—Three, four, and five per cent. now.

2151. How much do you pay a year for advertising?—I have not brought the figures with me.

2152. Cannot you say?—No, I could not say, because our branches advertise from their own office.

2153. £10,000 a year do you pay for advertising?—£10,000 a year.

2154. Yes?—Oh, no.

2155. £5,000?—It is giving figures at random; I can send it up to you to the very shilling.

2156. What are the occasions of losses chiefly?—Sometimes forgery, sometimes fraud, sometimes false pretences, sometimes the landlord has sold the people's homes up before we issue any process, and, therefore, they are not worth suing; but I can tell you this, sir, that by special losses sustained by false representations, forgeries, and other fraudulent actions, either prior, at time, or subsequent to obtaining the loans, we lost 5,510*l.* 5*s.*

2157. In one year?—No, not in one year. That is losses sustained by the fraud of other people. For instance, it is a very frequent case in Liverpool and down South Wales way for a woman to bring a lodger to sign as her husband, and when we sue on the promissory note it is a forged document and we have to pay the costs. It is a very frequent case for a neighbour to lend some of their furniture to a borrower to enable them to make a nice show, and when we send our surveyor there it looks all right for the money, but they remove it again immediately after the money is advanced.

2158. Have you prosecuted in any of these cases of fraud?—There have been prosecutions; we have not indulged in them because they bring no result; they do not bring the money back.

Chairman.

2159. I suppose in the result you are pretty well satisfied?—The result brings us a net 11 per cent.; we have to provide for it in our charges.

Mr. *Thomas Bayley.*

2160. You handed in yesterday a circular which you send out to each borrower as Fielding and Company?—Yes, sir, and I wish to hand in this book as well (*handing in the same*). The Chairman asked if we gave them each a book.

2161. I notice on the bottom of the circular (it is rather stringent) you say: "If discrepancies are not at all communicated to the secretary at Cardiff" (you see the person does not borrow the money from "the secretary at Cardiff"), "as requested, Fieldings, Limited, will hold their customers liable for the full amount herein notified, and will not, under any circumstances, allow any reduction therefrom, as this notice is forwarded for the special purpose of preventing any and every inaccuracy or irregularity on the part of their employés"?—*This* was the first circular we sent out. When people were advised of irregularities, they went to the person who committed the irregularities, and mentioned it to them, instead of sending it to the head office; therefore we altered it from that form to this form.

2162. Is this for the purpose really, as it states, "of preventing any and every inaccuracy or irregularity on the part of their employés;" is it not rather to get these people not to give the notice; they are very careless on having a notice like this, and you might say, Well, we sent you this notice, and you did not do it at the time, therefore we decline to open up the matter?—The reason for that is this: in Bath, about three years ago, one of our clerks there made a lot of fictitious loans, amounting to over 3,000*l.*, for which he was sentenced to four years' penal servitude. Then it was for the directors to consider how to prevent it in future, and these verification notices were sent out for the purpose; then we found that clerks had embezzled large amounts of repayments. We sent the notice, the borrower went to the office and the clerk said: "I will see it all right;" it is to protect ourselves from our employés; it is a protection against our employés.

Chairman.

2163. In the county court procedure which you are compelled to take do you sue at the place where the promissory note is dated?—We sue at the place where the transaction took place.

2164. That is not an answer to my question?—We are bound to.

2165. That is not an answer to my question: Do you sue at the place where the promissory note is dated?—Yes, unless it is a High Court action.

2166. Are your promissory notes all dated from Cardiff?—Oh, no. The Cardiff business is dated from Cardiff; the Gloucester business is dated from Gloucester; the London business is dated from London, and so on.

2167, You sue at those places where the note is dated?—As a rule.

2168. As a rule?—There may be one exception here and there; I do not know of any. I am speaking of a large volume of business.

2169. What I meant to press you on is this: Supposing a working man borrows money in Croydon (now I am dealing with a typical case),

Chairman—continued.

and he gives you a promissory note for that dated Croydon, would you sue at Croydon?—Yes, if it was dated Croydon.

Mr. *Thomas Bayley.*

2170. I think you take a leading part in Cardiff in public affairs, do not you, and therefore your opinion on the alteration of the law would be of some advantage to us; could you give us any suggestions?—Yes, I have prepared a statement in answer to Mr. Farrow's recommendations, if you will allow me to read it. I would like to read something I have prepared in reference to the promissory notes. Will you allow me to say I was asked on Tuesday whether I had any objection to a promissory note having on the face of it, say, "10*l.*, at so much per cent. per annum," and I said it would be better, and that the promissory note stating 6*l.*, with interest added 7*l.*, was clearer to the borrower than "at per cent. per annum."

2171. There has been a suggestion made to us that the rate of interest should be fixed?—Yes.

2172. That you should not be able to charge more than a certain fixed rate?—Yes.

2173. What is your opinion upon that?—Well, that interferes with freedom of contract. A person in a good position coming to borrow a certain sum from us we would be able to charge a lesser sum than for a speculative or a gambling transaction which ought never to be done. We charge according to the risk, just like underwriters charge from 8 per cent. up to 75 per cent.; they charge according to the risk, and we say we are entitled to charge according to the risk. What we term good people, people solvent and in a good position, we charge as low as possible. Where it is a very speculative or a risky transaction we charge accordingly; we take the risk; we take the profit if it is made, and bear the loss if it is a loss.

2174. At the present time both the county court judges and other judges upset your bargains, and make it a very different position?—It is only isolated cases, and the worst of the cases, appear in the county court; therefore, it gives the public a false impression of the working of the money-lending business. It is not the good cases, where people are perfectly satisfied, that appear before the public.

2175. That is not so. You have, I think, 3,000 cases in court, out of 34,300, you told us on Tuesday?—Yes, that is true.

2176. That is 10 per cent.?—That is taking the 7½ years; but since then we have lessened, because we find it is better to collect and press people to pay than seek the remedies which are given to other traders, but not to money-lenders. If you like I will quote what we have done at Croydon in the county court.

2177. Then you are against that. We have had your views on the bills of sale and warrants of attorney. "The money-lender shall, upon the request and at the cost of the borrower (at a rate to be fixed), supply the borrower with copies of all documents signed by him." Have you any objection to that?—Certainly not.

2178. Then "County court proceedings: that

Mr. *Thomas Bayley*—continued.

money-lenders should sue in the county court of the district in which the borrower resides." Have you any objection to that?—I have. I say the money-lender should sue in the court where the transaction takes place; for instance, if a man borrowed in Cardiff, and he removed to London, why should we follow him to London to sue him in London, and then when the next hearing comes on he has moved to Croydon, and we have to go to Croydon.

2179. In the place where the man borrows?—Exactly.

2180. Suppose he goes to your agent in Oxford and he signs a bill at Cardiff?—He does not sign a Cardiff bill, he signs an Oxford bill.

2181. The man who borrows, we will say, comes from the county of Oxford?—We could not sue him at Cardiff; we are bound to sue him at Oxford, and we do.

2182. The bills are made payable at Oxford?—Exactly.

Chairman.

2183. Are they so now; is that the case?—The form of bill that I give you is payable at Oxford.

2184. Never mind the form of bill; is it the case that the promissory notes or bills are dated at the place where the actual transaction takes place. That is the question I want you to answer; you can answer that?—Yes, I can answer that.

Mr. *Thomas Bayley.*

2185. Where are they payable, at Oxford?—At Oxford. We simply put a proviso in the promissory note, "or any other place which may afterwards be directed," in case we close up the Oxford office and ask them to remit to Reading or London.

Mr. *Warr.*

2186. But in any case you sue the borrower where he resides?—That is our general practice; there may be an isolated case or two that I do not know of.

2187. The county court procedure requires you to do that?—We do it.

2188. There is no exception in the case of ordinary money-lending transactions or any other transactions; you are required to go to where the defendant is, are not you?—We have got to sue where the transaction takes place.

2189. No, where the defendant resides, is it not?—No.

2190. Is not that so?—No; I feel sure it is not so.

Mr. *Thomas Bayley.*

2191. Then you would not object to these next suggestions: "That defaulting borrowers should not be committed to prison in cases where the capital and interest at the rate of 5 per cent. per annum have been paid"?—Provided it is the last transaction.

2192. There are cases of imprisonment to-day where 5 per cent. interest and the principal have been paid and people have been sent to prison?—I have no objection at all to that if it is simply on the last transaction, instead of reopening transactions

Mr. *Thomas Bayley*—continued.

transactions which may have taken place the previous three or four or five years. When an account is closed and a new one opened it should be on the new one and that only; otherwise if I owed a tradesman 5*l.* and the law applied to him, say a grocer, I would pay that man in four or five years so much money, and if he had made more than 5 per cent. per annum I should not be indebted to him; I could defraud him out of the 5*l.* if you allow transactions which have been closed to be reopened; therefore why should a money-lender be different.

Mr. *Hazell.*

2193. Do I understaud you to say your balance sheet is never printed?—Never printed.

2194. Then I suppose you are not aware that I went into one of your offices and asked to be favoured with a balance sheet and was told that it was out of print and was promised that next year's balance sheet should be posted to me, and it has not reached me; you are not aware of that?—No.

2195. Then you speak of making, I think, 11 per cent. profit on your own capital and the capital you borrow?—On the money advanced.

2196. I suppose you are aware that, comparing your transactions with the transactions of the great banks, the profit they would make per annum upon all the capital they use would be more likely 1 per cent. and not 10 or 11?—Well, I have not gone into it.

2197. Then you also make furniture, do not you?—Yes, but that is not included in these returns.

2198. Do you make it a condition sometimes that people shall take out half the loan in furniture?—Never.

2199. Then you speak of charging a lesser rate of interest to persons in good position?—Yes.

2200. Can you tell me the lowest rate of interest you charged on any transaction you have had this year, the lowest rate of interest per annum?—You see the difficulty in my answering that is, that we simply say it will be so much on the transaction, and I have not made any calculation what that works out at. For instance, I might lend a person 20*l.* and charge him 1*l.*; I might charge 5*l.* to another person. I never enter into the calculation.

2201. But you must have an approximate idea?—He knows what he has to pay.

2202. You must have an approximate idea what that works out per annum?—Well, it works out at 33 gross.

2203. I am asking a specific question; you speak of charging a lesser rate of interest to persons in good position?—Yes.

2204. Can you tell the Committee the lowest rate you charged to anybody in a good position, say, during the present year?—I can safely say, without saying the present year, 15 to 20 per cent. per annum.

Mr. *Price.*

2205. With reference to the point about which Mr. Hazell has just been asking you, the total average percentage of your business amounts to about 33 per cent. gross, does it not?—About 33 per cent. gross.

Mr. *Price*—continued.

2206. But, ordinarily speaking, on ordinary promissory note business you calculate on making abut 60 per cent.?—No, from 40 to 60.

2207. Five per cent. per month is about the usual charge on unsecured business, is it not?—No, we charge that; but suppose a person comes and says, "I want 10*l.*, and will pay you back 10*s.* a week," well that would take 26 weeks. I might charge him 2*l.* 10*s.*, 3*l.*, or 3*l.* 10*s.* if he were more risky than another. They are not all stated payments; they are payments by instalments; a large part of our business is done upon that principle.

2208. Of course you charge as much as 60; we know you charge a good deal more than that sometimes?—Sometimes.

2209. It depends upon the risk, no doubt, as a rule, and consequently you must do a considerable amount of business at very much less than that figure; is that so?—Yes, we do.

2210. You think about 15 to 20 per cent. is the lowest you do charge?—I think so.

2211. I was very much interested in one thing you said, namely, that you thought the security of the bills of sale was the very worst business you had?—From a litigation point of view, sir, that is what I said.

2212. You said you had lost your money in 48 out of 59 cases in which you took bills of sale?—That is so.

2213. And as your total losses are only 11 per cent. on 459, it is obvious you did lose. If yeu are right in your figures, that you lost 48 out of 59 cases on bills of sale, it is quite obvious that your proportion of losses was infinitely larger on bills of sale than on ordinary business. That is so, is it not. Your losses were 11 per cent. on ordinary business, and they were 80 per cent. on bills of sale on your figures?—We were filed as creditors in bankruptcy proceedings, and we lost by that 13,698*l.*; we received a dividend on that 13,700*l.* of 559*l.*, simply four and one-twelfth of our debt, and lost 95 eleven-twelfths.

2214. They were not all bills of sale, of course?—They were not all bills of sale; they were bankruptcy cases.

2215. Those are your losses which you speak of?—Yes.

2216. You made the very extraordinary statement that when you get personal security in the sense of bills of sale in those cases you lost (in 80 per cent. of the cases) your money or some of it; you made losses?—Yes.

2217. Although your average rate of loss over your whole lot of loans, which are mostly promissory notes without any further security, was only 11 per cent.?—I will tell you why, sir, because those who will give a bill of sale are generally, as you may term it, persons without any credit; then they become unscrupulous, and when we foreclose the bill of sale we often find, thatthe things have disappeared.

2218. They commit a fraud on you?—Very often the landlord has distrained before us and we come after the landlord. I think landlords would

Mr. *Price*—continued.

would show a greater percentage of selling off people's homes than any money-lender.

2219. I daresay?—Or as it was termed "breaking up homes."

Mr. *Caldwell.*

2220. What is the form in which you take a promissory note; is it on a bill stamp?—Yes, I have handed one in.

2221. Then your procedure under the promissory notes will be by what is called "summary diligence"?—No, we never use "summary diligence; we sue in the county court.

2222. You sue in the county court?—Yes; we sue in the county court or in the High Court.

2223. And do you mean to say that the county court in England will allow you to sue in a court where the debtor is not residing at the time of the action?—Yes.

2224. Is that so in England?—Yes.

2225. Is that your practice?—Where the transaction takes place we sue.

2226. The law of England allows you to do so?—The law of England makes us do so.

2227. Is the promissory note always dated at the place where the debtor signed the promissory note?—I do not know of any exception to it.

2228. Have you done any business in Scotland?—Recently we have done one or two loans.

2229. Have you had any actions in Scotland?—No. I mean to say we have only just opened. We have no office there, but we have an agent who introduces business to us.

2230. Do you expect in Scotland to be able to sue the debtor in the place where the promissory note is dated. Have you made any inquiries on that?—No.

2231. Are you proceeding with business in Scotland, knowing that you do not require to follow the debtor in the county court to his place of residence when you are suing him; has that been before your mind?—We do not do any small business in Scotland; it would be a high-court action if we had to sue at all. It would not pay us to go across there for small business.

2232. How long has your business been opened in Scotland?—We have not a business there at all; we have simply an auctioneer who acts as agent in introducing business when it is offered to him.

2233. In what form does he do it; is it that he merely asks you to lend the money as a commission agent?—As a commission agent.

2234. Then do you lend the money to him, or do you lend it direct to the parties?—We send one of our representatives to Scotland and the money is lent direct, or it is done by post, not by the agent. The agent simply gives us the name and address and goes off the scene until the business is concluded; and if it is concluded, we send him a cheque for his commission.

2235. How long is it since you started in business in that way in Scotland?—About three to six months.

2236. And, of course, you have had no action yet?—No.

Chairman.

2237. On Tuesday you explained to me that when the Oxford lady applied for the loan of the money you had no office in Oxford at the time, and that the transaction was dealt with from Reading?—Our manager came from Reading to Oxford.

2238. Now at Question 1779; at the close of the question, here are your words taken by the shorthand writer: "Will you allow me to say we did not have an office at Oxford at that time; we worked it from our Reading branch, and our manager from Reading went across;" these are your own words to me?—Yes.

2239. Will you look at that paper; that is "The Oxford Times" of Saturday, February 25th, 1893, 10 days before that lady applied to you for the money; where is that advertisement dated from?—"8, Worcester-street, Oxford." I can explain that to you.

2240. I do not want any explanation until I get the facts down; then when you told the Committee on Tuesday that at the time this lady made the application for the advance that that transaction was dealt with from Reading, because you had no office at Oxford, did you state that with the knowledge that in an Oxford paper of 10 days previously you had an advertisement with "8, Worcester-street, Oxford," as the Oxford address of the firm?—Will you allow me to explain it, sir?

2241. Yes?—When I use the term "office" I mean that it is an office with a clerk in it and our own furniture and rented by us. Before we had an office in Oxford we rented a room with the person's own furniture and we paid her a rental for using her room as an office; but we do not call that an office; we should not unless we put our own furniture and our own clerk there.

2242. Did you conduct the business from that office?—From this lady's?

2243. From 8, Worcester-street?—Yes, I have no doubt we did.

2244. Then why did you tell the Committee that you had no office in Oxford at that time when you were actually conducting this very loan from there. Listen to this letter, please: "8, Worcester-street, Oxford, 2nd March 1893" (the day before that lady got the money). "Dear Madam,—We have to apologise for our manager not calling on you *re* your application for a loan to Mr. Beachy, but he will not fail to call on you to-morrow, Friday morning, between 12 o'clock and one. We trust this will not inconvenience you in any way." Now that is dated from the office in Oxford?—I do not call a room that we simply rent of other persons with their furniture an office.

2245. Was the person in charge at that date who wrote that letter?—We would write.

2246. Was the person in charge of that office who wrote that letter on the 2nd March?—I do not think there would be a person in charge.

2247. Who wrote that letter?—That is written by a clerk from Reading.

2248. Was that letter written in Oxford or in Reading?—I could not tell you.

2249. It is dated from Oxford?—It is dated from Oxford.

2250. Do

Chairman—continued.

2250. Do you say that that letter was written from Reading?—I say the clerk lived at Reading; it was a clerk from Reading who went over to this room and arranged it there.

2251. That was your office?—Oh, yes; but what we call an office is our own office, and not another person's room.

2252. Now listen to this again: you said that this application of this lady was negotiated through Mr. Beechey?—He brought the business to us.

2253. There is an advertisement in this paper also from Mr. Beechey?—Yes.

2254. Is Mr. Beechey one of those gentlemen you have described as "fee-sharks" who have no money to lend, but who simply receive applications and bring them to those who have money to lend; is he one of the gentlemen described in that way?—I do not know that I described him as a "fee-shark," but he has no money to lend.

2255. I did not invent the term "fee-shark"; you gave it in evidence?—I said "fee-snatcher," sir.

2256. I admit you are right; would you describe Mr. Beechey as a "fee-snatcher"?—Well, he has no money to lend.

2257. You invented the phrase. Would you place Mr. Beechey under that category?—No; because there are men in London who do nothing else but take fees, and do not even introduce the business.

2258. Now, listen to this advertisement from Mr. Beechey, to whom you pay commission: "Money advanced from 5*l.* to 5,000*l.* to all classes of tradesmen, farmers, hawkers, lodging-house keepers, &c., on any security, or approved note of hand, at a day's notice. Call or write to Mr. Beechey, 16, Temple Street, Cowley Road, Oxford." You say that Mr. Beechey, who inserts this advertisement in "The Oxford Times," has no money to lend?—I do not think so; he always introduced business to us.

2259. You admitted that he took a fee from this lady?—According to the lady's letter I see that she paid him 20*s.*

2260. Now, will you explain also to us how that 20*s.* represented railway fare from Reading?—I said it was to cover railway fare from Reading.

2261. Now, really what is the difference. If we are going to be so particular about words, of course I must read the exact words; but did not you represent to the Committee on Tuesday that this 20*s.* which Mr. Beechey, your commission agent in this matter, charged as a fee was to cover railway fare from Reading?—Yes, it was to cover railway fare from Reading.

2262. Mr. Beechey lived in Oxford?—Yes, I know Mr. Beechey lived in Oxford, but our manager went from Reading on the business.

2263. What right had Mr. Beechey to charge your manager's fare; could not you have done that?—He had no right; he is only supposed to get sufficient to cover railway expenses.

2264. Whom from?—The person applying.

2265. Who applied?—I presume it was Mrs. Russell.

2266. This lady?—Yes.

2267. It was not Mr. Beechey who applied for the loan?—Who introduced the business to us?

Chairman—continued.

2268. Yes?—Oh, yes; Mr. Beechey introduced the business to us.

2269. Is not he only entitled to his commission?—Yes.

2270. What right had he to take fees to cover railway fares for your manager coming from Reading when you had an office in Oxford?—I am telling you we only used a room there.

2271. I think the Committee will appreciate the distinction you make between "room" and "office;" have you issued that card lately (*handing the same to the Witness*)?—Yes.

2272. Now this card is issued from Chester?—Yes.

2273. Have you an office there, or a room?—A room.

2274. Will you admit that that is an office?—Well, we use it as an office; a clerk goes from Liverpool every day and returns every evening.

2275. It is quite as much an office as the room at Oxford is?—When we go out of the room we have no right to lock the door. I mean to say it is not ours.

2276. This card is dated from Chester. My dear sir, you put in your prospectus where you had your branch offices. There is no use in drawing these fanciful distinctions between rooms and offices, because the Committee, really any man in his senses, would draw no distinction between what you are pleased to call a "room" and an "office"?—Well, a bank draws a distinction between an agency and a branch office, and we simply drew it in the same way. A bank in Cardiff opens an "agency," as they term it, in a suburb——

2277. Fortunately we have bankers on the Committee who will be able to draw their own conclusions?—They do not call that a "branch," though it is, in fact, a branch; they call it an "agency," because the account is at the office.

2278. You state in this card which has been widely circulated in Chester the terms of repayment of loan?—Yes.

2279. You say 5*l.* may be repaid at 2*s.* 6*d.* per week; 10*l.* at 5*s.* per week; 15*l.* at 7*s.* 6*d.* per week; 20*l.* at 10*s.* per week; and 25*l.* at 12*s.* 6*d.* per week; and larger sums in proportion. Does that include interest?—That would be according to arrangement.

2280. Then that is not a fair or a reasonable statement to send out to the public as terms of repayment on which these loans are made?—You see the bill covers the principal and the interest. Suppose we draw a bill for 5*l.*, that is principal and interest included; otherwise we must draw it for 6*l.* 10*s.*

2281. When you send out that broadcast among working men at Chester are not they to suppose that if they borrowed 5*l.* they could repay it at 2*s.* 6*d.* per week?—We have allowed them to do so. We add the interest on the 5*l.*, and they repay it at 2*s.* 6*d.* a week. Our minimum, as a rule, is 6*d.* per pound per week on the amount of money advanced; and 5*l.* would be 2*s.* 6*d.* a week on the money advanced.

Mr. *Thomas Bayley.*

2282. Just a question on this card that has been handed in: 5*l.* at 2*s.* 6*d.* a week; there is no statement on this card to show how many weeks this 2*s* 6*d.* is going on?—It would be according

Mr. *Thomas Bayley*—continued.

according to the face value of the bill which they would sign; if it was 5*l.* it would be forty weeks; if it was 6*l.* 10*s.* it would be so many weeks more; they would repay the total sum at 2*s.* 6*d.* a week.

2283. A man getting this card of Fielding & Company, Limited, would naturally think that 5*l.* at 2*s.* 6*d.* a week was going to be paid off in a reasonable time; if it came to a little over 5*l.* or 6*l.* what would be the bill that he would have to sign for this 5*l.* at 2*s.* 6*d.* per week?—As a rule 7*l.*

2284. What?—Generally speaking, 7*l.*

2285. On all these transactions here, is 60 per cent. per annum the rule, 5 per cent. per month?—No, I do not know what it would work out at.

2286. But that is the rate?—I have told you that we have no specific and standing rate. You see I do not know that 7*l.* would work out at half-a-crown per week repayment.

2287. I think you said in your evidence that the money was lent at 5 per cent. per month; but I suppose that is what all money-lenders do when they send out a thing like that, and when the thing is signed it is at the rate of 5 per cent. per month?—No, we do not say so. We say it will be so much; we do not say what per cent. it will be.

2288. Is not that the rate an actuary would work it out at?—I do not know what they would work it out at. We say it is so much, and they know what they have to repay.

Mr. *A. K. Loyd.*

2289. Have you had any experience of army pensioners applying for an advance on the security of their pension papers?—Yes.

2290. Is that a common thing?—It was a very common thing; it is not common now. That is given up. It was a common thing before it was forbidden by the War Office.

2291. By the War Office regulations?—Yes.

2292. It is done all the same, is it not, still?—No; I do not think so. Speaking for our own firm, it is not done.

2293. I am not suggesting that your firm do it, but I wanted to have the advantage of your knowledge and experience of the ways in which money is raised, and I want to ask you whether

Mr. *A. K. Loyd*—continued.

it is not a common thing for army pensioners and short service men to pledge their papers and then spend the money, and then go into the workhouse until the time approaches for drawing the next instalment, then come out, meet the money-lender, and get a fresh advance on a fresh deposit of the papers?—Well, I do not know what they do with the money, and I do not know what they do from the time they have it to the time they pay it back. I cannot tell what takes place; we cannot follow a man to see what he does.

2294. You must not think I am imputing this to you; I want you to help me to find out something about what I am assured is a very great and common evil?—That is not so, to my knowledge; I have no knowledge whatever of it.

2295. You do not know of any case of a money-lender who does that or anything of the sort?—If the man deals with them I do not know what happens with that man: I have no connection with him whatever.

2296. Most professions know a good deal of the irregularities committed by the black sheep of that profession?—I do not know of any going into the union, but I know that is a system. They lend money and when the money is due they pay it back and have another loan; but I do not know what they do with the money or with their time between the one and the other.

Chairman.

2297. You do no business of that kind?—No; we do not now, sir; we did before it was forbidden by the War Office.

2298. I must tell you that the Army Annual Act has been in operation for a very long time, and that practice is positively forbidden under the heaviest penalties?—I was not aware of it.

2299. You were breaking an Act of Parliament when you were doing it?—I was not aware of it.

Mr. *Hazell.*

2300. You have stated that when a man borrows 5*l.* and repays 2*s.* 6*d.* a week he gives a bill for 7*l.*?—Generally speaking.

2301. Are you aware that that works out at about 100 per cent. per annum for the time the money is actually owing?—I do not know what it works out at.

Mr. HENRY HOOD HOPE, sworn; and Examined.

Chairman.

2302. WHERE do you live?—I live at Eardisland now, but I formerly lived at Lower Chadnor, Dilwyn.

2303. You have had some misfortunes in business?—Yes.

2304. You have had transactions with Messrs. Fieldings, Limited, money lenders?—Yes.

2305. When did these transactions take place?—The first was at our own house.

2306. But I mean, was it from the Gloucester office?—From the Gloucester office, yes.

2307. Now the first was in December 1892, I think?—Yes.

2308. You borrowed 100*l.* from him?—I borrowed 100*l.* from him.

Chairman—continued.

2309. Can you tell the Committee what interest was added when you borrowed the 100*l.*?—I think I gave a bill for 165*l.*

2310. One hundred and sixty-five pounds for 100*l.*?—Yes, to be paid back in three instalments.

2311. In three instalments at four, eight, and 12 months?—Yes.

2312. The last instalment being 70*l.*, I think?—Yes.

2313. I notice that the last instalment is the large instalment there?—Yes.

2314. Can you tell me what the two first instalments were; do you remember; was it 15*l.* the first, 15*l.* the second, and 70*l.* the third?—No,

Chairman—continued.

—No, the amount of the bill altogether was 165*l.*

2315. Oh, yes, I see; have you any recollection of what the two first instalments were?—I cannot tell exactly.

2316. But the last was 70*l.*?—The last was 70*l.*, yes. It was drawn out with equal instalments, but I could not say exactly for certain now from memory how the other two were, but they were divided.

2317. You paid the first two instalments?—Yes.

2318. On the 5th December 1893, you wrote, asking for a renewal of the bill?—Yes.

2319. It would be very important if you could tax your memory as to what these first two instalments were, because a good deal will depend upon the renewal of this bill. The bill was 165*l.*?—Yes.

2320. The last instalment to be paid was 70*l.*?—Yes.

2321. If you could remember the two first instalments I would be glad; but if you say you cannot we must deal with it?—I could not now from recollection, but I know that the first instalment was the smallest, and the next was larger, and the third was larger.

2322. Exactly, that is what I mean. You renewed the bill in December 1893?—Yes.

2323. Before the payment of the last instalment of 70*l.*?—Yes.

2324. Having paid the two first instalments?—Yes.

2325. Now, do you remember on renewing that bill, how much money you got from Messrs. Fieldings, Limited?—35*l.* besides the 70*l.*

2326. Of course. The bill was renewed for how much?—That would be 105*l.*

2327. The bill was renewed for 105*l.*?—Yes.

2328. How much interest was charged upon that?—£165 was the bill that I gave for it.

2329. Then you must have paid another 60*l.* of interest there?—Yes.

2330. As I understand it the transaction stands in this way: There was first of all 100*l.* borrowed, and the bill for that amounted to 165*l.*?—Yes.

2331. You repaid two instalments upon that, leaving a balance due of 70*l.*?—Yes.

2332. You asked for a renewal of the bill, and you got the bill renewed for 165*l.* again?—Yes.

2333. You got actual cash 35*l.*?—Yes, 35*l.*?

2334. And the bill discharged for 70*l.*?—Yes.

2335. And the interest added was 60*l.*?—Yes.

2336. Making 165*l.*?—Making 165*l.*

2337. Now the first instalment of the second bill became due in March, 1894?—Yes.

2338. How much did you pay of it?—I did not pay any, for I wrote and asked them to let it remain longer, for a fortnight, which they did, for 2*l.* I paid them 2*l.*

2339. You paid them 2*l.* and the instalment stood over for a fortnight?—For a fortnight, yes, sir.

2340. Then I believe you presented your petition in bankruptcy?—Yes, but I must tell you that it was not on purpose to put if off for doing so in bankruptcy.

2341. No, I am not insinuating that; I am simply getting at the actual facts.—Yes, sir.

Chairman—continued.

2342. Then as I make it out you got from Messrs. Fielding in cash 135*l.* in reality?—Yes.

2343. You paid of that for the first bill 95*l.*?—£95.

2344. The two first instalments must have been 95*l.* because there was a balance of 70*l.*—Yes.

2345. Then all you paid after that was the 2*l.*—£2, yes.

2346. But the interest charged upon this loan altogether; the first interest was 65*l.*, and the second 60*l.*; that is 125*l.* of interest charged?—£125, yes; and I paid 15*s.* 11*d.* in the £.

2347. Oh, that is important. Your estate realised 15*s.* 11*d.*?—My estate realised 15*s.* 11*d.*

Mr. *Garfit.*

2348. In the £.?—Yes, after the enormous charge of 1,004*l.* 14*s.* 4*d.* for my estate being wound up, which you will see by the bankruptcy paper.

Chairman.

2349. You cannot tell us, I suppose, what Messrs. Fielding got as dividend?—No, I cannot.

Mr. *Garfit.*

2350. On how large an estate was that on which the cost for winding up was a thousand pounds; how much were the total assets?—Here is the paper (*handing in the same*).

Chairman.

2351. The Official Receiver has telegraphed that Messrs. Fieldings, Limited, got out of this estate 15*s.* 11*d.* in the £ on 165*l.*?—Yes.

Mr. *A. K. Loyd.*

2352. Their claim was 165*l.*, on which they took the same dividend as the other creditors?—Yes.

Mr. *Warr.*

2353. What is your business?—I am a farmer, sir.

2354. Where?—At Lower Chadnor, Dilwyn, Herefordshire

2355. Were you farming on a big scale?—The farm is 214 acres.

2356. May I ask what age you were at that time?—At the present time I am in my 64th year.

2357. Was this the first transaction that you had had with money lenders?—No, it is not.

2358. May I ask how far you went back in your transactions with money lenders?—1891.

2359. So that you were thoroughly aware of the nature of the arrangement which you were making with Messrs. Fieldings?—Yes, just at the time, because I wanted the money, and I got them to advance it me.

2360. Do you make any complaint of the conduct of Messrs. Fieldings in these transactions with you?—All the correspondence I had with Messrs. Fielding is in those letters.

2361. Do you make any complaint?—No, sir, I have made no complaint.

2362. You do not make any; do you think you were, having regard to the bargain you made, fairly dealt with?—Well, I know I was very highly dealt with, but you see it was just the push at the time; that is how it was; and you see from my own estate if the other money-lender would

Mr. *Warr*—continued.

have only waited for a little while I should have paid in full, because my estate realised, you see, over 1,500*l.*

2363. Was it the money-lender who put you into bankruptcy?—I filed my own petition purposely to save him coming in.

2364. To save the money-lender coming in?—Yes.

2365. That is the other money-lender?—Yes.

Chairman.

2366. That is Gordon?—Yes, Gordon.

Mr. *Warr.*

2367. So that you were in the hands of two money-lenders?—I was in the hands of two money-lenders.

2368. But so far as Messrs. Fieldings were concerned they were not pressing you for payment?—No, although I had one instalment due.

2369. You had paid 2*l.* for the extension of a fortnight?—Yes, they served a writ upon my wife, because I got her to sign the agreement with me.

2370. I was going to ask you that; did anybody else sign the promissory note with you?—No.

2371. Then what did your wife sign?—She signed the same promissory note as I did.

2372. Then she did sign it with you?—Yes.

2373. Did you get any other surety besides?—No, none whatever.

2374. Did they ask you to get your wife to sign?—Yes, because that would be upon the furniture as well as the stock.

2375. All the furniture belonged to your wife, did it?—Yes.

(Adjourned for a short time.)

Chairman.

2376. You have mentioned to Mr. Warr that you had transactions with another money lender besides Fieldings, Limited?—Yes, sir.

2377. That was a money lender of the name of Isaac Gordon, I think?—Isaac Gordon or B. Edwards.

2378. Where was his office?—He had an office, I think, in Union-street, Hereford, when I had the first lot of money off him.

2379. He had an office in Hereford?—He had an office in Hereford, yes.

2380. It is the same as Mr. Isaac Gordon, of Birmingham, I suppose?—Yes, Livery-street.

2381. Between March 1892 and February 1894 you borrowed sums amounting to 395*l.* from Gordon?—Yes.

2382. During the same period of time you repaid 305*l.*?—Yes.

2383. And renewal interest how much, 140*l.*?—I should think about 140*l.*, it may be more.

2384. That is 445*l.* altogether you repaid?—Yes.

2385. Upon a debt of 395*l.*?—Yes.

2386. In your bankruptcy how much did Gordon claim, 362*l.*?—£362 I think it was.

2387. The total amount that you had from Gordon in those two years was 395*l.*?—Yes.

2388. The amount of cash that you actually paid in instalments was 445*l.*?—Yes.

Chairman—continued.

2389. He claimed in the bankruptcy proceedings 362*l.*?—Yes.

2390. And of that he got a composition of 15*s.* 11*d.* in the £.; that I have the Official Receiver's authority for?—On the full amount, sir.

2391. Oh, as on the 362*l.*?—Yes.

2392. He claimed 362*l.*?—Yes.

2393. Now, the promissory notes that you signed for Gordon (you say you got the money from Hereford); were the promissory notes dated from Glasgow?—Yes, most of them.

2394. After your bankruptcy in September 1894, was any offer of settlement made to Gordon?—Yes, I offered him myself, and my brother also.

2395. What did your brother offer?—He offered him 200*l.* down.

2396. To settle for the 362*l.*?—To settle for the 362*l.*

2397. Is this a copy of the letter you had from him?—Yes.

2398. 6, Livery-street, Birmingham, headed "without prejudice"?—Yes.

2399. "Dear Sir,—In reply to your letter, I beg to inform you for the last time that I shall not take one cent. less than the full amount owing to me and costs, so that further correspondence will be useless"?—Yes.

2400. You got that letter?—Yes.

2401. Gordon served you with two writs, did not he?—Yes.

2402. How much were you due to other creditors apart from these money lenders?—To private creditors about 100*l.* or 110*l.*

2403. Your whole bankruptcy proceedings amounted to 722*l.*?—Yes.

2404. How much did it cost to wind up that estate?—£1,004 14*s.* 4*d.* That is the bankruptcy figure.

Mr. *Garfit.*

2405. Is that including allowances to yourself?—The allowance to myself; but that allowance I consider as nothing, because I worked hard, and I had to maintain my wife and family out of it.

Chairman.

2406. Your total liabilities amounted to 722*l.* 12*s.* 2*d.*?—Yes.

2407. And apart from money lenders your liabilities amounted to 114*l.*?—Yes, somewhere thereabouts.

2408. What might your largest creditor be apart from the money lenders?—£26 10*s.* Mr. Webb, of Worsley.

2409. After you had got your affairs settled in bankruptcy, did you receive any further circulars from money lenders?—Yes.

2410. Whom from?—From Edwards, Birmingham.

2411. That is to say, B. Edwards sent you a circular after the bankruptcy proceedings offering to lend you more money?—Yes, within three weeks. I have had three or four, if not more, since Christmas.

2412. The Committee are seised of the evidence that B. Edwards who sent this application

is

Chairman—continued.

is Isaac Gordon; we have that evidence already. Did you know that?—What, sir?

2413. Did you know that the gentleman who applied to you as B. Edwards was in reality Isaac Gordon?—Yes, and two or three other names.

2414. You knew it?—Yes, but not until afterwards.

2415. What other names is he trading in in the Midlands. Did he trade under the name of Rylands there too?—Rylands.

2416. Is he still sending out circulars?—Yes, he advertised under the name of Rylands a little while ago in the "Hereford Times," the same man. The only question I was going to ask, sir, is: Why should one money lender be paid in full and the other one reduced?

2417. That is for the Bankruptcy Court, not for us?——

Mr. *Thomas Bayley.*

2418. As I understand, the total amount of debts were really 514*l.*?—Yes.

2419. And the two money lenders, or bankers, or whatever you call them, proved on the estate for 527*l.*?—Yes.

2420. If you had had only to pay the money lenders 5 or 10 per cent. interest on their principal, your estate would have been solvent?—Yes.

2421. Your estate really came out better than you estimated in winding up?—Certainly, sir.

2422. You had only 143*l.* of debtors who were outside these money lenders. Were the other debtors pressing you or the money lenders?—The money lenders. It was Gordon who would not wait a minute.

Mr. *Thomas Bayley*—continued.

2423. Was it Gordon that forced you into bankruptcy?—Yes, it was Gordon, and nobody else.

Mr. *A. K. Loyd.*

2424. What first drew your attention to the money lender as a source of supply?—Well, I had had a bad year with crops and I saw the advertisement in the "Hereford Times," of B. Edwards.

2425. Had you made any attempt to get help from friends?—No, I did not do that, sir.

2426. I suppose farmers like to keep their affairs to themselves, do not they?—That is just how it was, to my sorrow.

2427. Was there anything about "confidential" or "secret" in the advertisement?—Yes, "confidential" and "secret" in that advertisement.

2428. And secrecy is just what you wanted?—Yes.

Mr. *Hazell.*

2429. Had you a banking account when you got into this man's hands?—Yes, I had.

2430. Did you ask your banker to let you have an overdraft?—No, I did not.

2431. Are you clear now that apart from these money lending transactions you were quite solvent?—I believe so, by the Bankruptcy Act.

2432. You say you borrowed a hundred pounds from Fieldings; did you actually receive that £100, or did they knock anything off for expenses?—No, I received 100*l.* and gave a bill for 165*l.*

Mr. EDWARD IVES, sworn; and Examined.

Chairman.

2433. I BELIEVE there is an employè of yours who has had some monetary transactions with Messrs. Fielding?—Yes.

2434. Are you cognisant of those transactions?—Yes.

2435. You are aware of what they are?—Yes.

2436. Will you explain to the Committee what they are. When did they take place?—On 15th February he had a loan of 59*l.*

Mr. *Hazell.*

2437. This year?—No, 1896.

Chairman.

2438. Did he give a promissory note for that?—Yes, he signed a note for 88*l.*

2439. He signed a promissory note for 88*l.* How was the money to be repaid?—By 2*l.* weekly.

2440. How many payments did he make?—He paid back in all 82*l.*

2441. Then what did he do after that?—He wanted them to make a rebate, and to settle the matter up, but they would not do so, so they summoned him for the remainder.

2442. What did they summons him for?—For 7*l.* 15*s.*

Chairman—continued.

2443. When the 59*l.* had been repaid, did a friend offer to pay 12*l.* for interest?—A friend called to ask them to close the account by paying so much down, but they would not hear of it.

2444. £. 12?—Yes.

2445. They demanded 27*l.* 5*s.*?—Yes.

Mr. *Warr.*

2446. What is your business?—My business is in fresh meat; I deal in that.

2447. And the person of whom you are speaking is in your employment?—He is in my employ now.

2448. What age is he?—About 58.

2449. About 58?—No, not quite as old as that. I think about 54.

2450. What salary is he getting?—£3 a week.

2451. Is he an educated man?—Yes.

Mr. *A. K. Loyd.*

2452. I do not quite understand. Do you say he was getting it by unfair means, or what?—Oh, no; he has not paid all the money up yet. He has had a summons from Fieldings, and he was put down to pay 15*s.* a month. He has paid two instalments up to now, and he has not been

Mr. *A. K. Loyd*—continued.

been able to meet the other one, and I do not know how the case will end with him.

Mr. *Warr.*

2453. It is under a judgment, is it?—No, in the County Court, Clerkenwell.

Mr. *A. K. Loyd.*

2454. What is the description of his employment; what is he?—A salesman.

2455. When you say the fresh meat business, is that the same as that of butcher?—It is the butchering, practically.

2456. I want to know what it amounts to.

Mr. *A. K. Loyd*—continued.

You say that a salesman in a butcher's establishment has borrowed money from a money-lender?—Yes.

2457. Do you say there is anything particularly hard in his terms?—No. Of course he knew exactly what he was borrowing at the time.

2458. What have you come to suggest to us as a Committee; is it that steps ought to be taken to prevent such a transaction?—What they charged him on 59*l.* he had to sign a bill for 88*l.*; that is the only question, the enormous interest they charge.

2459. The point which you bring before us is an instance of excessive interest?—Yes.

Mr. CHARLES WILLIAM INMAN, sworn; and Examined.

Chairman.

2460. You are a solicitor?—Yes.

2461. You have evidence, I think, to give in Gordon's cases?—Yes.

2462. Have you any in Fielding's. I believe you have a difficulty in one?—With regard to Fielding's, I am in this difficulty, that I act for Mrs. Claremont, whose name has been mentioned. I do not wish the press to take note of the name; she is away in the far East, and I have not had an opportunity of communicating with her since I received your order to attend here.

2463. Practically you plead solicitor's privilege?—Well, I do not want to take the objection of privilege if I can assist the Committee in any way; but I can only say upon that case that I was not present at her examination; I was ill at the time; the registrar insisted upon going on in my absence, and it was only upon the re-examination that I was able to ascertain what had taken place, but I may say this, that with regard to Mr. Fielding's loan my client has distinctly stated to me that in the bill of sale which she gave Messrs. Fielding they included in that bill of sale a number of articles, such as ornaments, presents which were given to her, which she had no idea were included. The figures which are given, I believe, by the Official Receiver are virtually correct.

2464. Then, may I ask, generally, would you rather not go into Mrs. Claremont's case?—I would rather not, unless you think it necessary, in the interests of the Committee, that I should do so.

2465. We shall not press you, Mr. Inman, upon Mrs. Claremont's case, inasmuch as you have a perfectly natural scruple, the lady not having been consulted?—I have not had an opportunity of consulting her. If I had had an opportunity I would have done so at once.

2466. It is not necessary. I do not say that a Committee of the House of Commons could not insist upon it?—I simply put it to you, sir; I abide by your order.

2467. I wish to protect myself: I do not wish to say that a Committee of the House of Commons could not ask a witness to give evidence under such circumstance, but we have had a recent case in which the Committee did not

Chairman—continued.

enforce the rights?—I place myself in the hands of the Committee. There is one case of hers which came out in the course of the examination that I should mention. A proof was not put in. I have the letter, and it is for you to say whether you think it should be given.

2468. Is this the case of Gordon?—Yes.

2469. Now let us hear it?—In this case Edwards, otherwise Gordon, wrote this letter. It has been handed to me by my client. It is type-written; but the terms of it are so monstrous that I think it is proper for the Committee that it should be read.

2470. Let us hear it?—It is dated "October 22nd, 1895. Dear Madam,—In reply to yours of this morning, I herewith enclose you a promissory note, which you will please read over and sign it yourself in your own handwriting, your names in full, on the lines (not allowing anyone else to sign it for you), and return it here, and as soon as I receive it I will send you 100*l.* in Bank of England notes, for which you will have to pay back 200*l.*; that is, 100*l.* for interest in accordance with the terms of the enclosed promissory note, which please return clean, and oblige. This is the very best, easiest, lowest, and only way I can do it; and should this not suit you, please return the enclosed note unsigned, as I can do nothing different from what I stated here, and oblige. You must please not attempt to alter the note in any way, as by so doing it will become spoilt and void, and I will not be able to send you any money for it.—Yours truly, *B. Edwards.*" Then there is "P.T.O." This is the part, sir, to which I wish to direct your attention, and which I think your attention should be directed to. "P.S.—That will be charging you 100*l.* interest for the loan of 100*l.* for three months, which is the very best, easiest, lowest, and only way I can do it at, and is considerably less than anyone else would have it at, and I question and doubt very much whether you would be able to get it elsewhere upon better or even as good terms with as little trouble and so much privacy and secrecy, although you may see advertisements in the papers offering to lend money at five per cent. and other ridiculously

low

Chairman—continued.

low terms, which are only frauds and swindles done to obtain fees, and seldom if ever advance any money; and in order to save time and delay I enclose you 100*l.* in Bank of England notes herewith, and if these terms are satisfactory, please sign and return me the enclosed promissory note and keep and acknowledge the 100*l.* per return of post. If, on the other hand, these terms do not suit, please return me the same 100*l.* registered, together with the promissory note unsigned per return of post. You must please not fail to let me have one or the other per return and oblige; and if at the expiration of the three months it should not be quite convenient for you to meet it we can then make some other satisfactory arrangements, and if at any time when the bill falls due you should be prepared to pay part of the capital off, interest will only be charged on the part of the capital remaining in proportion to the above terms, which I think is very fair and honourable; but please note I cannot undertake to repeat this offer again should you once reject it, and you must please either accept it or reject it precisely as it stands, as I cannot write you again on the subject, and I hope this will meet with your entire satisfaction and approval, and that you will now be perfectly satisfied."

2471. Who is that signed by?—Gordon; I know the signature.

2472. Do I understand that a client of yours received that?—She took it, unfortunately, and other moneys too.

2473. Do I understand you are cognisant of this case yourself?—That is the original document. This is a case which I think ought to be brought before your notice; 400 per cent. per annum.

2474. Am I to understand that Mr. Isaac Gordon, whom I would take from what I have heard here (I know nothing about him but what I have heard here) to be an extraordinarily shrewd and clever man; am I to understand that he enclosed 100*l.* in Bank of England notes to a person?—He had seen her, sir; and he had ascertained in fact (I hope the press will not disclose this) the fact that she had got an alimentary allowance or annuity of 600*l.* a year. There were other transactions upon the same terms sir, with her. There were other transactions upon exactly the same terms. She paid off a great deal of money, and in the end I believe there were several hundred pounds owing, the exact figures I am not clear about, because as I understand up to last July he had not proved his debt; at least I was informed so by an official of the court; but there were other transactions, and Mrs. Claremont had paid to him a very considerable amount of money, and still there was more than the principal owing.

2475. Now you have the case of a client in October 1892, have you not?—Yes; that was a client (a lady) who has since died.

2476. She borrowed of Gordon 200*l.*?—She borrowed of Gordon on 8th October 200*l.*

2477. What interest did he charge on that; how much interest?—Well, that is a matter for an actuary to calculate.

2478. I mean the amount of money?—The money was borrowed on October 8th. It was payable back 50*l.* on November 1st, then 10*l.* on December 1st, 10*l.* on January 1st, 1893, then 50*l.*, and then 10*l.*, and 10*l.*, and 50*l.* 10*l.*, and 10*l.*, until the whole amount repaid on January 1st, 1894, a period of about 15 months, would have been 350*l.* Those instalments were regularly paid up to November 1st, 1893. I may say that in this case I have no compunction about it, because the unfortunate lady is dead. I knew nothing about the transaction. She was introduced to me by a very well-known and esteemed client of my own, after she had got into the hands of the money-lender, Gordon. I went down to Gordon, at Birmingham, on June 29th, 1893. The whole 200*l.* had then been repaid. I reminded him that he had made a promise to this lady that if she wanted at any time to take up the bill he would make a very considerable reduction. He said it was nothing of the sort. However, I pressed him, and asked him if he would make any reduction. He said, no, he would not. I then offered him (what I thought from 8th October 1892 to June 1893 was a very reasonable rate of interest, a liberal rate of interest for the money, considering it had been paid back by instalments regularly) the sum of 75*l.* to take up the bill. He absolutely refused, and he said to me, "You have probably been put to some expense in coming down here, and if you like to give me a cheque for 150*l.*, that was the total balance due, supposing it to be paid by instalments, I will allow you 10*l.* for your expenses." I asked him what he took me for, and again pressed him to take the 75*l.* He refused, and I then said, "Will you write me a letter stating that you absolutely refuse this?" and he did so, and it was given to me. This is the letter: "Dear Sir,—29 June 1893, *re* So-and-so, Newmarket. I am sorry I cannot settle the account for your offer, namely, 75*l.* for the 150*l.* owing. I may be willing to make an allowance of 10*l.* if the full amount be paid on or before Saturday next, July the 1st" (on that day an instalment of 50*l.* was payable), "which is the most I can do." I gave him then and there a cheque for 50*l.* on behalf of my client and took his receipt for it. The instalments were kept up to November. The instalment due in November was paid; my client died I think (I am not quite sure) about the 28th November; she was taken suddenly ill and died, and her sister wrote to me, and I wrote this letter to Mr. Gordon: "Dear Sir,—*Re* Miss So-and-so. I regret to have to inform you that my client, Miss So-and-so, died somewhat suddenly on Tuesday afternoon. Under these circumstances, I have to ask that you will kindly allow the payment due to-morrow to stand over until her will has been proved, and the executor will then take steps to realise and pay what few debts she owes, unless in your kindness of heart" (I said this rather satirically), "as she has left but a small estate, you see your way to give up your claim to the 20*l.* now remaining owing on the

Chairman—continued.

the late Miss So-and-so's promissory note. I venture to appeal to your liberality on this score because I happen to know that she has left but a small estate, and having regard to the fact that you have already received a sum of 330*l.* in repayment of your loan of 200*l.* and interest, and that each instalment has been punctually met." I received this letter in reply. "*Re* Miss So-and-so,—December 2nd, 1893" (it is dated from Birmingham): "Dear Sir,—In reply to yours of yesterday I shall certainly not take one penny less than the 20*l.* owing to me, and as to your suggestion of me foregoing my claim I think this is simply absurd. I should not think or dream of it, and if the arrears of loan be not paid here" (this was dated on a Saturday you will see, sir) "before 12 o'clock on Monday next" (*I* could only get this letter on arriving at my office on the Monday morning), "the 4th instant, I will at once instruct my solicitor to enforce the whole amount with the utmost rigour of the law, as I cannot be bothered with any more correspondence on the subject." He had had no bother. I wrote back in reply to that:—"*Re* So-and-so,—I must say that I am most surprised at the tone of your letter. As the lady is no more, you as well as her other creditors must wait till the will is proved, and her executrix is enabled to get her estate in hand, which I understand will be done at once, and then her small indebtedness will be paid off." Whether he has got his amount or not I do not know, as the lady had left a very small estate indeed; she had only a life interest.

2479. How much did he claim; how much was the balance he claimed?—£. 20; he had had 130*l.* for his 100*l.* loan.

2480. Now is that all the cases you have?—There have been in the course of my experience a number of other cases, but I dissolved partnership with my late firm some five years ago, and such circumstances have happened since then (the death of my former partner recently) that I have not had the heart to ask them to let me look through their papers. There is one thing I would call your attention to, and that of the Committee, if I might do so. Within the last six months two clients of mine were unfortunate enough to have a judgment against them. In one case it was against a lady in the Brighton County Court for over 10*l.* In the other it was the case of a clergyman, who had a judgment against him in the Hertford County Court for over 10*l.*, and those judgment amounts being ordered to be paid by instalments, they were registered under the County Court Act. They were two recent cases within my own knowledge, but they are only two amongst hundreds I have had. Within a week of those judgments having been registered both those two clients were inundated with circulars from people who were most anxious to advance them money upon the most "easy terms," according to their circulars. In the one case which I worked out—I have been trying hard to remember the name; I threw the circular into my waste-paper basket at the time—it would simply have amounted to about 2,000 per cent.

2481. I am very much obliged to you specially for that letter you have put in, but there is

Chairman—continued.

one question I would like to ask you. I think everybody who has heard the evidence must feel that when people are hard pressed for money, and must get it, they will give anything for it. It is very hard for the law to protect people in that position, but I want your opinion upon this point: Would it be possible, do you think, or reasonable, to give county court judges, when these money-lending cases come before them, an equitable jurisdiction to decide what was reasonable for interest?—There is nothing easier, sir. Without breach of confidence in any way whatever, I may say I was present before one of the Masters in Chancery a short time ago, waiting for a matter of mine to come on, and I heard the Master distinctly put it to the solicitor of the money lender: "Will you accept such-and-such a rate of interest; if not, I shall send it to the judge with the expression of my opinion;" and the result was that the solicitor for the money lender did accept the rate of interest (which was a reasonable rate) which the Master proposed. There is nothing easier than for it to be done.

2482. Then with some knowledge of this business, you would approve of Parliament vesting in the county court judges the power to deal with interest in this way in these cases?—Yes, sir, undoubtedly.

Mr. *Warr.*

2483. You would give to a county court judge a power really to revise the whole agreement between borrower and lender?—Undoubtedly, unless it has been shown that the borrower has been guilty of an absolute fraud upon the lender.

2484. That would be part of the discretion. The judge would take all that into account?—Yes, undoubtedly.

2485. I suppose that you would not hesitate, holding that opinion, to give the county court judge power to relieve against forfeiture in any case—to relieve against consequences of default?—Quite so.

2486. You would allow him to have that power?—Certainly; I think it is most important that he should have it.

2487. Have you had much experience in connection with bills of sale?—Not very much. It was a rule of my firm of which I was a member for many years; I do not want to mention the name, but the Chairman I believe knows the name; that we never would touch bills of sale—and I will not at the present time; and I do not think except by way of registering assignments or property by way of settlement that we have had anything to do with bills of sale. It was a rule that we made, and we never would touch them. There is one thing, if I might mention it, that is a suggestion Mr. Scobie made the other day in reference to registering; I happened to be present and heard it—I would go a bit further than he went—I am speaking now in the presence of a banker I believe; bankers have to pay a very heavy license duty to carry on their business as bankers; pawnbrokers have to pay a very heavy license; I would make these people who are nothing less

than

Mr. *Warr*—continued.

than usurious bankers do the same and pay a much heavier rate.

Mr. *Thomas Bayley.*

2488. And they are the only class of money-lenders at the present time who do not pay a license duty?—That is so.

Mr. *A. K. Loyd.*

2489. And supposing that that license was taken out, would you recommend that the court before whom any loan case was tried should have authority to endorse or even to withdraw the license?—Well, you see, you cannot withdraw a banker's license. The magistrates have power to cancel a pawnbroker's license; and I think, if there was a case of very gross fraud on the part of the money-lender, his license ought to be dealt with.

2490. Do you think that power vested in the court would have a wholesome effect in preventing oppressive transactions?—Does it in pawnbroking cases, sir?

Chairman.

2491. You can endorse a publican's license?—You can endorse a publican's license, but it does not prevent them going on in just the same way if they get it renewed.

2492. If endorsed a third time, if he commits an offence rendering it liable to endorsement?—Then he loses his license entirely. Of course, it would have to be safeguarded with restrictions.

Mr. *A. K. Loyd.*

2493. Would not that be a beneficial provision to superadd to the taking out of the license?—Undoubtedly.

Mr. *A. K. Loyd*—continued.

2494. To make its continuance dependent upon good behaviour, in other words?—Yes.

2495. You say it is easy, but in your practice as a solicitor would it have a deterrent effect upon the transactions you have characterised?—The answer is, that people when they want money go to these men who know that they are in this position. No man in his sane senses, unless he has got plenty of means and the money is tied up for the moment, and he does not want to disclose the whole of his business to his banker, would go to these people. They know it; they take advantage of it; and that is why they get this enormous rate of interest.

Chairman.

2496. You see we are face to face with the evidence here that a large number of people who offer to lend money have no money to lend, and are simply "fee-snatchers," as they are called?—That is a well-known fact in the City of London.

2497. The license would affect these people?—Undoubtedly it would; it would put a stop to their business entirely.

Mr. *Hazell.*

2498. You went on behalf of your client to the money lender, and ultimately he said: If you will pay the whole sum I will give you 10*l.* for your expenses?—Yes.

2499. Did you regard that as a proper offer to you or as something in the nature of a bribe to betray your client's interests?—I regarded it in the nature of a bribe to induce me to pay the 150*l.* He knew I should have to charge my client for going down to Birmingham. That is the reason why I said, "What do you take me for?"

Mr. ISAAC SAMUEL, re-called; and further Examined.

Chairman.

2500. PROBABLY you have something to say on Mr. Hope's evidence?—Yes, sir. Do you wish me to say it or will you ask me questions.

2501. You have heard the evidence; go on?—He borrowed 110*l.*

Mr. *Thomas Bayley.*

2502. That is Mr. Hope?—That is Mr. Hope. He states he received 100*l.*, but according to the account rendered by our manager it was 110*l.*, for which he had to repay 165*l.* by quarterly instalments of 41*l.* 5*s.*, which made it a 12 months' transaction.

Chairman.

2503. Just as you go along; about that you heard his evidence that the last instalment was 70*l.*?—Yes, it was a 12 months' transaction.

2504. At four, eight and 12 months?—No, four quarters.

2505. Three instalments at four, eight and 12 months, I have the evidence?—And a balance in December 1893; just 12 months after the transaction was entered into.

2506. A balance of what?—The balance of the 165*l.*

Chairman—continued.

2507. I do not quite understand that?—You see the agreed instalment was 41*l.* 5*s.* a quarter.

2508. First of all you say the loan was for 110*l.*?—The advance was 110*l.*, making 165*l.*

2509. That was interest of 55*l.*?—Yes.

2510. For 12 months?—Yes.

2511. £55 for 110*l.* for 12 months?—Yes. He was to pay 40*l.* on the 13th March, 25*l.* on the 13th June, 25*l.* on the 13th September, and 75*l.* on the 13th December.

2512. On that, of course, it differs from his evidence, but I take your evidence as you are giving it?—I have a copy of the account before me.

2513. How does it comes that you make the last instalment so much heavier than any of the others?—With farmers we have to do it because they have a certain season.

2514. Is it not a very great inducement to renewal; is not that in view?—No, farmers cannot pay equal instalments, because at certain times in the year they realise their crops or sell their cattle, and are more possessed of money at certain periods of the year than at others.

2515. Will you give me the dates over again?

Chairman—continued.

—£40 on 13th March; 25*l.* on 13th June; 25*l.*, 13th September; and 75*l.* on 13th December.

2516. And, therefore, you think at Christmas-time he has more money?—That is the arrangement he made. Farmers have certain periods of the year when they are possessed of more money than at other times. I may say that farmers generally want a six or a 12-months' loan and not to pay anything in between; it suits their convenience better.

2517. When did you grant a renewal of the bill?—On the 13th December; the date when the whole of the first was due.

2518. What was the balance of the old bill when he proposed the renewal?—£75.

2519. That was the last instalment unpaid?—The last instalment unpaid.

2520. How much cash did you give him then?—The difference between 75*l.* and 110*l.*

2521. That is 35*l.*?—That is 35*l.*

2522. His evidence agrees with yours as to that; then you drew another bill for 165*l.*, I think?—£165.

2523. And discharged the previous one?—And discharged the previous one.

2524. Now, how much money had he had from you altogether; cash absolutely advanced?—He had 110*l.* and 35*l.*; 145*l.*

2525. £145 cash?—Yes.

2526. How much interest did you charge; the amount, I mean; 55*l.* first?—And 55*l.* second.

2527. £55?—Yes.

2528. Now, as a matter of fact, assuming that this man had paid out within the time specified, you charged him for the loan of 145*l.* in cash, 110*l.*?—For a period of two years, yes.

2529. Then he filed a petition in bankruptcy?—Yes; but not in consequence of any action of ours.

2530. Oh, no; I am not imputing that, because he has frankly said that, apart from what he had to pay, he had no fault to find with your firm at all. He has frankly said that?—Thank you.

2531. Out of the estate how much did you get per £?—15*s.* 7*d.*

2532. 15*s.* 7*d.* in the £?—15*s.* 7*d.* in the £.

2533. On 165*l.*?—Well, I have not worked it out.

2534. We have the Official Receiver's evidence?—I can tell you how much I received; 85*l.* 14*s.* 2*d.*

2535. You received that from the bankruptcy court?—Yes, 85*l.* 14*s.* 2*d.*; the first and final dividend.

Mr. *Garfit.*

2536. That is a dividend here they say of 15*s.* 7*d.* in the £?—15*s.* 7*d.* in the £.

2537. You did not receive the dividend on the 165*l.* then?—No, it was brought down.

Chairman.

2538. It was brought down by the court?—That is so; some of the interest was cut down. I expect so; it always is cut down; the present bankruptcy law allows it.

2539. You advanced this man, how much do you say, in actual cash?—£110 and 35*l.*; 145*l.*

Chairman—continued.

2540. You got 175*l.* cash from him and from the court?—We had a net profit of 31*l.* 10*s.* 4*d.*

Mr. *Warr.*

2541. Did you know that he was in the hands of another money lender when he came to you in the first instance?—No; we would refuse it if we knew.

2542. That is what I mean. You would refuse if you knew?—Yes.

2543. Then amongst the list of questions which I think are attached to that circular relating to your business (I have not looked at it with reference to this) I think there is a question as to whether he is in any other hands?—Yes.

2544. Do you not habitually make use of that list of questions?—Yes, we send it, and they reply "No."

2545. They reply "No"?—Yes, always.

2546. Do you employ the agency at all (I cannot quite remember the name of it at this moment) of which we heard a good deal from Mr. Farrow?—Stubbs', or the Mercantile Agency, or Perry's?

2547. Perry's Agency, I think it was. Do you employ Perry's Agency?—Only in London. There is no agency of Perry's in the country.

2548. Is that an agency that money lenders habitually employ?—Yes.

Mr. *Hope.*

(To the *Witness.*) I only received 100*l.* the first time. On getting into the trap he says, "Here is two sovereigns;" and he says, "I will give you that out of my commission;" and I never received but 100*l.* in 5*l.* notes. Your book may be and your man be what you like, but that is the truth, and I wrote to you about that 2*l.* afterwards, because you had not agreed upon it, and you said you did not know what the manager had done; it was not shown on your books. I only had 100*l.*

Chairman.

2549. Was this business introduced to you by an agent?—No.

2550. Was it direct?—Direct. If Mr. Hope's statement now is right, our manager has robbed us of 10*l.*, sending down the account to show he had advanced 110*l.*, when he actually advanced 100*l.*

2551. Robbed you of it?—Yes; he charged in his accounts that he had advanced 110*l.*

Mr. *Garfit.*

2552. The amount that you really got out of this bankruptcy was your principal sum, and 5*l.* per cent. per annum?—We got back our principal sum, sir, and a net profit or interest of 31*l.* odd.

2553. I mean out of this dividend you got paid 85*l.* 14*s.*; it was really 5*l.* per cent. per annum, as well as the allowance of the principal, was it not?—As well as the principal.

Mr. *Hazell.*

2554. You say you employ Perry's to make inquiries in London; you say money lenders all do

Mr. *Hazell*—continued.

do so; why do they go to Perry's and to other offices at the same time?—Go to other money lending offices?

2555. No; why do all the money lenders employ Perry's to make inquiries, and Stubbs, and other people?—In Stubbs' you can send for what we call "a status," to know the man's status. Perry's will tick across the inquiry how many applications the man has had to other offices; it does not state that he has had transactions with them, but that the man whose name you submit has applied to so many places. Stubbs you write to to know the man's position, and they write and give you their views upon his position.

Mr. *Warr.*

2556. Is the subscription to Perry's very large?—Speaking from memory, I think it is about six guineas a year, but you have to pay for each "search" as they term it. If you send down for a "search," I think there is a certain nominal fee that you have to pay, and, of course you have to be a subscriber, and that, I think, is six guineas.

2557. Do money lenders count upon having the interest reduced to 5 per cent. if the case goes into bankruptcy?—If the case goes into bankruptcy we give it up as a bad debt. The dividend in Hope's matter is most exceptional. We generally get 6*d.* or 9*d.* in the pound, and count it all bad.

2558. Do you count on having the interest reduced?—Yes, that is the law.

Mr. *Thomas Bayley.*

2559. In making these inquiries of these trade protection societies, all what we call the money lenders go to the same protection society, do not they?—Well, there is Stubbs', and Kemp's, and Perry's.

2560. But as a matter of fact, they do, do they not; is there any combination of any sort for mutual protection amongst money lenders?—No, none at all.

Chairman.

2561. Now what have you to say about the other case?—I would like to say that the witness simply gave evidence of what he was told, and I am in a position to say that if he was told what he said he was told, he was told a lot of falsehoods. He is quite right in saying there was 59*l.* advanced on February 15th and a promissory note for 88*l.* taken.

2562. Eighty-eight pounds ten shillings?—£88.

Mr. *A. K. Loyd.*

2563. Which case is this?—Bridger's.

Chairman.

2564. This is the meat salesman?—Yes.

2565. He is right in what he said?—Yes, that is right.

2566. Was it payable in weekly instalments of 2*l.*?—£2. On October 19th they stopped payment, and on November 13th we issued a plaint against them.

2567. How much had he repaid on October 19th when he stopped payment; I have it here 82*l.* on his evidence?—£70.

Mr. *Warr.*

2568. You said "they stopped payment"?—He says "they" stopped. He is only stating what he was told; I have the figures here, and will give every item if you wish. On October 19th they stopped paying, and on November 13th, nearly a month afterwards, we sued them in the county court.

2569. For how much?—The balance.

2570. Were there two people?—There were four people.

Chairman.

2571. You can tell us how much you sued them for?—The exact balance on the county court books would prove it too. I will tell you exactly: 18*l.* That can be proved from the county court books where they were sued; then, as they stopped payment for a month and we sent them arrear notices, and they did not attend to them, they were sued on November 13th. The money paid for the plaint was 19*s.*; that proves it was 18*l.*, because it is a shilling to the £ and a shilling over. On November 28th they called and paid 6*l.* of the debt and costs, and the summons was cancelled. Then they paid in December 6*l.*, and from December up to March 11th they did not make a payment in spite of repeated applications. On March 11th we issued a further plaint for 9*s.*, giving them credit for the 12*l.* paid, bringing it down to 6*l.* If you take 12*l.* out of 18*l.*, that leaves 6*l.*; we paid a plaint fee of 9*s.* Then on the hearing on March 31st (for which we paid a hearing fee of 7*s.*) there was an order made of 15*s.* per month. The man receiving 3*l.* a week, he was ordered to pay 3*s.* 9*d.* a week. He has paid two payments of 15*s.*, and now owes us 6*l.* 5*s.*, proving that I am quite right in my figures; and the county court books where we sued him will prove it. I will hand in a copy of the account, if you wish.

Mr. *A. K. Loyd.*

2572. You say there were four parties to the promissory note; was it a promissory note that you took?—Yes.

2573. You said there was a promissory note signed by four people?—Yes.

2574. Who were the four; what position of life were they in?—Richard Bridger——

2575. You need not give the names?—There was the meat salesman and his wife, which are practically one; then another person who was a butcher, and the son of Bridger.

2576. A master butcher?—It simply says here "a butcher."

2577. The son; and is he one of the borrowers?—The reason there were four names is that Mrs. B. had given a bill of sale, and therefore she was worthless as a solvent person.

2578. You were all the time, I suppose, making inquiries about the different names suggested through these agencies; is that so?—We declined it on their own names, through having this information; then they brought a third person who was not quite satisfactory.

2579. Before you make the advances you say: "We have made inquiries, and must have another name"?—Exactly, or decline it. Then they suggested another name. The third name not being

Mr. *A. K. Loyd*—continued.

satisfactory, we said the security was not approved of.

2580. Then a fourth name. The more names you get the more chance you have of getting something?—Exactly.

2581. I do not want to go into that?—The fourth name was the son.

2582. Was he in a better position than the father?—Yes.

2583. Something has been said about the rate of interest. What do you work out the rate of interest at?—We have not worked it out, because the account is not completed; there is 6*l.* 5*s.* still owing to be paid back.

Chairman.

2584. I make it 160 per cent.?—I have not worked it out; but you cannot bring it to a final conclusion, Mr. Chairman, because it is not paid.

Mr. *A. K. Loyd.*

2585. How many of those were in receipt of 3*l.* a week?—Well, the borrower was in receipt of 3*l.* a week, on the evidence of his employer.

2586. Those were all his sureties?—Those were sureties.

2587. The advance was made to a meat salesman in receipt of 3*l.* a week?—Exactly.

2588. What special risk were you running to make it necessary for you to charge the high rate of interest?—Because the borrower was not solvent; we could not sue him.

2589. How did you know he was not solvent?—Our inquiries told us so; and the wife had given a bill of sale on her effects to somebody else.

2590. You say you charge no more interest than is necessary to compensate you for the risk you run?—Exactly,

2591. The other side say it is exorbitant?—Yes. You must bear in mind they had given a bill of sale over their effects, and we could not sue upon it.

Mr. *Thomas Bayley.*

2592. In your little book that you have just given me you put in blue ink at the top: "All payments made on account are first appropriated to the payment of interest, or bonus charge"?—Yes.

2593. What is the meaning of "bonus charge"?—That has been done within the last month, because by a recent decision on the Bankruptcy Act the first of the payments, if it is especially mentioned, can be appropriated to interest and not to principal. That has only been done within the last three or four weeks. For instance, if a man owed us 80*l.* and filed his petition, if he had paid us 10*l.*, by putting those words on it, that 10*l.* would be applied to 20*l.*, and he could prove for the 60*l.* only, not for the 70*l.*

2594. That is on a recent decision?—That is on a recent decision.

2595. You have only just done that?—That is all.

2596. What is the meaning of "or bonus charge"?—If the person gave us a three months' bill and he was not prepared to pay it at maturity, he would say, "Let it stand over for another month and I will give you a certain sum as bonus;" that is what we mean by "bonus." Then we defer the payment of that, say, for a month, two months or three months, as the case may be, without drawing up a new bill.

2597. You call that a bonus charge?—Yes, we call it a bonus for allowing the payment of a bill to stand over for a month; it may be only a week; it may be a day.

Chairman.

2598. It is really interest?—It is really interest; it is a profit.

Mr. *Thomas Bayley.*

2599. There is no bonus about it?—It may be a wrong term, but it is a profit. May I be allowed to make a statement in reference to Mr. Farrow's recommendations of a new law?

Chairman.

2600. You can put in a statement. If you draw a statement and forward it to the clerk, I will see it is put in the Appendix?—I will do that.

Mr. FREDERICK CORBETT, sworn; and Examined.

Chairman.

2601. I BELIEVE you are a solicitor?—Yes.

2602. Practising at Worcester?—Yes.

2603. Have you had under your cognisance certain money-lending transactions of Mr. Isaac Gordon?—Yes.

2604. Will you explain to the Committee what these have been?—Yes. Mr. Isaac Gordon, trading as B. Edwards, of Birmingham, issued advertisements in the "Worcestershire Advertiser" newspaper. His advertisements began at a time when he was trading under the name of Gordon, but he ceased to use the name of Gordon about 1889 (I think it was), and in consequence of some circumstances which have no doubt been reported to you. I have here copies of advertisements in the Worcestershire newspaper which were extracted for the purpose of an assize trial at Birmingham. I have not

Chairman—continued.

the original newspapers, they are on the file of the newspaper office, and I have not been able to bring them.

2605. I think you may take it we are perfectly familiar with Mr. Isaac Gordon's advertisements, and come to a concrete case?—Those advertisements attracted the attention of a farmer named Adams, living near Bromyard, in Herefordshire, and led to his borrowing some money from Gordon. He repaid those loans.

2606. How much did he borrow?—I cannot tell you the amount of the loans previous to 1892; but I propose to begin the transactions with a loan of November 1892. At that time Adams applied for a loan of 50*l.* Gordon said he was willing to advance it, but that Adams owed him some money for balance of interest on former loans. Adams denied that; Gordon has never

Chairman—continued.

never produced any statement showing how he made out the claim and Adams has always denied, and denied on oath, that he owed any amount to Gordon at the time of this advance in November 1892. However, being in want of the 50*l.*, and apparently afraid of Gordon, he consented to sign a promissory note for 200*l.* On signing the note for 200*l.* he obtained the loan of 50*l.*

Mr. *A. K. Loyd.*

2607. May I ask what was the amount of the balance which Gordon said, rightly or wrongly, was owing to him?—I do not think the amount was ever mentioned; we have never been able to get any information in regard to it; Gordon has declined to give any account.

2608. It was professed to be included in the 200*l.*?—It was professed to be included in the 200*l.* The 200*l.*, in fact, included the 50*l.* loan, the alleged balance of interest, and the interest on the loan, and the alleged balance. In February 1893, Gordon advanced Adams a further 50*l.*, that would be three months after the first advance; in June 1893, a further 20*l.*; in November 1893, a further 50*l.*, and in March 1894, a further 50*l.*, making total advances of 220*l.*, apart from the alleged arrear of interest. During the whole of this time Adams was making repayments to Gordon, and between November 1892 and September 1894, Adams repaid Gordon in all 461*l.*, being 241*l.* in excess of the advances; but in October 1894 Gordon claimed that Adams still remained indebted to him in a balance of 500*l.*, making altogether 961*l.* in respect of loans of 220*l.*, and of that alleged arrear of interest. I have not worked out all the rates of interest and they vary, but I find in some cases that the direct charge was as high as 480 per cent. per annum, a sum of 40*l.* being in one case charged for renewal for one month of a note for 100*l.* Generally speaking the charge was at the rate of 160 per cent., but made payable at the end of three months, when it would be renewed and the interest capitalised; so that practically it was compound interest, at the rate of 160 per cent. per annum, which works out as nearly as may be to 300 per cent. per annum. In October 1894 Adams declined to sign any more bills. At that time in consequence he received a letter from Gordon dated the 16th October 1894, beginning, "Without prejudice I write to tell you that you must not leave a stone unturned and get the money, as if you fail to bring the money before twelve o'clock on Monday next and make satisfactory arrangements as to the balance, bankruptcy and ruin will follow. I am giving you timely notice to do your level best and not to leave a stone unturned to get the money and not to treat this matter with contempt, as if you fail to see to matters by Monday writs and bankruptcy will follow dead certain." A further letter was received by Adams from Gordon dated the 19th October 1894, also beginning with the words "Without prejudice." "In reply to yours of this morning your offer is simply absurd and preposterous when you offer 100*l.* in settlement of all my claims against you, which are just 500*l.* I must reject your offer with scorn and contempt and make you pay, and break you up if you will not pay voluntarily. This is final, and I must beg you not to bother me with any more of your preposterous letters as I have had quite enough of you lately. You may take this as your dead last chance." Then Adams consulted a Bromyard solicitor, who wrote to Gordon asking for a detailed account showing the amount of principal sums lent and the interest charged and an account of the moneys received. To that letter Gordon replied by writing to the solicitor a letter dated 26th October 1894:—"In reply to yours of this morning my claim is for 500*l.* upon five different promissory notes, and as for a detailed account I must respectfully refer you to your client, as I have something else to do than to keep up a correspondence with solicitors for which I do not get one penny. It is my intention to enforce my claims with the utmost rigour of the law, and you and your client can both do as you best think fit. I may be willing to accept 400*l.* in full settlement, providing the same be paid by Wednesday next, but I should certainly not dream of taking one penny less."

Mr. *A. K. Loyd*—continued.

2609. He says there he got notes for the amount of 500*l.*?—He got notes for the amount of 500*l.* The matter then came into my hands. Gordon sued Adams for 100*l.* upon one of the notes which had matured, and Adams, through me, obtained from a judge of the High Court unconditional leave to defend the action on the ground of fraud, and he delivered a defence and counter-claim claiming an account and the refunding of over-payments. On the 4th December 1894, notice of trial was given for the Birmingham Assizes to be held on the 12th December. On the 5th December, the day following the notice of trial, an execution at the suit of Gordon was, without any previous issue of process, levied upon Adams's goods. Upon inquiry I ascertained that Gordon had, unknown to Adams, dated one of the bills as made at Glasgow and made it payable there at an office kept by Gordon. Although both parties resided in England, and the loan transaction took place in England, at Birmingham and Bromyard, under the Scots Law Gordon was able upon this note, without issuing any process, but merely protesting the note, a process which consists in getting a notary to present the note to Gordon's own clerk at his own office, and then drawing up a formal document recording having done so—on merely protesting this note, and advertising the protest in a Scotch newspaper, which, of course, Adams never saw, Gordon was able to obtain a decree of the Court of Sessions under the Scotch process of summary diligence against Adams. Adams was in the decree described as of Glasgow.

Chairman.

2610. A place that probably Adams never had seen?—A place he had never seen in his life; he had never been in Scotland in his life. Adams was in the decree described as "of Glasgow, presently residing at Avenbury Court, Bromyard, Herefordshire," which had been his residence for a long time. On registering in the English High Court under the Judgments Extension Act 1868, a certificate of the Scotch decree, Gordon was able

Chairman—continued.

able to issue execution, and seize Adams's effects without serving him with any process, and although the claim was the subject of counter claim in the pending action in the English high court, and although notice had been given by me to Gordon's Scotch solicitor prior to his commencing the Scotch proceedings that the bill was the subject of the counter claim in the English action. If the Scotch solicitor had been an English solicitor so acting he would have been, of course, liable for contempt of Court, but carrying on practice in Scotland he was outside the jurisdiction of the English courts.

Mr. *A. K. Loyd.*

2611. May I just ask you one question? How did they deal with the requirement of the Scotch law, which says that if the address of the maker of the promissory note is known a copy of the charge is to be sent by post?—By putting the address on the note "Glasgow." The note was dated at Gordon's office in Glasgow, so that that was the address at which the note would be presented by the notary, and to which any notice of the process would be sent.

2612. Do I understand that it would be the notary who by Scotch law would send a copy of the charge by post to the maker of the note. Would it be for the notary to do that?—I think not; I think the solicitor.

2613. He would not be able to set up that the address was "Glasgow" on the note?—He did do so. The essence of our complaint is that he did do that.

2614. I mean the real address was clearly known to Gordon?—Clearly.

2615. I can understand the notary saying: The only address I could get access to was the address on the note; but I understand you to say that Gordon would have to send the notice?—I think Gordon's solicitor.

2616. Gordon's solicitor?—Yes; and he would perfectly well know that the address was in Herefordshire; and, as a matter of fact, he had in his possession a letter from me notifying that this bill was the subject of the English proceeding.

Chairman.

2617. And he sent no notice to you?—He sent no notice to me.

Mr. *A. K. Loyd.*

2618. You were acting for Mr. Adams at the time?—I was acting for Mr. Adams at the time.

2619. And you are able to say that no notice was sent?—That is so, the only notification I had of anything being intended was a letter from the Scotch solicitor, dated the 17th November, 1894, and which I should say was not addressed to me, but addressed to the debtor himself, thereby showing that Gordon's solicitor knew the debtor's address. "Mr. Isaac Gordon, of 6, Livery-street, Birmingham, and 100, Wellington-street, Glasgow, has sent me a promissory note for 100*l.*, by you to him, dated 10th September last, at two months date, which is post due and unpaid, and he has instructed me to apply to you for payment. Failing your remitting me the money by return of post, I am instructed to protest the note and enforce payment by issuing execution. My instructions are peremptory not to allow a day's delay in recovering payment, and I shall protest the note if I do not hear from you with a remittance by return of post." On the 20th November 1894, Adams having received this letter handed it to me and I wrote to Mr. Forsyth:—"Your letter of the 17th inst., addressed to our client, Mr. T. P. Adams, has been handed to us for reply. You are probably not aware that the claim which is the subject of your letter is also at the present time the subject of an action pending in the English High Court of Justice, and that in such action our client has obtained unconditional leave to defend."

Mr. *A. K. Loyd*—continued.

2620. According to that it would seem that notice of the summary diligence or of the intention to resort to summary diligence was given?—There is no reference to summary diligence. It says, "I am instructed to protest the note and enforce payment by issuing execution." There is no reference to the proposed intention to exercise the Scotch process of summary diligence; nor is there any indication in that letter that the note was made payable at Glasgow or was the subject of any special Scotch proceeding.

2621. Would not you gather that, from receiving the intimation from the Glasgow solicitor?—No, I should not, knowing that all the transaction had taken place at Birmingham or at Bromyard. I should conclude the note was dated at Bromyard and made payable at Birmingham. You see Gordon is constantly using the expression "issuing execution," and that kind of thing, and one does not know what he means by it.

2622. It had not the effect of bringing to your knowledge that it was intended to resort to the summary procedure in Scotland?—No, my opinion was that it could not be made the subject of summary procedure in Scotland; and having called Mr. Forsyth's attention to the fact that it was the subject of the action pending in the English High Court, and receiving no reply from him, I concluded that he accepted my view of the matter and that nothing more would be heard of it, and I heard nothing more of it until the actual levy of the execution.

2623. At any rate, we must modify what you said before to this extent: that you had the opportunity and availed yourself of it of letting them know that it was the subject of counter-claim in the English Court?—In the English High Court.

Chairman.

2624. You left off at the point that Adams took out a summons to set aside the execution?—Yes. Adams at once, through me, took out a summons, in the pending English action, to set aside the execution; and on the matter coming before the judge in London, it was referred to the judge at the Birmingham Assizes to be dealt with at the hearing of the assize action. Upon that summons being taken out Gordon wrote to Adams: "I understand that you are endeavouring to have the Scotch judgment, which is perfectly correct and legal, set aside, and out of courtesy

Chairman—continued.

courtesy and in order to save you the expense, I write to inform you that I have had a great many such judgments, and they will stand beyond all doubt. The under sheriff's officer for Herefordshire will tell you that he has had a few, and the money had to be paid in each and every case." I made inquiry of the Under-sheriff of Herefordshire, and ascertained that he had in fact received a considerable number of executions upon Scotch decrees at the suit of Gordon, chiefly against Herefordshire farmers. At the Birmingham assizes a compromise was agreed upon under which execution was withdrawn, and Gordon agreed to accept 185*l.* in settlement of costs and for his claim of 500*l.*; but the levy of the execution destroyed Adams's credit and ruined him, brought all his creditors upon him, and he was compelled to go through the Bankruptcy Court. Now so far as I can find out, it seems very doubtful if the Judgments Extension Act really does apply to the Scotch Process of Summary Diligence. The decree in that process is not obtained in any action, but merely *ex parte*, and as the parties are not brought before the Court, there is nothing to adjudicate upon, and therefore, properly speaking, there is no judgment.

Mr. *A. K. Loyd.*

2625. There is no judgment to extend?—There is no judgment to extend; but as a matter of fact, the English registry does accept a certificate of a decree of the Scotch Court having been granted, and does upon that issue execution. I have made inquiries, and I am informed that executions under such decrees have in several cases been set aside by the English courts, but generally speaking a defendant has not the means of contesting an execution, and the fact that executions can be contested is not generally known, and the mere levy under the execution almost always ruins the man on whom it is effected.

Mr. *A. K. Loyd*—continued.

2626. Would it not have been necessary for you to employ at least an agent in Scotland to have it suspended or stayed in Scotland?—I do not know what we should have had to do ultimately if we had not settled the matter by a compromise. Of course our first step was to get the execution set aside in England.

2627. I take it as being pretty clear that the fact that the very bill which Gordon was proceeding upon was the subject-matter of a dispute in England, would be sufficient ground upon which to obtain a stay of the execution in Scotland if the proper proceeding was resorted to?—I think so.

2628. Was not the hardship in this case that the Scotch procedure was sprung upon Adams, or upon you as his solicitor, without your having the opportunity of employing someone in Scotland to see that the proper procedure was carried out there?—Undoubtedly. I brought the matter before the Worcester Chamber of Commerce, and they brought it under the notice of the Home Secretary, but there was no practical result. The Worcester Chamber submitted a motion upon the subject to the annual meeting of the Chamber of Commerce, but I regret to say that our motion was defeated. The idea of such a summary way of collecting money seemed rather to take the fancy of some of the commercial men from the North of England, and they thought it would be particularly advantageous to apply to Ireland where they said there was some difficulty in enforcing bills of exchange; therefore, instead of adopting our resolution they adopted one in favour of extending the summary diligence process to England, Wales and Ireland.

Mr. THOMAS HIGGS, sworn; and Examined.

Chairman.

2629. WHAT are you by trade?—A blacksmith.

2630. Where do you reside?—Condover, near Shrewsbury.

2631. Have you had any monetary transactions with Mr. Isaac Gordon?—Yes.

2632. When?—26th September 1891.

2633. Did you deal with him as Isaac Gordon or Benjamin Edwards, or what?—B. Edwards.

2634. B. Edwards, in Birmingham?—Shrewsbury, sir.

2635. How much money did you borrow?—£20.

2636. For how long?—Four months. I signed a four months bill for 25*l.*

2637. What did he charge you for that?—I received 20*l.* and I paid 5*l.*

2638. You received 20*l.* in cash?—Yes.

2639. And you signed a promissory note for 25*l.*?—Yes.

2640. Then he charged 5*l.* for four months for the loan of 20*l.*?—Yes.

2641. Did you pay it?—I paid the 5*l.* at the end of the four months.

2642. You paid 5*l.*?—Yes.

Chairman—continued.

2643. Then you renewed the bill?—Yes.

2644. Did you give him another note for 25*l.*?—Yes, and paid it up to 26th September 1896.

2645. How often did you renew the bill?—Every four months.

2646. Up to when?—26th September 1896.

Mr. *A. K. Loyd.*

2647. That is five years?—Yes.

Chairman.

2648. Then he issued a writ?—Yes, he issued two writs, one in June of last year and one now in February.

2649. In February 1897 did he issue another writ?—Yes, he issued another then. I paid 3*l.* 10*s.* expenses on the first writ and renewed the bill again.

2650. He renewed the bill again?—That was in June of last year, the first writ that was issued.

Mr. *A. K. Loyd.*

2651. June 1896?—Yes, June 1896.

2652. I thought you said you kept renewing the

Mr. *A. K. Loyd*—continued.

the bill till September 1896?—Yes, it was renewed all the time. I renewed the bill then and paid 3*l.* 10*s.* expenses on the writ that came out then.

2653. Anyhow, you had been sued in June 1896?—Yes.

2654. Paid 3*l.* 10*s.* and renewed?—Yes.

2655. Was that a renewal, the one that brought it up to September 1896, for another three months?—Yes, that would be.

Chairman.

2656. Are you clear of him now?—I do not know, sir; he sued me in the Shrewsbury County Court since then, April 12th.

2657. Of this year?—Yes; the judge would make no order.

2658. Did you execute a deed of assignment?—Yes.

2659. What happened then?—I made a deed of assignment over to my father, and my creditors all accepted it; 13*s.* 4*d.* in the £. I was to pay.

2660. Did Gordon accept it?—No; Gordon was notified of the meeting, but he did not attend.

2661. And is it after that that Gordon sued you in the Shrewsbury County Court?—Yes.

2662. After the deed of assignment had been executed?—Yes.

2663. What happened in the county court of Shrewsbury; what did the Judge do?—He would not make any order at all.

2664. He refused to make an order?—Yes.

2665. Have you any idea how much money you actually got from Gordon, and how much interest you paid him?—Yes; I received 20*l.*, and I have paid back 75*l.* with the 3*l.* 10*s.*

Chairman—continued.

2666. You received in all 20*l.* cash?—Yes.

2667. And you repaid 75*l.*?—£75 and 3*l.* 10*s.* costs of the first that was issued last June; that made 78*l.* 10*s.*

2668. Of course, Gordon did not get that?—No.

Mr. *Garfit.*

2669. Then the 75*l.* was in five years?—Yes.

Mr. *A. K. Loyd.*

2670. You kept up these payments of 15*l.* a year from the loan in September 1891, till June 1896, when you were sued?—Yes.

2671. Then you paid 3*l.* 10*s.* costs, and got a renewal?—Yes, by paying 8*l.* 10*s.* then, another 5*l.* and 3*l.* 10*s.* costs; 8*l.* 10*s.* I had to pay then.

2672. You paid 8*l.* 10*s.*?—Yes.

2673. So that you paid 5*l.* interest and 3*l.* 10*s.* costs?—Yes.

2674. And that carried the bill to September 1896?—Yes.

2675. At the end of the next three months—I suppose January or the beginning of February—he sued you again?—Yes.

2676. How did you settle that; did you pay it or not?—No, I did not pay. On January 26th it would become due again.

2677. Why was it you were sued again in April 1897 if you had satisfied the action in February?—I do not know, sir.

2678. He had brought another action; what was that on?—On a judgment he got in London, I think.

2679. He got a judgment against you in London?—Yes.

Mr. THOMAS FARROW, re-called; and further Examined.

Chairman.

2680. YOU remember that you made an estimate of the interest charged by Messrs. Fielding and Company, which you said amounted to 5,000 per cent. in a certain case?—Yes.

2681. What case was that?—That was the Oxford case.

2682. You have heard Mr. Samuell's evidence upon that point?—Yes.

2683. Have you anything to say upon it?—I have to say, in the first place, that I do not admit Mr. Samuell's figures; I prefer to take the figures of the lady herself, who in her letters clearly states that receipts were refused to her, and that she had previously informed the firm of having paid the loan over and over again, and they denied the accuracy of her figures, and she says to me: "My statement is absolutely correct. Of course taking Mr. Samuell's figures the loan does not work out anything like 5,000 per cent. The calculation was originally made under a misapprehension, but in any case I cannot bring it down to 59 per cent. I have had a fresh calculation made, and I make it now something like 175 per cent.

Mr. *Garfit.*

2684. That is the first loan of 50*l.*?—Yes.

2685. He admitted that?—I took the loan actually at the 30*l.* cash received.

2686. He admitted 179 per cent., I think?—Yes.

Chairman.

2687. That Mr. Samuell admits?—Yes, I am quite content to leave it there, but I refuse to accept Mr. Samuell's figures as correct.

2688. But you do not insist on the 5,000 in any case?—I do not insist on the 5,000 in any case.

2689. You withdraw that?—I may say that the Committee asked me to make the calculation, and while I was giving the evidence the calculation was handed to me by a friend of mine who has had some experience in these matters, and I took it for granted. He made the mistake in this way——

2690. Never mind the way in which the mistake was made; you withdraw the statement as to 5,000?—I withdraw the statement as to 5,000 but I do not accept Mr. Samuell's statement as to 59.

2691. It

Mr. *Garfit.*

2691. It is another loan, is it not?—It is in connection with the same loan.

Mr. *Samuells.*] May I say, sir, that it is not my calculation; it is the calculation of two firms of accountants, and their calculation is superior to that of Mr. Farrow.

Witness.] I have had other accountants who are equally capable.

Tuesday, 6th July 1897.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Caldwell.
Captain Chaloner.
Mr. Garfit.
Mr. Lloyd-George.
Mr. Jeffreys.
Mr. A. K. Loyd.
Dr. McDonnell.
Mr. Price.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley.

Mr. T. W. RUSSELL, IN THE CHAIR.

Mr. ISAAC GORDON, sworn (in the Scotch form); and Examined.

Chairman.

2692. WHAT is your name?—Isaac Gordon.

2693. You are by profession a moneylender?—Yes, sir.

2694. Where do you reside?—At Birmingham.

2695. At how many places in the United Kingdom have you branch offices?—Seven.

2696. What are they?—Do you mean what are the names of the places.

2697. Yes?—Birmingham, London, Manchester, two at Liverpool, one at Oxford, and one at Bristol.

2698. Do you carry on the business of moneylending at all those places in your own name?—No.

2699. Under how many names do you trade?—Eight; No, I should say seven places and eight names.

2700. What are the names?—Edwards and Rylands in Birmingham, Williamson in Bristol, B. Edwards at Bath, Elliott in Manchester, Spencer in Liverpool, Cookson in Liverpool, Edwards at Oxford, and Wallace in London.

2701. Do you carry on business under the name of Rylands?—Yes, sir.

2702. Have you given that name?—Yes.

2703. May I ask why you carry on your businesses under different names in different places?—Yes; for the simple reason that it is a good check on borrowers. They very often skedaddle from one place and they go applying to another, and by this means one has sometimes a chance to find them out.

2704. Then I suppose if a borrower applies to you in London you make enquiries at your other places of business whether there has been any application or any business done there?—No, I know that. There is no need for me to make enquiries because I keep all the books at Birmingham. What I mean to say is: Suppose a man comes and borrows money of me in London, and in due course, as some of them do sometimes, they skedaddle, they run away, forgetting to leave their name and address behind them; they very likely go to Manchester or Liverpool, and in due course they after a little time may apply to those

Chairman—continued.

places, and by trading in different names I have sometimes a chance to find them, whereas if I trade in the same name they are not likely to walk into the same trap again.

2705. Would this be possible, that a person might borrow money from Isaac Gordon in Birmingham?—Yes.

2706. That he might also borrow money from William Spencer, of Liverpool?—Yes.

2707. And he might also borrow money from Benjamin Edwards, of some other place? Would you be aware in Birmingham that these transactions were going on at your branch offices?—Yes, of course, I would.

2708. If they got into the Bankruptcy Court they would all be found to be one and the same person?—Oh, yes; that is a common thing. A man sometimes comes to London and borrows money of me in London, and in due course will apply to Liverpool, and if I think he is safe enough to be trusted with another 100*l.* or so I gladly lend it to him, and if it pleases him to conceal the transaction from me in London I let him have entirely his own way, and the transaction shall be concealed from me from my London office.

2709. Have you the accounts of persons notified to you and the sums they borrowed?—Yes.

2710. Had you ever an office in Worcester?—Yes.

2711. Where was it?—Bridge-street.

2712. Under what name did you carry on business in Worcester?—Gordon, I believe, and Edwards.

2713. Why did you close that office?—Because it did not pay.

2714. Was it after your trial at the Worcestershire Assizes that you closed that office?—Yes.

2715. What was the result of that trial; what was it for; what were you charged with at Worcester Assizes?—Some borrowers alleged——

2716. What were you charged with at Worcester Assizes?—Well, I am going to tell you.

2717. Answer

Chairman—continued.

2717. Answer the question; then give any explanation you like?—Well, I will. Some borrowers alleged that I lent at 5 per cent.

2718. What was the charge against you at Worcester Assizes?—I really could not tell you; fraud or misrepresentation or something of that sort.

2719. Very well we will take it as fraud?—Fraud; yes.

2720. What was the result of that trial?—The result was that it went against me.

2721. Had it no further result than that?—If it "went against me" that is as good as to say, I was convicted.

2722. You were convicted of fraud?—Yes.

2723. What was the sentence?—I believe it was 18 months.

2724. You "believe" it was?—Yes.

2725. You are not sure?—Eighteen or 20 months.

2726. And you closed your Worcester office and ceased to do business in Worcester after that?—Yes. But wait a minute. I was pardoned and released by order of the Home Secretary after the lapse of eight months.

2727. Have you the account of Mr. Peregrine Adams here?—Yes.

2728. Mr. Adams was a farmer, I believe?—Yes.

2729. In Herefordshire?—Yes.

2730. Have you had any opportunity of seeing the evidence given to this Committee last Thursday by Mr. Corbett of Worcester?—Yes, I did see something of it, and I have to say to you——

2731. Never mind. Do not go too fast, the Committee is perfectly unable to follow you; you go so rapidly. Take it quietly. You have had an opportunity of reading that evidence?—Slightly.

2732. As it was in the newspapers?—Yes.

2733. That case was all brought out in court?—You mean the Bimingham court?

2734. Adams' case?—No, sir, it was not; they squared it before ever the case came on for trial.

2735. We shall have something to say about what you call squaring it; but it was in court?—Oh, yes.

2736. In November 1892, did Adams apply to you for a loan of 50*l.*?—Yes, I suppose he did. Wait a minute, sir (*referring to papers*).

2737. I am taking it from the court record?—From what record?

2738. The court record?—November 1892.

2739. Yes?—I believe I dealt with him before that.

2740. I am not asking you what dealings you had with Adams before that?—I beg your pardon.

2741. I am asking you, did Adams apply to you and get from you in November 1892 a loan of 50*l.*?—In November?

2742. November 1892. I am dealing with the court record; it was proved in court?—Well, I suppose it is right.

2743. You gave him the 50*l.*?—I suppose I did.

2744. What was the amount of the promissory note you took in exchange for that?—Well, I cannot find the record of November 1892.

2745. Did you get Adams to sign a promissory note for 200*l.* for that 50*l.*?—No, no fear; he very likely owed some from some of the other accounts.

2746. What I ask is this: After that loan of 50*l.* did you get a promissory note for 200*l.* or not from Adams?—I have got it down here that I advanced him 120*l.*

2747. You advanced him the 50*l.*?—Yes, and he very likely owed me some money besides.

2748. That is exactly what I am trying to come to. Did you get a promissory note from Adams for 200*l.*?—Yes, I did.

2749. Now why did not you tell us that at once. I have the whole thing here in the court records?—I beg your pardon; I did not know you had it down there.

2750. Now we have got this length, that you gave 50*l.* and you got a promissory note for 200*l.*?—Yes.

2751. Did you contend in court that the reason that that promissory note was for 200*l.* for such an amount as 50*l.*, was, that he owed you some old interest?—Well, I forget the proceedings now; it is some years since, but I suppose that would be right to be very exact.

2752. You had had previous transactions with him?—Yes.

2753. Adams denied that he owed you any old interest?—I forget what he did and what he did not.

2754. If you forget that we must take it that you gave 50*l.* and got 200*l.*?—Yes, it would be; but I forget the exact case now, it being some years ago.

2755. November 1893, twelve months after that; did you advance him another 50*l.*?—Yes, I suppose it is right if you have got it down there.

2756. In March 1894, another 50*l.*?—Yes, very likely.

2757. That is a total advance in cash of 150*l.*?—Yes.

2758. Did Adams, between November 1892 and September 1894, repay 46*l.* in cash on that?—Very likely he did.

2759. You do not challenge the record?—No, I do not.

2760. In October 1894 did Adams stop paying?—Yes, I suppose that would be it.

2761. And demanded an account?—He did not demand any accounts of me, but an action was raised against Adams and the lawyer demanded an account.

2762. I am coming to the action; but of course there must have been some grounds for the action; he must have stopped payment?—Yes.

2763. Did you render him an account?—I forget now what took place.

2764. Did you send an account to this man, Adams; after his borrowing 150*l.* and paying 46*l.*, did you return an account which was produced in court bringing in a further liability of 500*l.*?—Well, I remember supplying some figures to my lawyer; I did not give it direct to Adams, so I suppose he must have had it.

2765. Do you dispute these figures?—No, sir, I do not.

2766. Now,

Chairman—continued.

2766. Now, let the Committee be quite clear, there is 150*l.* advanced in cash; I am not speaking of interest? —Yes.

2767. There is 461*l.* repaid in two years, and there is a demand made and an account rendered for 500*l.* additional?—I suppose that would be right.

2768. You suppose that would be right; that is not in accordance with your business rules?—Not quite in accordance; that was a very exceptional case.

2769. In October 1894 did you sue Adams on one of the promissory notes?—I did, yes.

2770. Did Adams defend it?—I believe he did defend it; yes.

2771. Surely you know he did defend it?—Yes, sir, he did.

2772. Was there a defence and a counterclaim?—I do not remember about the counterclaim; but I remember the case was set down for trial.

2773. Set down for trial, where?—At Birmingham.

2774. At the Birmingham Assizes?—Yes.

2775. After the case was set down for trial and notice served, what action did you take?—Well, sir, the case was set down for trial and I could not do any more.

2776. Do you assert that?—Sir?

2777. Do you say that?—I say the action was set down for trial and I could not do any more; but I had another bill payable in Scotland at the same time, and I protested that bill and issued execution.

2778. Just take your time. I am just coming to that. The action was set down for trial and notice served. Did you on the day after the notice was served for trial take action in Scotland?—I cannot say whether it was on the very day, but I remember it was somewhere about the same time.

2779. Was the promissory note dated from Glasgow?—It was payable in Glasgow.

2780. Was it dated from Glasgow?—Yes.

2781. Have you an office there?—I used to, not now.

2782. You had then?—Yes.

2783. This whole transaction took place in Birmingham?—Yes.

2784. Why did you date the promissory note transacted in Birmingham from Glasgow?—For summary diligence.

2785. It is the Scotch summary diligence?—Yes.

2786. Is this your procedure?—It used to be, not now.

2787. I will deal with this case, and you must tell us what took place in this case?—Yes.

2788. Was this your procedure, that this man signed a promissory note in Birmingham and that that promissory note was dated Glasgow?—Yes.

2789. And that you, having begun an action against him in England and notice of trial having been served for the Birmingham Assizes, protest that Glasgow note in Glasgow?—Yes. Allow me to tell you it is a separate note.

2790. I know it is a separate promissory note?—A separate transaction.

2791. I quite admit it was a separate promissory note to that which you were going upon in England. When the note was protested what took place under the Scotch law?—Execution was issued.

2792. Without any notice to Adams?—I do not know whether he had notice that the execution was going to be issued, but Adams had notice that an action was going to be raised in Scotland, and I must flatly deny Mr. Corbett's statement that he never had any notice that I was going to protest the bill. That is absolutely untrue.

2793. I am not asking you whether he had or had not notice that you were going to protest the bill. I have got the whole correspondence here. Listen to me now?—Yes, sir.

2794. You protested this bill in Glasgow?—No, in Edinburgh, the Court of Session.

2795. The bill is not protested before the Court of Session; the bill is protested before a notary public?—Yes, and then it goes to Edinburgh.

2796. Then it is advertised in a Scotch paper; is not that so?—Advertised in a Scotch paper, not to my knowledge. It is recorded in the Scotch law books.

2797. Once it was protested, and the due formalities being taken in Scotland, the decree is sent on to England here under the Judgments Extension Act?—Quite right, sir.

2798. Did the sheriff, acting on that decree, swoop down on this man's farm, and clear it one day after notice had been given of the trial at the Birmingham Assizes?—Quite right. It is the law. It is absolutely perfectly good law, and I will quote a case for you.

2799. I am not quite sure that it is?—It is.

2800. You are quite cock sure of that. We shall see by-and-by. I am not quite sure that you have complied with the law. Now Adams, of course, or rather the solicitor of Adams, protested against this?—Not to me, he has not.

2801. You say not to you. Listen to this letter: "I understand that you are endeavouring to have the Scotch judgment, which is perfectly correct and legal, set aside, and out of courtesy, and in order to save you the expense, I wrote to inform you that I have had a great many such judgments, and they will stand beyond all doubt. The under-sheriff's officer for Herefordshire will tell you that he has had a few, and the money had to be paid in each and every case"?—Yes, I have written that to Adams; not to his lawyer.

2802. Now, what took place at the Birmingham Assizes after this had been done?—Well, I believe that the action was set down for trial, and the matter was settled for something like 180*l.*, and the sheriff was withdrawn from possession.

2803. Put out of possession?—Yes, he was withdrawn, I believe.

2804. He was withdrawn?—Yes.

2805. And you compounded for 185*l.*?—I believe that was the settlement; I forget now, but I believe that was it.

2806. Then, for the loan of three different 50's, 150*l.* in all, in cash you had got from Adams 461*l.* in absolute cash in payments, and you got 185*l.* in court as a settlement?—I did not get it; I did not get a penny of it.

2807. That is what it was compounded for?—Yes,

Chairman—continued.

Yes, but I did not get a penny for it; not a copper.

2808. Then what happened?—He went bankrupt; I had to make him bankrupt.

2809. Did you get a dividend?—Not a penny; not a copper. With regard to what Mr. Corbett has stated——

2810. Stop a minute?—We must come to that point.

2811. You think you complied with the Scotch law?—I do.

2812. Did you describe this man, who had never been in Scotland, and had never seen Glasgow, as "of Glasgow, now residing at Bromyard, Herefordshire"?—Did I? I could not tell you. I did not do the business myself; not the legal work.

2813. Your solicitor did?—Yes, I cannot say what he did. He has evidently written to him.

2814. Do you know whether this man got any notice of the proceedings in Scotland before the sheriff appeared at his door?—I cannot say that. I believe it is usually the rule for the Scotch solicitor to write a letter that certain proceedings are going to be taken to give him an opportunity to interdict, or to apply for an injunction if he likes; but there is no doubt about it that the lawyer has written to him.

2815. He got no notice?—Oh yes. I must respectfully differ on that point. He undoubtedly got notice from the lawyer prior to the proceedings being taken.

2816. Very well; at all events you admit that, first of all, for the loan of 150*l.* you got 46*l.* from Adams, and you claimed 500*l.* more?—Yes.

2817. And that it was compounded in court for 185*l.*?—£.185, of which I never got a copper.

2818. Now, Mr. Charles William Inman, a solicitor, was examined here on Thursday, and produced a letter from you addressed to a Mistress Claremont?—Claremont. Yes, sir, quite right, I know the letter.

2819. I will read the letter for you, so that you may hear it?—I think I have seen it. I know the letter.

2820. I think it will be an advantage, before you are asked any questions upon it, that I should read it?—But I know it; I know it by heart.

2821. Yes, but I should like to read it for all that; it is dated "22nd October 1895. Dear Madam,—In reply to yours of this morning, I herewith enclose you a promissory note, which you will please read over and sign it yourself, in your own handwriting, your names in full, on the lines (not allowing anyone else to sign it for you) and return it here, and as soon as I receive it I will send you 100*l.* in Bank of England notes, for which you will have to pay back 200*l.*, that is 100*l.* for interest, in accordance with the terms of the enclosed promissory note, which please return clean, and oblige. This is the very best, easiest, lowest, and only way I can do it, and should this not suit you, please return the enclosed note unsigned, as I can do nothing different from what I stated here, and oblige. You must please not attempt to alter the note in any way, as by so doing it

Chairman—continued.

will become spoilt and void, and I will not be able to send you any money for it.—Yours truly,—B. Edwards." Then there is a postscript, to which I wish to direct your attention: "That will be charging you 100*l.* interest for the loan of 100*l.* for three months, which is the very best, easiest, lowest, and only way I can do it at, and is considerably less than anyone else would have it at, and I question and doubt very much whether you would be able to get it elsewhere upon better or even as good terms with as little trouble, and so much privacy and secrecy, although you may see advertisements in the papers offering to lend money at five per cent., and other ridiculously low terms, which are only frauds and swindles done to obtain fees, and seldom if ever advance any money; and in order to save time and delay I enclose you 100*l.* in Bank of England notes herewith, and if these terms are satisfactory please sign and return me the enclosed promissory note and keep and acknowledge the 100*l.* per return of post. If, on the other hand, these terms do not suit, please return me the same 100*l.* registered, together with the promissory note unsigned per return of post. You must please not fail to let me have one or the other per return and oblige; and if at the expiration of the three months it should not be quite convenient for you to meet it, we can then make some other satisfactory arrangements, and if at any time when the bill falls due you should be prepared to pay part of the capital off, interest will only be charged on the part of the capital remaining in proportion to the above terms, which I think is very fair and honourable; but please note I cannot undertake to repeat this offer again should you once reject it, and you must please either accept it or reject it precisely as it stands, as I cannot write to you again on the subject, and I hope this will meet with your entire satisfaction and approval, and that you will now be perfectly satisfied." That is a pretty long postscript?—It is, sir.

2822. It is rather longer than the letter?—Perhaps it is.

2823. I think probably the sting of the letter is in the postscript?—Very likely it is, sir.

2824. Now are you in the habit of sending to people 100*l.* in a letter in Bank of England notes without having the promissory note or the security beforehand—Yes, sir, I do it every day; I place every confidence in them.

2825. Did you know, sir, before you did this, that this lady had an annuity of 600*l.* a year?—She told me something of it. Yes I did.

2826. You did?—Well, sir, excuse me. You do not expect me to send a hundred pounds to a tramp or a person I am not likely to get my money from. If I did not think she was a right person I should certainly not send her any money, of course I should not.

2827. No. If you will allow me to say so, I think it an extraordinary thing for you to send 100*l.* in bank notes to anybody?—Oh, my dear sir, I do it every day, I place every confidence in borrowers in a little loan.

2828. But the confidence is sometimes misplaced?—No, only in one case. As a rule I do not send out to anybody and everybody, but only

Chairman—continued.

to such people as I think are respectable and honourable. Just exactly like a tradesman.

2829. Stop all this nonsense. Did not you send this lady this 100*l.* in bank notes on a promissory note for 200*l.*, because you had made inquiries and found that she had an annuity of 600*l.* a year. Answer that question. Did not you know that?—I had prior dealings with her before, and knew all about her.

2830. Did you know that she had that annuity?—Yes, and she is bankrupt now.

2831. I should say so if she went on with you?—Yes, and I am actually money out of pocket; I am on the wrong side, instead of making anything out of it.

2832. I should be quite surprised, if she sent 200*l.* for 100*l.* for three months, if she did not go bankrupt?—And she has done me for a good many hundreds, this very lady, annuity and all. It is all very well for you to pitch into the money lender about this. He gets done too. What about this lady? She went and deceived tradesmen, money lenders and everybody else, and when it came to the paying point she went to Scotland.

2833. The Committee is not inquiring into what this lady did or did not do?—But if you are going to pitch into money lenders you ought to be fair, sir, to them; you have to be fair in regard to the borrowers' position as well. You know, sir, the Committee do not seem to take into consideration the conduct of some of the borrowers and their doings, which are absolutely inexplicable; some of them are right down rogues and robbers; therefore, the money lender must take care of himself.

2834. The Committee is not here to inquire into what Mrs. Claremont did, or whether she became bankrupt or not; they are here to inquire into the system of money lending?—If you are going to abuse me give me a chance to explain myself, and have the thing out fair and square. It is no use to be all one side.

2835. At all events you admit perfectly candidly and fairly that you sent this money to this lady before you got the security?—Yes.

2836. And that you knew that she had an annuity of 600*l.* per annum?—Yes, I do.

2837. And that you charged 100*l.* for the loan of 100*l.* for three months?—Yes, of course I did.

2838. You own that?—Yes, frankly; openly.

2839. You think it is fair business?—Yes, perfectly fair. I risked my money.

2840. That will do now?—I risked my money and I have the right to make the best bargain I can for myself. If you will pardon me and allow me to speak a few words upon the subject, it is experience that makes men perfect.

2841. No?—I know more about it than the Committee does, and if you will allow me I will give you one or two good hints that will put a different light on the affair altogether. I do not call it interest at all; I call it a big premium for insurance. I sell my money; I do not lend it at all. And, half a minute: With regard to Claremont, I am several hundreds of pounds actually out of pocket by her.

2842. Now I want to take you to another case which we had on the second day of our sitting. You remember having transactions with a lady called Mistress Williams, of Llangollen, near Chester?—I do.

2843. What was the amount that that lady borrowed?—Well, sir, I have not had any notice.

2844. First of all whom did she borrow from?—She borrowed from Edwards of Chester when I dealt with her the first time.

2845. Edwards of Chester?—Yes.

2846. She borrowed 50*l.*?—Yes.

2847. The charge for which was 20*l.*?—Yes.

2848. She defaulted?—I do not believe she did for some time.

2849. No, I know; she paid regularly for some time?—She paid regularly for some time.

2850. Then she defaulted?—Yes; well, latterly she defaulted, but not for some time.

2851. Did not she borrow another 50*l.* immediately after that from William Spencer, of Liverpool?—No, a long time after that; two or three years after that I think it was.

2852. Oh, no, no?—You know it best because you have got it down.

2853. Let me put the case to you in this way: Mrs. Williams of Llangollen is a dressmaker?—Yes, she was.

2854. Exactly. She is out of business now, I guarantee. She borrowed 50*l.* from Benjamin Edwards of Chester first?—Yes.

2855. She repaid four monthly instalments?—Yes.

2856. Then she defaulted?—She defaulted; yes.

2857. And seeing an advertisement of one William Spencer, of Liverpool, she proceeded to William Spencer, of Liverpool, and obtained from him a loan of 70*l.*?—Quite right.

2858. And she paid off Benjamin Edwards with that?—Oh, no; I do not think she "paid off."

2859. I am taking it from the record of the Bankruptcy Court, because this lady was driven into bankruptcy like a great many more of them?—I do not think she has paid off all the second.

2860. She borrowed 70*l.* in the second place from William Spencer, of Liverpool?—Quite right.

2861. She defaulted there also; then borrowed 100*l.* from Mr. Isaac Gordon, of Birmingham. Now here are three transactions; well, within 18 months of each other. First of all, 50*l.* from Benjamin Edwards, then 70*l.* from William Spencer, then 100*l.* from Isaac Gordon. Then she goes into the Bankruptcy Court, and she finds that Benjamin Edwards, William Spencer, and Isaac Gordon are one and the same person?—Well, sir, it is no crime; she has not suffered by it.

2862. I did not say it was. Is not that the case?—Yes, sir; that is perfectly true.

2863. Now, Mr. Gordon, when she defaulted to Benjamin Edwards and applied to William Spencer, of Liverpool, were you aware of the default to Benjamin Edwards?—Excuse me, sir, I did not quite catch it.

2864. She borrowed first from Benjamin Edwards?—Yes.

2865. She

Chairman—continued.

2865. She went into default; she ceased to pay at the end of four months?—Yes; well take it that that is so.

2866. Take it as that. Then she borrowed from William Spencer, of Liverpool?—Yes.

2867. When she applied to the same man as William Spencer, of Liverpool, were you aware of the default to Benjamin Edwards, of Chester? —Do you mean to say——

2868. I mean exactly what I say. The question is as plain as daylight. I will repeat it to you?—I am sorry I cannot catch it.

2869. Then I will try and make you catch it. She borrowed 50*l.* from Benjamin Edwards, of Chester?—Yes.

2870. She repaid her instalments for four months?—Yes.

2871. She ceased paying and applied to William Spencer, of Liverpool, for a loan of 70*l.*?—Yes.

2872. When she applied for that loan of 70*l.* from William Spencer and got it, were you aware that she had made default to Benjamin Edwards, of Chester, and that this loan secured from William Spencer was to pay Benjamin Edwards, of Chester?—Very likely it was. I cannot speak precisely upon the point, because I have not got it down.

2873. Are you aware of everything that takes place at your branches?—If you mean to say at the time I granted the loan as Spencer; the time she was dealing with Edwards, of course, I did, and I actually instructed my manager; furnished him with full particulars, that I had known the lady several months, or whatever it is; and instructed him to deal with her under the name of Spencer; if that is what you mean.

2874. Then here is a lady whom you know to be incapable of paying the loan of 50*l.* secured at Chester, and yet under another name and from another office you give that lady a loan of 70*l.*, out of which she repays you at Chester, and then she goes on to a third party in Birmingham, getting 100*l.* to repay you at Liverpool. Were you aware of all that?—Of course I was, sir.

2875. And you call that legitimate business? —I do in a certain way.

2876. In what way?—Well, in a certain way. I risk my money and I have a perfect right to make any bargain I think fit. If I like to risk my money and give it that lady in 40 names I can do it; it is my own money and I have a right to do what I like with it.

2877. That is your answer?—Yes, sir, it is; a *bonâ fide* answer. I risk my money and I have a perfect right to do with it what I like.

2878. Then you admit that case?—I do.

2879. Now, will you allow me to put another question to you. Is this another habit of yours, may I ask. When a man is in straits; not able to pay his loan; are you in the habit of sending this printed circular to him: "If you can do with a few more pounds kindly drop me a line and I can send it to you per return of post in Bank of England notes privately, on easy terms to suit your own convenience, and at a low rate of interest. Please reply. Yours truly, *B. Edwards*"?—I send it to these people that

Chairman—continued.

pay off and that I think are good for a certain amount.

2880. Do you say that you confine that circular to those who pay up?—As a rule.

2881. That is not what you said: "as a rule." What are the exceptions?—Well, to tell the truth I very seldom send the circular myself; I do not know what the clerks do, but I am not likely to send to a man offering to lend him more money when he is not able to pay me what he owes me already.

2882. That is what you do. I have the circular here by the half dozen, and it is because of the extraordinary nature of the business that I want to know what is under it. Did you send that to Mr. Hood Hope (*handing a document to the Witness*)?—Yes; I go on to explain——

2883. I am not wanting any explanation about it. What was the state of his account when you sent that?—You will pardon me, sir. Every few months one of the clerks goes through the books and sends out those circulars to people who have paid off. This man Hope had been bankrupt at that time when that circular was sent to him, but if you put a new clerk on to the books to send those circulars he does not know what man is good and what man is not, and this is the reason that this circular comes to be sent to Mr. Hood Hope; but if Mr. Hood Hope had written to me for money, the thing would be likely to be brought under my notice, and I should reject it, and I should write and tell the man that the circular was sent to him in error. I have not had this clerk for above three months.

2884. I have circulars here without end of yours. Is that circular issued, sir, by you?—It was issued by mistake. If I explained to you under what circumstances——

2885. Was the circular issued?—Yes, it was issued.

2886. In order that you might get these unfortunate borrowers more completely in your power?—No; that is not quite so. My explanation is that the clerk does not know to whom to send it and who not to send it to, and therefore is likely to send a circular to a man who is bankrupt already. Your way of looking at it is not right.

2887. That is sent before the bankruptcy?— Was it?

2888. It was?—Will you allow me to look at it?

2889. Yes (*handing same to Witness*)?—Oh, no, sir, it is 1897. The man was bankrupt two or three years ago; that is 1897.

2890. I am coming to Hope's case now.—The circular in question was sent a month or two ago.

2891. Then it comes to this, that you sent it after bankruptcy. Do you think that that improves it or not?—Yes; it was sent after bankruptcy. I did not send it; the clerk did.

2892. That makes the thing worse. Here is a man you have had many transactions with yourself; he becomes a bankrupt—and allow me to tell you, from the evidence given before the Committee—becomes a bankrupt simply because of this usurious interest, the man only owing 114*l.* to his other creditors. That was proved here by the bankruptcy proceedings. Now is it your

Chairman—continued.

case that after this man has been made a bankrupt by this usurious interest, and after he is cleared by the Bankruptcy Court, you issue that circular to him to get him into your toils again?—No, sir, it was issued under a mistake. I cannot give you a better answer; it is impossible to do it. Now, sir, I ask you the question: am I likely to lend money to a man who is absolutely bankrupt, and from whom I could not get anything?

2893. You do so many unlikely things that I cannot answer?—If you will permit me to give my explanation of it you will look at it in a different light than what you do by this circular. I admit that to a person who does not know it seems extraordinary, but when a little light is thrown upon the matter you see exactly how the thing is done.

Dr. *M'Donnell.*

2894. Was that the only circular you sent him?—I do not know; the clerk sent it out.

2895. Was that the only circular you sent him?—I cannot tell you. Very likely there may have been a dozen. I do not know.

2896. You would not have a dozen new clerks, would you?—I daresay the clerks do not remember to whom they have sent that; they do not keep a record. Circulars are sent broadcast, to anybody and everybody.

Chairman.

2897. We have been dealing with a circular sent to Mr. Hope; I now come to Mr. Hope's case; Mr. Hope lived in Herefordshire also; I believe you did a large business with Herefordshire farmers?—I used to; I have given it up years ago.

2898. The orange is sucked?—I do not say that.

2899. I suppose, as a rule, in almost every case, with these farmers it has ended in the Bankruptcy Court?—No, sir, I cannot say that; some of them do.

2900. Have you the account of Hope here?—Well, yes, I have, but in order to save time I have read the reports in the papers, and I am perfectly ready to admit it.

2901. I will not be put off in that way?—All right; then I will give it you as well as I can.

2902. Between 19th March 1892 (and again I may state that I am quoting from the Bankruptcy Court proceedings) and the 26th February 1894 did Hope borrow from you sums amounting to 395*l.*?—Yes.

2903. In interest and capital did he repay in the same time 445*l.*?—Yes.

2904. How much did you prove under the Bankruptcy Court for the loan of 395*l.*, the borrower having paid 445*l.* in interest and principal; how much did you claim?—£.300, I believe.

2905. You claimed 362*l.*?—Yes, I did.

2906. Therefore, for the loan of 395*l.*, in payments and claims, you got 807*l.*?—I suppose I did if I had a dividend.

Mr. *George Whiteley.*

2907. Did you get that 362*l.*?—You mean the dividend; no, sir, I only got a portion of it.

Chairman.

2908. What dividend did you get from this estate?—£.116.

2909. Did not you get 15*s.* 11*d.* in the £.?—Yes, I suppose that would be it.

2910. This is a man whose whole creditors outside the money lenders amounted to 114*l.*; for the loan of 395*l.* you got a claim of 807*l.*?—I did.

2911. Where were Hope's promissory notes dated from?—Some Birmingham; some Glasgow.

2912. Why did you make that difference; why did you date some of the promissory notes from Birmingham and others of them from Glasgow?—To avail myself of the summary diligence.

2913. But summary diligence is as good in one case as in another; why did you make a distinction between the promissory notes?—I tell the truth. I have not made any lately; I do not care very much about summary diligence. The law in England is as good as it is in Scotland; it is very much better, but I left it to the clerk to send whatever he thought proper.

2914. And I suppose in sending them dated Glasgow he made a mistake?—No, I cannot say he made a mistake.

2915. Now, have not you a regular system?—No, I have not. The one promissory note is as good as the other.; 5*l.* in gold and 5*l.* in silver is practically the same value. I could summon him on a promissory note payable in Scotland in England, but still there are some forms to be used, and he used whichever he thought proper. There was no particular reason for it. I should not conceal it from you if there was. I came to be perfectly candid and open with you.

2916. Did Mr. Hope's brother offer to settle the matter?—I believe he did make me an offer, and I rejected it because I thought I could get the lot. If a man can get 300*l.* why should he take 200*l.*?

2917. You said you would see the matter out to the bitter end?—Yes; he had already filed his petition. I had already a lot of trouble about offering settlement, and I had no reason to see why I should not get the lot.

2918. You did not do badly out of Hope?—No, not badly out of Hope. If I could do it in every case I should be all right.

2919. You got 15*s.* 11*d.* in the £. in the Bankruptcy Court?—Yes, that is rather an exceptional case.

2920. You seem rather to delight in the fact of this poor Herefordshire farmer being in the Bankruptcy Court?—Oh, no, I do not; it is only a matter of business.

2921. Then, after this man had gone through the Bankruptcy Court, and after you had lost a little money upon him, you fired this circular at him, offering him more money?—Now, sir, will you listen to me, and take my explanation how the circular was sent?

2922. Do you mean to say that these circulars are only sent by mistake to your clients?—No; but when you have got hundreds to do you are liable

Chairman—continued.

liable to make a mistake in one or two. If you will allow me I can give you a perfect explanation, which I am quite sure will meet with your satisfaction.

2923. Then your explanation of this is that it was a mistake of your clerk's?—Certainly.

2924. How do you know that?—If I had known I would have told the clerk in a minute. The man is bankrupt; why am I to lend him money, and where am I to get it back from. You do not think the money-lender is so silly as to lend to a bankrupt who has got nothing to pay with.

2925. You had better bear in mind that the man was not really bankrupt?—Oh, yes, he was.

2926. No, no; the man was not really bankrupt; the man could have paid perfectly easily 20*s.* in the £. but for you money-lenders?—But he was bankrupt in the end.

2927. Your explanation of sending him that circular after he was bankrupt is not that you desired to get him into your toils again?—No.

2928. But a mistake of your clerk?—That is so.

2929. I am bound to take the answer?—You will take the answer.

2930. I am bound to take it?—You cannot take it any otherwise.

Mr. *George Whiteley.*

2931. Would the man have become bankrupt had you charged him reasonable interest?—I think he would have gone bankrupt just as well.

Mr. *Garfit.*

2932. As I understood, you said that this last circular was sent by accident after the man failed. Did you send more than one circular after the man failed?—I could not say. I do not see the circulars that are sent out, and for all I know perhaps a dozen were sent to him.

2933. He says in his evidence that you sent him three or four?—Very likely; I should not be surprised if it is a dozen.

Chairman.

2934. It is a curious thing you are not able to give an answer to the honourable Member for Boston as to any other circular that was sent, but you are quite sure that this one was sent by mistake?—No. It is very likely if you will bring up another one I should tell you the same thing. I can only find a mistake out by drawing my attention to a certain matter; otherwise I have no means of finding it out.

2935. But you have no actual knowledge that the circular is being sent out?—All I know is that they are being sent out broadcast.

2936. I thought so, and you trust to your clerks?—That is it.

2937. And then if it becomes inconvenient it is very easy to put it upon a mistake of the clerks?—No, sir, no; please do not put it like that. Is it possible for one person to see to everything.

2938. Now I want to take you to another case of a farmer, a Welsh farmer this time, Mr. Parry, of Aberdour. Have you got the account of that?—Yes.

2939. Now in April 1893 he borrowed 50*l.* from Benjamin Edwards?—Yes.

2940. Repayable in three months?—Yes. No, excuse me. I did not have notice to bring that, I have not got it here; still I have seen it in the paper, and it is practically correct. I say that to save time.

2941. This was a promissory note for three months?—Yes.

2942. And you charged 5*l.* for three months?—Yes, that is reasonable, is it not; only 40 per cent. and no security.

2943. I would rather you would not ask me questions. I am not here to answer what is reasonable and unreasonable in your business; we are here to find out that?—Yes, sir, but you are here to get or make me as black as ever you can, and I respectfully point out to you that a man has a perfect right to protect himself and point out that a thing is not as black as it looks. You are getting all the worst possible cases against me.

2944. I have not asked you a question save on matters of fact; at least I have not knowingly asked you questions save on matters of fact which have been proved before the Committee, and you have no right to say I am trying to make you as black as I can?—No, but some of them is.

2945. The fact is that these things have been proved in evidence here; they may make you black or they may make you white, but they are there, and I have been examining you on the evidence, but whether they are there or not you have admitted every one of them so far?—But you have only had the black ones. There are two sides to it, and if you will allow me to tell you my tale I will put a different light on it.

2946. By-and-bye you will have a full opportunity to state all the beauties of your case?—Thank you; I am much obliged.

2947. For this loan of 50*l.* you charge 5*l.* interest for three months?—Yes.

2948. This note was renewed in July and October 1893, and January 1894?—Yes.

2949. Five pounds payable on each renewal?—Yes, every time it is renewed.

2950. It was further renewed in April, July, and October 1894, and again in April, July, and October 1895?—Yes.

2951. And in April and July of 1896, on payment of 10*l.* for each renewal?—Yes.

2952. Then you raised it?—Yes.

2953. The risk was getting greater?—That is just it.

2954. Now then, for the loan of 50*l.* from April 1893 to July 1896 you charged interest 110*l.*?—Well, sir, I suppose it is so.

2955. Those are the figures given here?—Yes, quite right.

2956. You admit that?—Yes; but perhaps, sir, you will permit me to point out a case where I have lent a man 800*l.* and never got a copper.

2957. We will hear all that. I want now to ask you if you have the account of Alfred Lewis, a caterer in Hereford?—Yes.

 2958. You

Chairman—continued.

2958. You know him very well?—I have seen the report and it is perfectly true.

2959. Yes, but I will not take that general statement. Now, I have here a full statement of Lewis' account, commencing September 1889 and ending July 1886; he got from you according to this account (which is from the court) the sum of 1,106*l.*?—Yes.

2960. He paid you on that, counting the claim that you made in the Bankruptcy Court of 890*l.*, the sum of 3,351*l.*?—Yes.

2961. You admit that?—Well, sir, I cannot help myself because I have not got it down here.

2962. Look at that (*handing a document to the Witness*)?—I suppose it is right.

2963. Look at that; who made up that account?—Well, sir, if it is down here I am bound to admit it because that is my own doing; I thought some other kind good gentleman had prepared it and they do not at all mind giving an extra weight.

2964. Then you agree that that is accurate?—Yes.

2965. For 1,106*l.* in cash for three years you charge 3,351*l.*?—Yes.

Mr. *Lloyd George.*

2966. Have you got a dividend upon that?—Not yet.

Mr. *Warr.*

2967. Is this your native country?—No, I was born in Germany.

2968. Isaac Gordon is not your real name?—Yes, sir, it is; it is my birth name.

2969. It is your birth name?—Yes.

2970. Not an assumed name?—No, sir, it is not.

2971. When did you come to England?—When I was quite a youngster.

2972. And how long have you been engaged in this business?—Fourteen or fifteen years.

2973. What was your previous training?—I have no particular training.

2974. May I ask how old you are?—Thirty-two.

2975. You have told us your places of business and the names under which you carry on your business?—Yes.

2976. Have you any guiding principle in the choice of these names; as, for instance, when you choose Rylands, of Birmingham, and Cookson, of Liverpool?—Not particularly. You have got to choose some name.

2977. Are you influenced by the fact that Rylands is a well-known name in Birmingham?—Well, sir, I believe I have heard something about it.

2978. Is that the reason why you trade under the name of Rylands?—No, I cannot say that it is; you are bound to choose some name.

2979. But you choose by preference a well-known name?—I choose Edwards; I choose Wallace—just whatever strikes one for the best—a nice plain name easily pronounced.

2980. Have you any partners?—No, sir, I have not.

2981. Have you any one else who is interested in the business?—No, I have not, only managers.

Mr. *Warr*—continued.

2982. Do you pay the managers by commission?—No, I do not.

2983. You pay the managers a salary?—Yes.

2984. Then do the managers communicate with you before making any advance whatever?—In some cases they do; not in every case.

2985. In some cases you give the managers authority?—The managers, yes; to use their own discretion.

2986. Independently of you?—Yes.

2987. I suppose you advertise on a considerable scale?—Yes, sir, I do.

2988. Can you give the Committee any idea what the amount you spend in advertisements annually is?—Newspapers I do not much go in for now; it is mostly circulars.

2989. Do not you use the newspapers?—Not much.

2990. Have you found that it does not answer well; using newspapers?—No, it does not answer so well.

2991. It does not answer so well?—No.

2992. I suppose, when you do advertise in newspapers, your test is what amount of business comes from the particular place in which the newspaper circulates?—And the class of borrowers.

2993. And the class of borrowers?—The borrowers and that business.

2994. Can you tell me, speaking generally, what class of people you do business with most?—Mostly the middle class; I do not deal with the lowest of the lowest—mostly tradesmen. I do not deal with the ignorant common class at all.

2995. You do not deal with what are called the working classes?—I might in isolated cases.

Chairman.

2996. You call those the "ignorant and common class"; you have a contempt for the working classes?—No, sir, I do not do much with them.

Mr. *Warr.*

2997. Do they apply to you much?—They do, but they are declined; they are more trouble than they are worth.

2998. You send them away?—Yes.

2999. Do you do much business with the professional class?—What do you call the "professional class." That is rather a big term?

3000. Professional men, clergymen and lawyers?—Clergymen! I have dropped them—they are an awful lot. Excuse me. It is only three months ago that I lent to a clergyman 300*l.*, and never got a copper. That is an example of them.

3001. Do you do any business with young officers?—No.

3002. Undergraduates?—No, sir, none of them for me; *bond fide* straightforward business; tradesmen, people in good positions and so on.

3003. Do you do any business with Oxford undergraduates; you have a branch there?—No, I never touch them.

3004. How do you arrange your finances; I do not want to go into particulars. How much money have you out at the present time?—Well, sir, I could not tell you.

3005. Just generally?—How much money; do you mean, every year?

3006. Yes.

Mr. *Warr*—continued.

3006. Yes. I will take it now at the present moment. How much money have you out on loan?—I have no idea.

3007. Have not you really?—No; I have no partners, and I do not trouble about taking stock.

3008. You cannot give me any idea?—Approximately, perhaps, 15,000*l.* or 16,000*l.*; perhaps it may be 20,000*l.*, but it is rather a big order to tell straight off.

3009. I only meant approximately?—Approximately.

3010. About 20,000*l.* is the amount you have out at any one time, is it?—Yes, perhaps, it is a bit more.

3011. Do you arrange finance with bankers?—No, as a rule a banker does not like to assist a money-lender.

3012. All your own?—Yes.

3013. Bankers, you say, do not like to assist money-lenders?—No, and besides that a money-lender could not carry on business if he had to resort to a banker.

3014. There is only one other class of questions I want to ask you. I suppose you get security when you can?—Not once in three years. Of course, when people have got security, they know better than to come to me.

3015. What is the most common form of document?—A promissory note. I can show you a copy, if you like.

3016. If you please (*the document was handed in*).

3017. This is your form of promissory note?—Yes.

3018. And this is the form of security that you take more of than any other?—This; and there is another one annexed to that a little bit lower down.

3019. I suppose, when you can, you get sureties in addition to the borrower?—No, I very seldom get sureties.

3020. You very seldom get sureties?—No, because when people come to me they come chiefly for privacy.

3021. Therefore, you do not ask for sureties? No, and besides I could not get them.

3022. Do you use bills of sale much?—No, I have never taken one in my life.

3023. Have you never taken one in your life?—No, if the Committee here would recommend to do away with bills of sale, I think that would help one a great deal.

3024. I am not asking you that at all; but you do not take bills of sale?—No.

3025. Have you no printed form of bill of sale at all?—No.

3026. You really never make use of bills of sale at all?—About 15 or 16 years ago I took one, a paltry one, and never since.

3027. Virtually you have abandoned bills of sale?—Yes, I do not take them.

3028. Now as to this summary diligence of which you have availed yourself in Scotland, I understood you to say you no longer make use of that?—No.

3029. And that I understood you to say was because you found the English law of summary diligence sufficient for your purpose?—Equally as good because when you go to court you have it; I can always prove my case up to the hilt, above board, because when I lend money to a borrower, not only am I not content with the signature to the promissory note, but I take a letter from them in their own handwriting like one annexed to that letter; the type written document right in front of the documents I have handed to you; a holograph letter which must be in his own handwriting.

Mr. *Warr*—continued.

3030. "I have this day borrowed and received from Mr. J. Gordon, Birmingham, the sum of 80*l.*, for which I have promised and agreed to pay back 100*l.*, that is 25 per cent. interest in three months from date as set forth on the note which I read over signed and clearly understood. I received 80*l.* in Bank of England notes"?—He must give me a holograph letter written by himself, otherwise I shall not deal with him.

3031. I suppose you are always careful in this note to state truly the amount of cash he receives?—Yes, truly and honourably, for two reasons.

3032. I do not want your reasons?—You will oblige me by giving me a hearing now, will not you?

3033. No, I do not think so; I know your reasons quite well. I have been a sufferer. Do you make use of what is known as the hire and purchase system?—No.

3034. Why?—Because it is too troublesome, and I do not want it.

3035. From your experience do money-lenders make use of the hire and purchase system very much?—Not that I am aware of.

3036. Do you make use of policies of life assurance?—No, I simply lend the money on the promissory note.

3037. Have you any other business at all except money-lending?—No.

3038. Are you associated with any furniture place?—No.

3039. Not at all?—Not at all.

3040. Have you any interest in any auctioneer's business?—No, nothing whatever; I only lend money, that is all.

3041. Do you lend money on jewellery at all?—No, I do not bother with that.

3042. Only promissory notes?—Only promissory notes. People will not give you anything when they have good security, and the game would not be worth the candle.

3043. Are you connected with Perry's Agency?—I belong to the society.

3044. Do you make use of it?—Yes, sir, I do occasionally.

Mr. *Ascroft.*

3045. You describe yourself as a money-lender?—Yes.

3046. And you consider that so long as you are not guilty of any breach of the law, you have a perfect right to carry on that business to the greatest advantage to yourself?—Yes, sir, I do.

3047. And may I also assume that you consider that you have a right to use every legal document you possibly can to secure yourself and also to make use of every Court of Law to repay you the money that you have lent with the

Mr. *Ascroft*—continued.

the interest accrued?—Yes, any legitimate purpose.

3048. Every legitimate legal purpose?—Yes.

3049. Then your view is that so long as the law does not fix any limit to interest you may make a bargain for 5,000 per cent. or any other per cent. that the borrower agrees to pay?—Quite so.

3050. And I suppose you have lent at 5,000, or greater percentages, where the borrower has been willing to pay it?—Well, I do not know that, but I have charged a good rate of interest; I do not know whether it would be 5,000.

3051. Four thousand?—Say so, approximately.

3052. Call it 3,000?—Yes.

3053. And you consider, along with other money lenders, that that is a perfectly proper thing unless the law steps forward and makes an alteration?—I did not quite catch that latter.

3054. You consider that until the law is altered you have a right to carry on your business on those lines?—Perfectly, so long as a man does not break the laws.

3055. May the Committee take it that so soon as the law is altered you and other money lenders will be equally glad to comply with the requirements of the law?—Provided it will pay to carry on the business.

3056. Provided it pays you to carry on the business?—Provided it pays to carry on the business.

3057. You never consider whether the interest is reasonable or unreasonable, but simply whether the man can pay it, and whether you can get it?—Just say over again that latter, sir, please.

3058. It makes no difference to you whether the interest is too high or too low; you get as much as you can, and as much as you think the man can pay?—Quite so.

3059. And so you intend doing until the law says it is an improper thing?—Well, I will not go to that extent. If the law remains like it for another hundred years I do not suppose——

3060. May I take it that so long as you carry on the business of a money lender, you intend to make as great a profit as you possibly can out of that business?—Yes, sir; so does every business man.

3061. I do not know whether you make an enquiry fee charge?—No, that I never do.

3062. No fees of any kind?—I do not charge any preliminary fees at all. I charge by interest, but everything open and above board; straightforward; no preliminary fees. If I do not deal with a man I do not charge him a penny.

3063. We shall get on very well if you just answer me shortly. I will not take advantage of you. I have a very good idea of what your views are, whether right or wrong. You charge no fees; everything is included in the rate of interest?—No, sir, I do not say that; but I do say that I charge no preliminary fees.

3064. Do you charge bonuses?—Yes.

3065. Of course, if the amount is large and the risk great, the bonus is great accordingly?—Just so; but every man will not give you the interest.

3066. Wait a minute. Can you give us any idea as to the amount of bonus you charge?—Do you mean interest?

3067. Yes?—Well, ranging from about 30 per cent. to 500 or 600 per cent., or 1,000.

3068. Do you go on these business lines: If a man borrows a hundred pounds, with a fixed rate of interest repayable in three months and makes default, you, if you think he is solvent, renew on his paying a bonus?—Yes, sir, I do, so long as I think my money is safe.

3069. And you keep going on renewing each three months, charging a bonus as he makes default?—No, he does not make default.

3070. If the bill is made repayable in three months, and if he fails in repaying the loan, he makes default?—Excuse me. I generally make my arrangements with the man for the renewal of the bill before the bill becomes due. I do not wait to renew the bill until he makes default.

3071. Just wait a minute. Do you make bills of sale repayable in three months?—"Bills of sale," no; promissory notes.

3072. Bills of exchange or promissory notes?—Yes.

3073. When a man does not repay the principal at the end of the three months, you renew?—I will renew it for him.

3074. You renew it?—Yes.

3075. When you renew it you charge him a bonus for that renewal?—I will renew it upon the same terms as I did before.

3076. What would be the usual terms for a hundred pound loan, thirty pounds; forty pounds?—What, for three months?

3077. Yes?—It all depends. Sometimes the borrowers will only give ten pounds.

3078. We may take it then that it runs from ten pounds up to what?—Forty pounds; thirty or forty pounds.

3079. So that if you add on that to the loan of a hundred pounds, you might have forty?—Or two hundred per cent.

3080. Or you might have 460?—No, sir, not 460; four forties is only 160.

3081. Or 160?—Yes.

3082. Now, I will not continue that part any further. You consider that you have a perfect right to get all the security you can?—Yes.

3083. I suppose you take bondsmen on the note?—Very seldom; I cannot get them.

3084. You cannot get them?—No; because when people have got sureties they can go to other banks and get the money for less.

3085. Do you, for the purpose of enlarging your business, employ gentlemen who introduce customers to you?—You mean agents; people that bring business to me.

3086. People who introduce men and get paid a commission for it?—No; I do not have anything to do with them.

3087. That is a disreputable way of doing business, I suppose?—No, agents are dishonest.

3088. Oh, I see; I am glad we have got to the fact that there is something dishonest, even about this?—Oh, agents are not at all straightforward.

3089. Are you aware that we had the other day before this Committee a member of a large money-lending

Mr. *Ascroft*—continued.

money-lending firm, who said he would be willing for the law to be altered, that interest only at a reasonable rate should be charged; have you read that?—I did see something of it.

3090. Just let me have your view?—What; about restriction of the rate of interest?

3091. Would you be willing that the law should be altered; that where the loan is made at a rate of, say, 20, 25, or 30 per cent. interest, or above that, that the court should have the power, at any time, of considering whether the interest charged was fair and reasonable, considering the position of the borrower and all the surrounding circumstances?—No, sir, I am out of it to-morrow then.

3092. You would object to that?—Of course I should. I will tell you why——

3093. Just wait a moment. Your contention is that you have a perfect right to have a free hand to get as much as you can?—Unless I could have it I would throw the business up to-morrow.

3094. May I take it that if the law was altered in that respect the business of a large proportion of money lenders would be gone?—And you would inflict a certain amount of hardship on a certain amount of the community.

3095. A respectable class of the community?—A certain amount of the community, but not a respectable class of the community.

3096. But money lenders are respectable?—No, sir, they are not. A usurer is not supposed to be respectable.

3097. I see what you mean. Now let me ask you another question on another branch. I suppose you have, in addition to your places of business, a number of rooms where you put your name up?—Yes.

3098. The object of having those rooms, is it not, is that you may take proceedings in those districts as if you were a resident?—No.

3099. What is the object?—The object is because a borrower will go to a local place before he will go hundreds of miles away.

3100. You did not notice the form of my question; in addition to your offices or places of business, have you a number of rooms where you do not carry on business but simply have your name up?—No.

3101. Nothing of the kind?—Nothing of that kind.

3102. Have not you one at Glasgow and another at Edinburgh?—No; I had proper offices there, but I have given those up.

3103. Is it not necessary, before you can sue upon a bill headed "Glasgow" or "Edinburgh," that you should be resident in the district of the court?—I believe that is the law.

Chairman.

3104. You have given your Scotch offices up?—Yes.

3105. I suppose you found the Scotch people were not so easily taken in?—No, not that; but because of the Scotch law of hypothec.

Mr. *Ascroft.*

3106. May I take it that you are now in such a position that you cannot issue summary diligence proceedings in either Edinburgh or Glasgow?—No, I do not suppose I could.

3107. Now as to the security that you take; you say promissory notes; do you use statutory declarations?—No.

3108. Nor warrants of attorney?—Nothing of the sort.

3109. Then your business is purely and legitimately promissory note?—Promissory note.

3110. Now as to the way in which you recover payment; do you take proceedings in different courts?—As a rule my promissory notes are all payable at Birmingham, with few exceptions.

3111. Do you issue proceedings in the High Court?—In the High Court and county court.

3112. Nowhere else?—The High Court and county court.

3113. There is also, I think, a London court, called the Lord Mayor's Court?—I do not trouble about that.

3114. You do not use that?—No.

3115. Do you commence bankruptcy proceedings?—Oh, yes.

3116. Do you sue in the local courts of Derby or Lancaster?—No; I do not resort to those pettifogging courts; all straightforward. I go into the county court and give the borrower a chance to speak if he has any defence to make.

3117. You consider the law is sufficiently strong in the High Court and the county court to enable you to recover money lent on a promissory note?—Yes.

3118. I suppose you sue under the Bills of Exchange Act, by which the borrower can make no defence?—If the amount permits it.

3119. But he has to make an application to a judge and show very strong circumstances before he is allowed to defend?—Quite so.

3120. And the question of the high rate of interest is not a ground of defence?—Certainly not.

3121. You are aware of that?—Only fraud.

3122. Can you give us any idea of the number of transactions that you have had during the last 12 months?—Well, say 300 or 400.

3123. I am not talking now of in the courts?—Yes, yes; say 500, that is 10 a week.

3124. Five hundred loans you have made during the last 12 months?—Yes.

3125. Can you give us any idea of how many writs or county court summonses or bankruptcy petitions you have presented during the last five years?—Well, sir, bankruptcy petitions, say about 20 a year.

3126. County court summonses?—County court summonses at the rate of 50.

3127. Fifty a year?—Yes.

3228. Writs?—Writs about another 50. That is about 30 per cent., one-third.

3229. Writs of summary diligence in Scotland?—I only had one or two, and not lately.

3130. Do you find, as a rule, that when proceedings are taken you recover the amounts that you claim?—Not always.

3131. But as a rule?—No; as a rule no man is likely to be sued if he can pay.

3132. When you have sued do you, as a rule, recover the money owing, or a portion of it?—Well,

Mr. *Ascroft*—continued.

Well, sir, in eight cases out of 20 I recover the money.

3133. Have you any grounds for complaining against the conduct of the judges who try these cases; do you find that they treat you differently to the way in which they treat tradesmen?—No. My opinion is that if you come before the judge with a thoroughly straightforward case he will always give you a verdict; but if it is a shady business he will naturally sit upon you, and give you sixpence a month.

3134. I see what you mean. But supposing he finds that you have charged a very high rate, say 2,000 or 3,000 per cent., is he in the habit of giving you judgment for the full amount at once, or does he make it payable at sixpence or threepence a month, and so prevent your recovering?—Judges differ greatly, some are different to others.

3135. Then some of them carry out the law strictly and give you immediate judgment?—Yes, some relax it a bit more.

3136. Whereas others are very improperly prejudiced and prevent your getting the money to which you think you are entitled?—Yes; but as a rule I always get it.

3137. I suppose this is a profitable business. What is the profit on the business?—Well, sir, I have never been in any other business, and therefore I cannot say.

3138. I am not comparing it with other businesses. Is this business a profitable business?—Well, I daresay I make about——

3139. I admit you have great anxiety?—Yes, and worry and trouble.

3140. I admit you have a great many, well, remarks made about you that are not pleasant. I will admit you have a great many risks, but notwithstanding all that is it profitable?—Well, in accordance with the amount of worry and trouble you get it is really not sufficient.

3141. Not worth carrying on?—It is not, really.

3142. Then, may I take it that if the system of money-lending at ruinous rates of interest was abolished the country would not suffer very much?—Some members of the community would, and very greatly, much more than the money-lenders would.

3143. Exactly?—If you would permit me I will give you a few illustrations.

3144. Are you aware that by the Bankruptcy Act it is the intention that when a man is insolvent, or in such a position that he cannot pay his creditors, he should call them together and place his position before them; are you aware of that?—Yes, I believe I have heard it.

3145. There is only one more question. Would you have any objection to state what was the amount of income tax you paid last year?—I think that is hardly a fair question.

3146. I only ask you?—I would rather you would not press me on that point.

(The proceedings are adjourned for a short time.)

Mr. *A. K. Loyd.*

3147. Do you swear that your real name is Gordon?—Yes.

Mr. *A. K. Loyd*—continued.

3148. And that that was the first name you ever went by?—Yes, that is my real and true name.

3149. You told us you were born in Germany?—Yes.

3150. Where, in Germany?—At a place called Neustadt.

3151. How do you spell it?—N-e-u-s-t-a-d-t. It is by Memel.

3152. Is your birth registered there?—I believe so. No, I should say it is Russia; it is close to Germany, but it is not Germany; it is on the frontier in Russia.

3153-4. You now say you were born in Russia then?—Yes, it is close on the German frontier.

3155. Was your birth registered?—I believe so, I do not know.

3156. Why did you say just now, when you were asked about the different names, that you were in the habit of choosing a plain name, easily pronounced?—Otherwise people cannot pronounce it.

3157. Have you ever discussed with people the desirability of changing your real name because it was not easily pronounced?—No.

3158. You never have?—No, I have given my reasons for trading in different names.

3159. Have you ever had any partners in business?—No.

3160. Always traded by yourself?—Yes.

3161. How came you to describe yourself in no less than three of the advertisements, which you have admitted are yours, as a private capitalist, member of a well-known wealthy firm?—Well, I consider myself a private capitalist, and I consider myself a member of my own firm.

3162. There was no idea in that of leading people to believe that you were anything but what you are?—No, I do not believe so.

3163. Do not you know very well that your object was to make people believe that you were a member of a well-known wealthy firm?—So I am; I can pay my way.

3164. Do you still say that is a correct description of yourself, a member of a well-known wealthy firm?—Yes, that is just what I should say, in my estimation.

3165. Had you any other reason for putting the name of Wallis, Elliott, and Cookson after that description?—No, not particularly.

3166. Your simple desire was to represent yourself as what you are?—As a money-lender, just so; if not I should not advertise.

3167. As what?—As a person who lends money to those who wish to borrow it.

3168. You wished to convey to people that you were a money-lender of German extraction?—No, I did not say so.

3169. Seeking your fortune in this country?—Yes.

3170. By trading under about a dozen different names?—No, that is not it. What I put into the advertisement is pure and simple as it reads.

3171. Yes, I quite see that. You said just now that people do not come to you if they can give security. May I take it that your business lies amongst those who have not what is called banking facilities?—That is just it. They may have

Mr. *A. K. Loyd*—continued.

have banking facilities to a certain extent, and they would probably come to me for more.

3172. They are either people who have no banking facilities or who want more facilities than their bankers are willing to give them?—That is just it.

3173. May I take it that it would not be worth your while to deal with people who could give security. Did you say that just now?—It would be worth my while if I could get them to pay me what I ask.

3174. Is that what is meant by saying people will not give you anything if they have security; the game would not be worth the candle?—What I mean to imply is, if they have got security they know of other places to go to, where they could get it for very much less, because people when they go to money-lenders have to pay a good rate of interest if they want to borrow money. That is invariably the case.

3175. Do not run on. What do you mean by saying that people will not give you anything if they have got security; the game would not be worth the candle?—What I mean by anything is, anything worth my while. Five per cent. would not pay me.

3176. That is precisely what I am coming to. It would not pay you to do business?—At 5 per cent.

3177. At the rate that you could get from people who could give security?—That is just it.

3178. So in order to get a rate that pays you——?—I am bound to do business without security.

3179. From people who have not got security you can get a much larger rate than you could from people who have got security?—They naturally pay a higher rate because they want the money, and they cannot get it otherwise.

3180. Just answer. You have mentioned the very large losses that you sometimes have in your business?—Yes.

3181. I think you mentioned a case of 800*l.*?—Yes.

3182. In order to balance the losses of those who do not pay you, your object is to deal with those who will pay a large rate?—You must make the good pay for the bad, just exactly like a steamship company. They lose one boat, and they have to make it up out of the remainder.

3183. You deal with all classes, do you not?—Well, all classes is rather a big order. I do not deal with Members of Parliament, if that is what you mean by all classes. It is the middle class mostly; tradesmen.

3184. May I read this to you: "A private gentleman with a large amount of spare cash at hand is anxious to accommodate ladies and gentlemen, clergymen, tradesmen, shopkeepers, farmers, hotel proprietors, clerks, private householders, gentlemen's servants, college servants, and others in good situations, or any other responsible persons in town or country"?—That is quite right. I do business with anybody and everybody where I think my money is safe.

3185. That is what I meant by asking you whether you did business with people of all classes?—Yes; anybody and everybody where I think my money is safe.

3186. I think you told us you dropped clergymen a long time ago. That advertisement, I notice, is dated May this year?—Well, it has not been altered. If a clergyman would apply I should be very careful with him.

3187. I do not attach much importance to that. I am correct in saying that your business lies with all classes that you see your way to deal with?—Yes, all classes.

3188. Do you find different degrees of business capacity amongst those who come. Some are more business people than others, are they not?—Of course they are.

3189. You can tell at once whether a man is a shrewd business man?—Yes, whether he is a shrewd business man, or whether he is a dull sort of individual.

3190. I suppose you would not take advantage of any person in any way if he had not business capacity, or would you think that did not concern you?—No, I should not take advantage of anybody. I should tell him my terms, and either he would pay them, or else I should say, "I cannot deal with you."

3191. If you saw at a glance, as you say, that he was not of business capacity, you naturally would not deal with him?—No, I did not say that. What I mean to say is I would not take any advantage of him. If a man comes in, and wants to borrow so much money, I should tell him my terms, and if he will have it well and good. If he will not have it, I simply say, "Good day."

3192. At any rate you notice a large difference in the degree of business capacity amongst people you are brought in contact with?—Yes, I see a number of people.

3193. In balancing your losses, you feel perfectly entitled to deal with a person, although he may not be a person of business capacity, with a view of getting some return for the money that you have lost in other ventures?—I do not say that I particularly put it on to that ignorant and insipid sort of man. I make the good all round pay for the bad.

3194. You take in the fools and the wise?—No; I do not say that. I make the good pay for the bad, just exactly the same as a steamship company makes the good pay for the bad.

3195. Then you refuse to deal with them because they are not of business capacity?—I do sometimes. I do indeed.

3196. Give me a few cases in which you have refused to deal with a man or a woman because they are not of business capacity?—I could not speak just from my memory, but I will tell you this much that my strict instructions to my managers, are not to deal with people unless they are absolutely able to write out a letter such as I have just presented to the honourable Member, for the simple reason that my money is at stake and my liberty as well, because in the case of an ignorant man, he is always glad of the advantage of saying that he did not understand the contract. If I was to do business with a man, if he did not really understand, not only would the judge

Mr. *A. K. Loyd*—continued.

judge and the jury be too glad to release him of his liability to me, but I would go to a court and I should get convicted, although all the time I was innocent, as I was in that Worcester case. They will swear the life out of me, you understand, and any judge and jury would be only too glad to let them off their liability, and I should lose my money, as well as my liberty being at stake. Let me tell you——

3197. You must not run on; you have given your answer to that. You say you do not deal with illiterates?—No, or with people who are incapable of signing a contract; but I will tell you what I will do. I will not deal with them verbally, but I will send to them the money or in writing, the same as that letter. I will send by post.

3198. You will deal with an illiterate person in writing?—By post, but not personally, because in that case my liberty would not be at stake, although my money is.

3199. As your liberty is not at stake you will deal with them, although they are illiterates, but not personally?—Yes, but when my liberty is not at stake I will deal with them. I have suffered once, but not again.

3200. You find there is a great desire for secrecy amongst the people who deal with you?—Of course there is. That is just so.

3201. Why is that?—Well, if you were in straits you would not like everybody to know it.

3202. May I take it they are all in straits?—In need of money, of course they are.

3203. They have no security to offer, as you have told us, and they are most desirous of secrecy?—They desire secrecy and are in need of money.

3204. Do you ever deal with ladies without the knowledge of their husbands?—Yes, I do, if I think I will get my money back.

3205. They are rather fond of secrecy, are they not, under those circumstances?—I could not tell you. I only deal with them as regards my business, and further than that I do not care.

3206. Do you ever use the secrecy that they are so anxious for as a screw to make them pay?—I never have done, but I might.

3207. You would if the opportunity occurred, although you cannot recall any instance?—I should consider it. I have never done a thing like that yet.

3208. You would think it over?—I might.

3209. The idea is new to you?—No, it is not a new idea at all.

3210. You have thought it over?—It has struck me before, but I have never actually put it in force.

3211. You would see no objection I suppose then to threatening a lady that you would let her husband know if she did not pay?—I should write to her if she did not pay me that I should certainly write to her husband about it, which I think I would be within my rights to do.

3212. Do you remember having a transaction with a Mrs. Smith, who lived in Kensington?—Yes, the wife of a doctor, and I have lost my money with her. Fancy, a doctor's wife, lady and all.

Mr. *A. K. Loyd*—continued.

3213. Was she a surety for some other lady?—No. I believe she borrowed the money entirely herself; but thinking she was a doctor's wife and respectable I sent her the money, and she has done me out of it.

3214. You had no idea it was being done behind the husband's back at all?—Yes, I did know that. She told me she particularly wanted the money without her husband's knowledge, otherwise I should not have done it without that.

3215. Did it not occur to you that that was a grand opportunity of getting it back without any difficulty?—Such people I thought they would pay without law, and I thought such a woman would pay without any trouble.

3216. Did you write this letter to her, dated 10th September 1896: "Dear Madam,—I am informed that you have been written to about a dozen times to pay the 5*l.* up which was due on 11th August last, and notwithstanding that the same is nearly four weeks overdue, the same is still unpaid, and you have treated all these communications with scorn and contempt." Then you go on to say: "In default thereof I shall communicate with Mr. Smith about the matter, demanding payment of him; and if the money be not forthcoming promptly I shall at once send you a writ and the bailiffs, as I will not be shuffled or humbugged about by you any longer." Did you write that?—If you have got it there I suppose I must have written it. I cannot remember everything.

3217. Shall I go on with it?—Excuse me, I have been told that this was a trick between the husband and the wife upon money lenders—a trick and a dodge. The husband knew that the wife had to go, and was informed that they could not recover against him, and he has been sending all over the shop, and very likely defrauded dozens of money lenders, from what I have heard.

3218. What possible leverage would it have given you if the husband had heard about it?—If the husband was a gentleman he would go on about it, and I considered that no respectable man would let his wife be disgraced by borrowing of money-lenders by such fraudulent defence as that.

Chairman.

3219. Do you think any respectable man would lend money to the wife of a man, knowing that her husband knew nothing about it?—She told me that she had an income of her own, and I thought I was within my rights to do it.

Mr. *A. K. Loyd.*

3220. "Your ways of defeating and delaying payment, and attending to accounts, may do very well elsewhere, but not for me as I know them, and only too well, and I am determined to get my money off you at any cost and trouble. Now, if you are anxious to avoid any trouble or bother, as well as law costs, you had better see that the 10*l.* be here by Saturday morning next, as you may depend that the above threats will be carried out to the very letter, and steps will be taken to carry them into effect by 12 o'clock on

Mr. *A. K. Loyd*—continued.

on Saturday next, as I shall now take you into my own hands, and I will look after you with the utmost severity, and you may depend that you will not get a grain of consideration at my hands, as I have come to the conclusion that you never will pay until the utmost rigour of the law be put in force. This is your dead and last chance, and the last time I will write you on the subject. Yours truly, *J. Gordon.*"?—Yes, that is quite true.

3221. You knew that she dare not show that letter to her husband?—I did not. I have been told since that her husband knew all about it.

3222. Never mind what you have been told since. You wrote that letter knowing she was treating with you behind the back of her husband?—I did not know. She told me she was treating behind the back of her husband.

3223. You believed it?—I believed it at the time, but I did not later on.

3224. At the time you wrote that letter you thought you were writing that letter to a woman who did not dare show it to her husband?—I did not think of that. I was simply writing for what was due from her, and I threatened legal proceedings, as I have a perfect right to do. Every man has a right to get his money. What about landlords, they are worse than that.

3225. Do you still adhere to the answer you gave me, that you would never have used the knowledge that a woman was dealing without her husband's knowledge?—I do not remember telling her husband about it all the same.

3226. If that letter had been present to your mind you would not have given that answer?—Probably not. I cannot remember everything.

3227. Did you deal with a man named Josiah Newman?—At Leominster.

3228. A grocer?—Yes.

3229. For a loan of 200*l.* for five months, did he pay you 334*l.* 3*s.* 10*d*?—Well, I could not say. I forget now. I cannot remember all these things in my head.

3230. Did you make a proof in his bankruptcy?—Yes, I did.

3231. Did you swear to certain accounts in that bankruptcy?—I did not swear, the clerk did, but it is impossible to remember what happened two or three years ago.

3232. Anyhow, you do not deny that. I suppose there is nothing unusual in that for you?—I remember doing business with him, but the exact figures I cannot call to mind just now.

3233. Just look and see whether that is right?—I really do not know, this is not my writing, and I do not know what it refers to; but I suppose there must be something in it I do not know.

3234. Did you have dealings with one Joseph Leigh, Farmer, of Brook Farm, Kelsall?—Yes.

3235. Did he go into bankruptcy?—Yes, he did.

3236. He was publicly examined was he not?—Yes, that is quite right what you have got down there.

3237. Did he first borrow from you in November 1892, 610*l.*, with interest at 1*l.* a month?—£. 600, no.

Mr. *A. K. Loyd*—continued.

3238. Ten pounds?—He borrowed 10*l.*, 1*l.* a month interest.

3239. Did he repay that in 1893?—Well, I daresay he did, if you have got it down there.

3240. Did he subsequently borrow 25*l.* at 5*l.* per quarter interest?—Yes.

3241. That is 20 per cent. Then did he borrow another 10*l.* in August 1893, making altogether a total received from you of 35*l.* Did he repay you 84*l*?—Yes.

3242. At the end of that time did he still owe you 41*l.*, according to your calculation?—Yes.

3243. Was that the amount that you claimed for?—Yes, I suppose I did make a proof. I forget the figures.

3244. Do you remember at the hearing the Deputy Receiver reading a letter from you to Mr. J. J. Cunnar, who had received instructions to sell Mr. Leigh's goods?—Yes.

3245. Do you remember that letter being read?—Where?

3246. A letter was read from you to the man who was instructed to sell Mr. Leigh's goods?—Where was it read at?

3247. During the hearing at Chester?——

Chairman.

3248. Bankruptcy proceedings?—I did not know it was read; but I will tell you what it was if you will permit me.

Mr. *A. K. Loyd.*

3249. No, just tell me this. Did you write to that Mr. Cunnar, and tell him that Mr. Leigh owed you 41*l.*, and ask him to keep any surplus for you, and did you add these words: "I will reward you well for your trouble. Pray do your best to get me any money, and keep this strictly private and confidential?"—At the time when I wrote that letter to him I did not know that he was a bankrupt.

3250. You wrote that to Mr. Cunnar?—Not knowing that the man was a bankrupt at the time.

3251. That is your explanation, that you did not know that he was a bankrupt?—No, I saw an advertisement that he was going to have a sale of his effects, and naturally wrote and asked him whether he could get me my money. It is not a very serious thing, is it?

3252. Do you often approach people who are acting in an official capacity?—No, that is quite exceptional. It just happened, as I say, by accident.

3253. Do you see any objection to giving the court power, when any money-lending transaction comes before it, to inquire into the way in which the money-lender has treated the borrower?—Do I see any objection to giving the court power?

3254. Yes?—To give the court power to deal with the money lenders as they think fit, irrespective of the contract. Is that what you mean?

3255. No, to deal fairly with the money-lender, but still to take into consideration the way in which the money-lender has treated the borrower?—To give the judge and the court permission to revise the contract if they like.

3256. Do you see any objection to it?—Of course

Mr. *A. K. Loyd*—continued.

course I do. If you leave the money-lender to the tender mercy of the county court judge, he would not get much.

3257. You would object to that power being given?—Of course I should, because it would be illogical. You make a contract with a man and the judge goes behind that.

3258. Would you object to having to take out a license for money-lending?—For what purpose a license?

3259. For the purpose of giving the court jurisdiction either to endorse in the first instance, or ultimately, if misconduct was persisted in, to withdraw the license to lend?—You mean to keep a check on the money-lender to behave himself in every way, and not to be extortionate in his charges, not to be too dear; is that what you mean?

3260. Yes; and not to misconduct themselves in the way that is brought out in this correspondence that I have read?—No, I do not think I should take a license out. If I could not have a free hand I would give up the business to-morrow.

3261. Unless you have a free hand?—The same as every other trader, to make contracts.

3262. Unless you could equalise the loss that you make on one by the gain on another?—I should give it up, for the simple reason that it would not pay.

3263. You claim to make up the losses out of the illiterate?—Otherwise it would not pay. Another thing you have to bear in mind, if you are going to give a county court judge jurisdiction to revise in the case of heavy charges, he would only interfere with that contract. He would not take into consideration that you have to make a profit where another man has done you elsewhere.

3264. He would not take into consideration that you are making up out of the so-called victim for the losses that you have sustained on other transactions?—Yes, other transactions elsewhere. It would practically take your profits off in addition to the other losses. You could not possibly make both ends meet.

3265. According to you it does not matter whether the person who is making up the loss is a married woman acting without the knowledge of her husband, or is illiterate, or is a person without business capacity, or is very much ashamed of the transaction; all this has nothing to do with you. You are making up your losses on other transactions?—Quite so, I have to make up other losses, and I cannot do business and make a profit unless I make up the gaps of the losses.

Chairman.

3266. Is it your opinion that, if the courts of the country had the power to revise a contract as you say, if they had an equitable jurisdiction conferred on them, to take all the circumstances into account, the trade of money-lending would not be worth following?—It would not, and it would be very hard on a certain class of the community.

Mr. *Bayley.*

3267. You informed us you were born in Russia?—Yes.

3268. Is Leopold Gordon, of Glasgow and Edinburgh, your own brother?—Yes.

3269. Was he born in Russia?—Yes.

3270. Your father's name was Gordon?—Yes.

3271. Your mother's name?—Was something else; I do not know.

3272. Your father was a British subject?—My father; no.

3273. Have you taken out papers of naturalisation?—No.

3274. Then, you are not a British subject?—No.

3275. Your brother is described in a trial, in Glasgow and Edinburgh, as not a British subject, but a Polish Jew?—That is wrong; it is not Poland.

3276. It is not Poland; it is Russia?—Russia.

3277. You are, both of you, Russian citizens?—Yes.

3278. Have you not found it rather inconvenient in your large transactions as a money lender, not to have taken out letters of naturalisation?—Not at all, I never tried.

3279. Then, we have been informed that you have served, I think, for eight or nine months in prison?—Yes, and released by order of the Home Secretary.

3280. The Home Secretary very kindly relieved you of part of that sentence?—Yes.

Chairman.

3281. On what ground were you released?—I could not tell you that. He does not tell me his business.

3282. I mean, was any application made?—I could not tell you what was done.

Mr. *Bayley.*

3283. It was not your business clients who petitioned for your release?—I could not say.

3284. Do you remember a man named Ebenezer Shepherd?—Yes, I do.

3285. You remember all the particulars of it?—Yes, I do.

3286. He borrowed 15*l.* of you?—Yes.

3287. And repaid 71*l.*?—Yes.

3288. And after he had paid 71*l.*, and with your knowledge of prison life, you petitioned the Court for him to be sent to prison for contempt in disobeying an order of the Birmingham County Court, and the judge said that it appeared that Mr. Shepherd borrowed 15*l.*, and repaid 71*l.*, and was now to be sent to prison in respect of a supposed balance. He refused to commit. What was your reason for attempting to send this man, with your experience of prison life, who had done so well to you, to prison. What was the meaning of it from a business point of view. You are only a business man; you have told us that?—All that I applied to the Court for was to make an order, and the judge declined to make an order. What you have got is on the commitment; that has not come to the point yet. That is premature. The man had nothing to levy on. He went bankrupt, or made a deed of assignment.

Mr. *Bayley*—continued.

3289. You got 71*l.* for 15*l.* That was correct?—Quite right. I have given a man 20*l.* and never got a copper. You have heard that before; the good must pay for the bad.

3290. The judge who tried this case ——?—Declined to make an order to commit him.

3291. The reason he declined was —— ?—Because he thought the charge was excessive. He thought I had enough.

3292. Because he says that he borrowed 15*l.* and paid 71*l.* for the loan, and that is the reason he declined?—That is it.

Chairman.

3293. That is what the witness says, that it was because the judge thought the charge was excessive?—Yes; because I had enough.

Mr. *Bayley.*

3294. The point that I am asking you is, why did you apply to the court?—The man owed me the money; why should I not.

3295. What was the amount that you were claiming?—I forget the exact figures; I suppose 15*l.*

3296. He had repaid 71*l.* You were claiming something more than 71*l.*?—Yes; I was claiming 15*l.*, or 20*l.*, in addition to what he had paid, and I obtained judgment against the man, and I had a perfect right to enforce my order.

3297. You have told us about these advertisements. Do you consider yourself a private capitalist or a public capitalist?—A private capitalist. I have nothing whatever to do with the public.

3298. But you advertised yourself pretty generally as a public capitalist who is anxious to lend money?—No, private capitalist, excuse me. You have got it wrong.

3299. You advertised this. I should just like to point out the way that the advertisements are put in the papers. I hold in my hand an advertisement from a Nottingham paper. It begins by an advertisement of a highly respectable building society, and it finishes by an advertisement, I do not say it is respectable or not, signed by Wallis and Co., of Great Russell Street?——

Chairman.

3300. I am bound to say on that, that is the newspaper's arrangement, not the witness's?—No.

Mr. *Bayley.*

3301. This is the wording of your advertisement: "A private capitalist, member of a well-known wealthy firm." Are you well-known?—I think so.

3302. I agree with you there. Are you a wealthy firm?—Well, I consider myself wealthy. Others might not.

3303. Are you a wealthy firm?—Yes, I am a wealthy firm.

3304. "Having a considerable sum of money uninvested"?—Yes, I have. I can write you a cheque for a few pounds any time, for 10*l.* or 15*l.*

3305. "A considerable sum of money uninvested, a capitalist"?—Yes, I have money uninvested.

3306. And a capitalist?—Yes, a capitalist.

3307. "Having a considerable sum of money uninvested"?—Yes.

3308. "Is prepared to advance," well I need not read anything further: "For full particulars apply personally or by letter to W. Wallis, Esq., 66, Great Russell-street." You have these large sums of money, and you are a large capitalist, prepared to advance them; you have told us that you have honestly about 20,000*l.* out?—I did not say out. I said 20,000*l.* in hard cash to work with, besides the loans.

3309. Twenty thousand pounds in hard cash that you can lend to-morrow?—Yes.

3310. Then what amount have you out?—I should think altogether out perhaps another 20,000*l.* or 25,000*l.*

3311. You are your own banker?—Yes. Not my own banker. I do not get any favours from bankers, if that is what you mean.

3312. You keep a bank, but you have no favours from bankers?—No.

3313. You do it all in cash of your own. Therefore you have invested in the business 20,000*l.*, which you can lend out to-day?—Yes.

3314. And 25,000*l.* which you have lent?—In the books.

3315. That is about 45,000*l.*?—Yes.

3316. You say you lend to about 500 people a year?—Yes, we do.

3317. What is about the average amount?—You mean ranging from a certain sum upwards?

3318. Yes?—Usually from 10*l.* up to 1,000*l.* or 2,000*l.*

3319. What would the average be; about 500*l.*?—No, about 150*l.*, I should say, on the average.

3320. It is a pity you could not give us, as the last witness did, who was exceedingly open with us; he gave us all his trading accounts?—It is approximately 150*l.* I should say. Some of them are 15*l.*, and some of them are 20*l.*

3321. You keep no books?—Yes, I do.

3322. Cannot we have those books put in?—I keep the books, and I could show them to you, but it would take you six months to reckon them up, and no good could be done by it.

3323. Then you are prepared in your way of business, if any customer comes up to-morrow, without any outside help from any bankers, or anybody, from your statement to-day, to advance 20,000*l.*, or 25,000*l.*?—Yes, if I thought it was safe, I would lend 20,000*l.*

3324. If you thought it was a good business?—Yes.

3325. You are doing all that yourself?—I have managers who assist me.

3326. No backers?—No backers.

3327. But no financial assistance; no conceivable individual is helping you in any way?—No.

Captain *Chaloner.*

3328. I want to ask you, first of all, a question with reference to the circular which has been already alluded to. You say those circulars are sent out?—Broadcast.

Captain *Chaloner*—continued.

3329. By your clerks?—Clerks.

3330. Does the clerk have a list of it?—No, he can tell from the books, he uses the old books; the old ledgers.

3331. Do they give full details as different cases appear under each name?—No, they would not, because there is a different folio used for every transaction, and although one folio would show that a man was bankrupt it would not be shown on the former one.

3332. Therefore you leave it entirely to the clerks?—Yes, they send the circulars out.

3333. Without any help from you whatever?—No, the clerks do it. But should a man apply for money, it would be brought under my notice.

3334. You remember a case at Chester of a man of the name of Robert Burden?—Yes, I do perfectly.

3335. You made him certain advances?—Yes.

3336. Between 29th March and 13th December 1894?—Yes, about nine months.

3337. What was the total amount you advanced him, do you remember?—Yes, 5,000*l.*, and he paid me back the 5,000*l.*, with, I believe, another 5,000*l.* besides, and then he went bankrupt.

3338. You lent him 5,178*l.*?—I believe that was somewhere about the figure.

3339. You proved in the bankruptcy court for 3,809*l.* 11*s.* 10*d.*?—Yes, that is the figure.

3340. In addition to that sum that you proved for in court, he had paid you between the 17th March 1894 and early in December the same year the sum of 10,274*l.* 11*s.* 9*d.*?—I suppose that would be so.

3341. Making a total of 14,084*l.* 3*s.* 7*d.*?—Yes, I suppose that would be so.

3342. For a loan of 5,178*l.*?—Yes, but you know he has done a lot of money-lenders. He has borrowed money, and never paid them a copper.

3343. Have any of your clients or customers, or whatever you call them, ever complained that the interest you have charged has been considerably higher than they believed they were liable for when they signed the paper?—Never.

3334. You never had any complaints?—Never of that sort. They have complained to me that the interest is heavy, and they will pay it off, but they have never complained that I have committed a fraud on them.

Chairman.

3345. You never refer to interest, I suppose, in making out a promissory note. You deal in lump sums?—In lump sums, not percentage.

Mr. *Ascroft.*

3346. Would you have any objection to the law being altered, so that in all promissory notes made the rate of interest charged might be shown on the face of it?—By the percentage?

3347. Yes?—Do you mean by the lump sum, or the percentage?

3348. Percentage?—That would be very difficult and confusing. That would never act.

3349. You mean it would require a great deal of calculation in four figures?—And the agreement is likely to be upset at any time, because you have not complied exactly with the Act.

Chairman.

3350. You prefer lump sums?—Lump sums; it is clearer and quicker.

3351. Your only objection would be the fear of its being upset through being inaccurate?—Yes, that is just it, and it is too troublesome.

3352. Otherwise you see no objection to it?—There is another objection. It is too troublesome.

Mr. *Caldwell.*

3353. Would it not be an advantage to allow summary diligence for the amount actually lent, and leave the interest to be a debt in the county court. What would you suggest as to that?—I did not quite catch your question.

3354. Would it not be an advantage, do you think, that summary diligence should be granted for the sum actually lent, leaving the interest to be sued for in the county court or High Court?—That would not act at all. It would not pay. You would be fighting for your own without any profits, and be mulct in costs all the time. How could you keep on.

3355. You only advance money where you consider that the money would be safe. Is not that your principle of advancing money?—Well, not exactly safe; where I consider I do not run too much risk.

3356. Do you consider that in every case. For instance, take the case of the lady with 600*l.* a year annuity. You knew she had that annuity when you lent the money?—I did, but I knew she was deeply involved.

3357. Not at that time?—Yes, she was.

3358. It turned out afterwards?—No, she was deeply involved; she told me. I remember it well. She came over to Birmingham one night.

3359. You believed, at any rate, and you would not have advanced the money unless you had believed, that she was quite safe to repay it?—No, excuse me, that is not it. I would not have lent her the money if I did not think I had a fair chance of getting it back again, but there is such a thing as safe and a fair chance of getting it back; and there is a vast difference.

3360. You believed that you would recover the money?—I did.

3361. You believed it?—I thought that I was not running too great a risk in lending it.

3362. You lent it upon that understanding in your own mind, that you would get the money back?—Yes, I thought I might.

3363. That is what I gather from what you said your general principle of doing business is, to deal with people whom you expect would be able to pay you?—That is just it.

3364. From information you have acquired?—Yes.

3365. Another matter. You generally find that these people are tight for money at the time?—Otherwise they would not come to money-lenders.

3366. It is because they are tight for money at the time?—That is just it.

3367. In the interest that you charge you consider yourself justified in taking advantage of their tightness of money to screw as much interest as you can?—No, it does not make a bit of difference to me whether they are tight for money or not, if I can get my rate of interest.

3368. You

Mr. *Caldwell*—continued.

3368. You would charge more interest from a person you thought was rather doubtful than one where you thought the money was safe, would you not?—Yes, for the risk.

3369. Do you consider 100*l.* of interest for three months to be given for a loan of 100*l.*, is fair interest?—According to the risk it is in this case, because not alone did I not get any interest from her, but I lost my principal.

Chairman.

3370. On that system, if you thought the risk was so great, why did you send the 100*l.* Bank of England notes to that lady. She had not asked for it?—I did not think the risk was great on the spot, but I thought in the long run I might lose by it. I knew she would not be so dishonest as to keep my money.

Mr. *Caldwell.*

3371. You said you had a business in Scotland. When did you do business in Scotland?—From 1893 down to 1896.

3372. Did you do much business in Scotland?—Fairly well.

3373. What was the difficulty that you found in Scotland in doing business there that caused you to give it up?—The law of hypothec.

3374. The effect of the law of hypothec was that you could not sell a farmer off if he was owing his landlord rent; you could not sell a man's furniture off if he was owing his landlord rent?—That is just what it is. The landlord has always got a lien. The hypothec law is against us.

3375. The law of hypothec is a protection to the debtor?—I will not say. It was against my interests.

3376. It is against money lenders?—It is against everybody. It is against tradesmen as well.

3377. Money lenders?—Yes; I consider it is most one-sided, because it protects the landlord, but it does not give the ordinary tradesman the same equal share. I consider, if you are a Member for Scotland, I should have the law altered, because it is a most unfair law. It gives the land grabbers every chance, but it is unfair.

3378. It is an unfair law, because it does not allow the money lender to lend his money in Scotland, and makes him give up business?—No; I consider it is an unfair law. It gives the landlord preference over everybody else.

3079. We are not discussing the unfairness of the law?—That is what I wish.

3780. We are only discussing the fact that owing to the Scotch law you found it was not profitable to do business?—That is just it, and I gave it up.

3381. If the same law existed in England as in Scotland, you would have the same difficulty in doing business?—Perhaps I might.

3382. Did you not find anything else in Scotland besides the law of hypothec?—No.

3383. Did you not find that you could get a *cessio* or bankruptcy much easier, and they could get sequestration much easier?—No; not a bit. You can get it as easily in this country. A man has only to go to the Receiver and say, I cannot pay my debts, and he is only too glad to receive him.

3384. The hypothec would not be of much assistance to a person. It could only be on the furniture that the question could arise?—I understand hypothec is everything a man possesses, furniture, livestock, or anything contained on the farm.

3385. Yes, but it is only for the rent?—That is quite good enough.

3386. For the rent then due?—Just so.

3387. It is not beyond the rent?—No, he has always got a lien for 12 months' rent. Suppose if you lend to a man up in Scotland to-day, although the landlord cannot legally demand the rent until next May, yet, if a creditor sold him up, the landlord could come on the creditor to refund him the amount that he has realised at the auction.

3388. Then why did you date an English bill from Glasgow when the debtor was not in Scotland at all, and your contract was in Birmingham?—To avail myself of the summary diligence.

3389. It was in order to get summary diligence?—Yes.

3390. Were you aware that that was not a legal proceeding for you to take?—I am advised that it is perfectly legal, and I can go and show you a case that was upheld by the Lord Chief Justice, and it is from that that I know it.

3391. What is the case?—Allen *v.* Siddeaway.

Chairman.

3392. Is it your contention that the mere taking of a promissory note in Glasgow, no matter where the contract is made, constitutes a domicile in Scotland?—No, the note is to be dated there, and it must be embodied in a note; I promise to pay to a certain gentleman on a certain day in Scotland; if that is embodied in a document, it was held by the Lord Chief Justice that brings him within the jurisdiction of the Scotch courts; but the dating alone is insufficient.

Mr. *Caldwell.*

3393. How was your bill in that case dated, Birmingham or Glasgow?—It was dated Glasgow, and made at Glasgow.

3394. That is a different case; if a person dates his bill from Birmingham, we will suppose, and he promises to pay to some person in Scotland, of course that is a matter of contract; the contract there is to be carried out in Scotland?—That is exactly how my promissory note was.

3395. But in this particular case you dated from Glasgow when you are in Birmingham altogether?—But the promissory note was payable at Glasgow.

3396. It would be dated elsewhere?—It was dated Glasgow, and payable at Glasgow.

3397. Exactly; it was dated Glasgow as if the person was resident in Glasgow?—No, not particularly; I do not say that.

3398. When a man dates a promissory note, or sends a letter, he presumably dates it from the

Mr. *Caldwell*—continued.

the place where it is written?—No, I respectfully beg to differ.

3399. I have no doubt if the Law Courts in Scotland had the matter brought before them, they would reduce the proceedings altogether as being absolutely illegal?—I respectfully beg to doubt that.

3400. You have not tried it since, have you?—I believe one or two have tried it, and could not do any good.

3401. When was the case of your last bill dated in Scotland payable by a person in England. What was the last transaction of that kind?—Adams's, two or three years ago. I have given it up; it does not pay; it is not worth while.

3402. Why did you give it up?—Because the law in England is quite as good, and what is the good of going to Scotland to give an opening to debtors to apply for suspensions and interdicts when I can get it in this country. It is incorrect to say that the borrowers cannot defend themselves, because they can do so at any time.

3403. Was not your reason for going to Scotland because you found that a suspension was not competent in summary diligence without consignation or finding security for the debt, whereas in England nobody knows better than yourself what happens?—I do not quite understand the Scotch terms.

3404. You had a reason for going to Scotland. To begin with, in England a debtor might by way of putting in a defence, get leave to re-hear a case?—So he can in Scotland.

3405. Yes, the difference is, in Scotland the debtor would require either to consign the property, or to find security?—No, I respectfully beg to differ. If the Court thinks that there is a case for hearing the debtor, they will give him what is called in this country unconditional leave to defend.

3406. They do not do that in Scotland?—Excuse me, they do, You ask a Scotch lawyer. I know cases myself where they have given unconditional leave to defend.

3407. The difference is this, that in England the judge can give you unconditional leave to defend an action. In Scotland, in the case of a bill, summary diligence, you cannot do that unless you can consign the property or find security for the property, and it was on that account I have no doubt that you came to Scotland?—What you tell me now is the first I have heard of it, and I did not come to Scotland on that account at all. I went to Scotland to open business, the same as I do in London, Manchester, and Liverpool.

Chairman.

3408. And you found that Scotch people would not do business with you and you left?—No, they were ever ready to do business, but the hypothec prevented me enforcing my contracts when it became necessary.

Dr. *M'Donnell.*

3409. Have you a place of business in Ireland?—No.

Dr. *M'Donnell*—continued.

3410. You do not do any business in Ireland?—I have done business with Irish gentlemen, but they come to do business with me in this country, and I have lost money with them, if that is good news to you.

3411. You stated a few moments ago with triumph, that the Home Secretary interfered with the sentence you got?—Yes.

3412. What time did you put in?—Eight months.

3413. Out of what sentence?—Twenty months, and I was released by the Home Secretary, which was, I believe, because he found I was improperly convicted.

3414. Was it not a fact, that he did it on account of your health?—Not that I know of. I was not very well. It is not likely that I should be.

3415. Were you not, as a matter of fact, in the hospital?—Yes, I was there for some time.

3416. Was it not under the doctor's certificate that you were released?—No, I do not think so.

3417. Will you tell me——?—Do you think the Home Secretary would tell me why he is going to release me.

3418. You state positively that it was not on account of the doctor's certificate that you were released from not putting in your full time?—I do not think so; I do not know.

Mr. *Ascroft.*

3419. Was there an appeal against the conviction?—Yes, there was. It was such a peculiar case. The case came on before five judges.

3420. For the opinion of the judges upon it?—Yes.

3421. And it was affirmed?—Yes, it was.

Mr. *A. K. Loyd.*

3422. Is the case reported; it was on a point of law, was it?—A lot of points of law. The fact of it is that if I could have got a say in, I would have got off with flying colours, but I could not. I would have got off if I could have given evidence on my behalf. You know what the law of this country is. If two people like to go and lay an information without corroboration, they land a man upon it.

3423. Will you give me the reference?—Allan *v.* Siddeaway.

3424. Do you know where it is reported?—I know it is in the "Times." I believe I have it locked up somewhere. If I can find it I will send it to you.

Mr. *Ascroft.*

3425. What year was it tried in?—I could not tell you; 1892, I believe.

Mr. *A. K. Loyd.*

3246. You believe it is in the "Times"?—Yes, it was reported. It was the report as to the Scotch law in that case that gave me the information.

Mr. *Garfit.*

3427. I suppose in cases of non-payment, in cases of default being made according to your arrangement, you can always claim the amount of the money?—Yes, in that case I can claim for the lot.

Mr. *Garfit*—continued.

3428. I suppose you can claim for default of interest?—No, that is a thing I never do. I am too glad to get my own without getting the rate of interest.

Thursday, 8th July 1897.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Garfit.
Mr. Jeffreys.
M. A. K. Loyd.
Mr. Price.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley.

MR. T. W. RUSSELL IN THE CHAIR.

The Honourable HAMILTON J. A. CUFFE, C.B., sworn; and Examined.

Chairman.

3429. YOU are Solicitor to the Treasury?—Yes, sir.

3430. And in that capacity you have conducted several prosecutions against money lenders?—In the capacity of Director of Public Prosecutions, strictly speaking.

3431. Will you be good enough to give the Committee, just in your own way, the details of some of those prosecutions?—Well, I have got out references to two or three cases. One is one that was tried in 1896, the case of Pocket or Wilberforce. Then there was the one tried recently of Thomas Wood and Cecil King, and there was one that was tried in 1894, The Queen *v.* Brown. I think those cases, with the case of Gordon, which you already know, are all that occurred to me as being likely to be of assistance to the Committee. I do not profess that I have searched my books back for a great number of years, because that would have been a very heavy task, and I thought those were illustrative cases and sufficient for the purposes of the Committee.

3432. Quite so. Will you commence with that of Pocket?—The case of Pocket was one which had been more or less known to me for some time. The first application that was made against him was on a single case, in which some person had endeavoured to obtain a loan, and had paid certain fees and done certain things and been unsuccessful. It was an isolated case, and at that time I was of opinion that there was no case on which I could ask for any criminal process, but the injured person did, as a matter of fact, apply to Mr. Lane at the North London Police-court, and Mr. Lane (as I think quite properly on the facts before him) ultimately dismissed the charge. It was brought before me again at a later stage by the police, and even then the evidence was not in my opinion sufficient, but I still hoped (as it turned out subsequently) that we should in time be able to get such a number of cases as to establish before a jury that this was a systematic thing, that there was no intention, in the great majority of cases in which Pocket took fees, to lend money at all, and, later on, the police collected a large number of cases and brought them to me, on which proceedings were instituted.

Chairman—continued.

3433. I presume Pocket traded under the name of Wilberforce?—He traded under the name of Wilberforce, and he traded under the name of Courtenay.

3434. Wilberforce and Courtenay?—Wilberforce and Courtenay.

3435. Were they all London cases; all cases in London?—They were London cases. He communicated with people in the country, but I mean he carried on his business in London. When we started the case we practically investigated a period ranging from 1891 to 1895, having by means of the proceedings been able to get his books and examine his papers. The result of that analysis was that, taking a period of 20 months before the prosecution, we found that 640 loans had been made. amounting to 19,000*l.* odd, and the interest amounted to 9,795*l.* Those were the loans granted.

3436. Nineteen thousand pounds odd?—£19,000 odd, yes. That was ascertained; but the real point, of course, for the purposes of the prosecution was as to the loans applied for that were not granted.

3437. Yes, I know?—And the documents showed 1,497 applications for loans. In respect of 1,145 no loan was ever granted, and 684*l.* was received for fees, and in the case of 352 applications we could not absolutely say that no loan was made, but no trace of any loan could be found. The way the case was shaped was that the documents he sent out led people in the first instance to believe that he was advancing money at 5 per cent. per annum, and that he was prepared to advance at that rate upon note of hand alone, "without sureties;" "without bill of sale." I do not know whether it would be of any assistance to you, sir; I am reading this from a document, and I shall be very happy to leave it with the Committee.

3438. Proceed in your own way. I may mention to you that we have had the case of Pocket referred to, but we are exceedingly glad to get the accurate facts regarding it from you?—"Without sureties;" "without bill of sale," and "in town or country;" "distance no object" were other statements; and what generally happened

Chairman—continued.

pened was this: he began by getting a small fee, of which he did give notice for; then he said that that was not sufficient; then that he must see the furniture; then, having promised to require no sureties, he said he must have sureties; then he said he must see the sureties. Having got to that point, and charged something at almost every stage, he said, "It is not good enough," and I will not lend you any money. It was not got for the purposes of the prosecution, but from an examination of the defendant's books it appeared that the average rate of interest on bills of sale (which in some cases he took) was 49 per cent.

3439. On bills of sale?—Yes, and on promissory notes 68 per cent.: but that calculation is, of course, on the assumption that the principal remained out for the entire period of the loan. As a matter of fact, in most cases the money was paid by instalments, which would have increased the rate of interest very largely indeed, and in some cases a portion of it was paid almost immediately. The hearing before the magistrate lasted six days. It went to the Central Criminal Court, and on defendant's application was moved into the Queen's Bench for trial. The trial lasted seven days, when he was convicted on all counts in the indictment, which was a very long one, and sentenced to six months' imprisonment with hard labour, and to pay a fine of 500*l.*; and he had also, under the procedure of removal, to pay the taxed costs incurred after removal into the Queen's Bench Division.

3440. £. 500 fine?—£. 500 fine.

3441. Was the fine paid?—The fine was paid, and the costs.

Mr. *A. K. Loyd.*

3442. What was the date of the trial in the Queen's Bench Division?—It began on the 6th May 1896.

Mr. *Warr.*

3443. Did you select special cases to prosecute upon and prove a long course of fraud?—Yes, we could not have succeeded without that. We proved a great number of cases. I can tell you how many, if you like.

3444. That was one of Mr. Farrow's points, that the magistrates required a large number of cases showing a systematic course of fraud?—For this reason: that you have got to show, in a prosecution of this kind, what the intention of the man was. In one case of not making the loan he might have very good reasons for not making it, in two cases he might have very good reasons for not advancing the money, and his conduct might, so to speak, be justifiable, but when you find a series of cases, one after another, in which the same procedure is gone through, and it comes to the same ending, a jury may then fairly find that there was at no time a *bonâ fide* intention to lend at all.

3445. Do you always proceed by warrant?—I think we did in this case. It would depend on the man and the circumstances and the magistrate really. It is for the magistrate to say whether it shall be a summons or a warrant.

Mr. *Warr*—continued.

3446. Mr. Farrow pointed out to us that a summons would be entirely useless in these cases?—It would in some of them but not in others. I should not like to commit myself to that general proposition.

Mr. *A. K. Loyd.*

3447. Was not that in connection with the desire to seize his papers?—Yes, in the case of a warrant the man has no time to destroy his papers.

3448. Mr. Farrow said that the warrant was intended not only to compel the man's appearance but get at his papers?—As far as I am concerned, that would be a matter for the magistrate; I could only make the application.

Mr. *Garfit.*

3449. £. 19,000, you say, represented loans; was that 19,000*l.* lent in a large number of cases?—I think it was. That was taken rather generally for our purposes. It was rather a topic for the defence than for the prosecution; I do not think that was got out in great detail.

Chairman.

3450. Does that conclude Pocket's case?—Unless there is any other question the Committee wish to ask.

3451. Has he been prosecuted more than once?—Pocket?

3452. Yes?—I do not think so. I have no knowledge of it.

3453. It may not be a proper question to ask you, but is he still in the business, do you know?—I do not know.

Mr. *Warr.*

3454. What was his term of imprisonment?—Six months.

Mr. *Thomas Bayley.*

3455. Can you tell me what the man's real name was; did it come out in the trial?—Yes. We thought his real name was the name we indicted him under, Pocket. Henry Trowbridge Pocket was the name we indicted him under.

3456. You have no evidence that that was his real name, have you?—We believe it to be his real name.

Chairman.

3457. Now, will you proceed with some other case?—I will just dispose for the moment of a very small case, The Queen *v.* Brown, which was a case of a much smaller man, who, I believe, had been a money lender; but he had no money, or anything at all; he really had absolulely nothing to lend. He put in the papers advertisements saying he had lent 60,000*l.*; it stated: "Mr. J. Brown has lent over 60,000*l.*;" that the lending was without sureties, and at moderate interest, no deduction; the usual sort of thing; and these things were answered. He had only a small room with a little furniture in it, he met,

Chairman—continued.

generally, his applicants out, and got two or three shillings (sometimes a few pounds) from them, but there was no pretence or suggestion at the trial that he could or did lend money. The only suggested defence was that he was an agent for somebody else, which he could not establish. He got three years' penal servitude.

Mr. *A. K. Loyd.*

3458. Had he ever advertised as a man of capital or means?—Yes, he advertised in this way, "Mr. Brown has lent over 60,000*l.* without sureties."

3459. In point of fact he was practically without any means; he had no means whatever?—He had no means whatever of any sort or kind at all at that time.

Chairman.

3460. Brown got three years' penal servitude, did you say, for an advertisement of this kind, he having no money to lend at all?—He having no money to lend at all.

Mr. *A. K. Loyd.*

3461. Was he charged with obtaining money under false pretences?—He was charged with obtaining money under false pretences.

Mr. *Warr.*

3462. Who tried the case?—It was tried at the South London Sessions before Sir P. Edlin. I could find that out; it does not appear in the brief.

Chairman.

3463. We have it in evidence that there is a considerable number of men who insert these advertisements, stating that they have from 5*l.* to 50,000*l.* to lend and who have no money, who in trade language are called "fee-snatchers"?—Yes.

3464. This man Brown was one of that class, was he?—He had become one of that class at the time he committed the offence with which he was charged. I was informed that he had at one time had money and been a money lender.

3465. It is worth while making this public: this Brown got three years' penal servitude for these false advertisements?—Yes; well, false pretences.

3466. Very well. Proceed, please?—I will just read from the indictment: "Whereas defendant was not a money lender, and did not carry on a *bonâ fide* business, and was not able to lend money as aforesaid; but only so pretended in order to cheat and defraud, by means of fictitious loan business, and that no fees were payable to him for inquiries in respect of a loan so applied for as aforesaid." That is the technical language of the indictment. Then Thomas Wood and Cecil King. That was a case tried in the May Sessions of this year. That was rather a curious and ingenious arrangement. Wood carried on what I may really call a sham money lending business. He used to advertise in the usual way. He had been previously convicted of fraud. The first thing he always said was,

Chairman—continued.

"Well, I cannot lend to you without a policy of insurance." Then King, who was his colleague, had made arrangements with insurance companies, that he was to have a large commission on any business he introduced, and he was not to be paid in the usual way in which commission agents are paid, on each premium as it was paid, but by a lump sum on the completion of the policy. In one case 30 per cent. and in the other 40 per cent. was to be paid on the completion of the policy and payment of the first premium. So that the first thing he did was to go to one of two insurance companies, take out a policy, get the person who wished to borrow to pay the premium, and get his 30 or 40 per cent., as the case might be. As soon as that had been got, Wood used to set up that the money he was lending was trust money, and therefore, as he could not make any charge against the trust money, he must have first, for incidental expenses, he said, 30*s.*; he certainly said 30*s.* in some cases. Then, at the same time, he asked how the applicant wanted his money.

Mr. *Warr.*

3467. Is the policy of insurance effected?—Yes, effected before he ever asked for anything. After the policy is effected he says, "I must have this 30*s.*; and how will you have the money?"

Chairman.

3468. Out of which King, his partner, has 40 per cent.?—Yes, King does; the other man, of course, the applicant, when he is asked, "How will you have your money?" thinks it is coming at once, and sends 30*s.* without any demur at all. Then a lot of documents were always sent to the borrower; a bond with sureties or a bill of sale, which nearly all led to objection, nothing having been said about it before. If he, the borrower, persisted in his objection, probably the thing ended with the 30*s.*, but very often the borrower being in need of the money agreed to go on notwithstanding the bill of sale, and notwithstanding the sureties, on which Wood would say, "Well, I must see the sureties personally, and make inquiries; I must have my expenses for going down and doing that." He got sometimes, I think, a fair sum for that. Then he went down, and the thing ended. That was the beginning and end of the whole transaction, so that the two together got something; King got his 30 or 40 per cent.; Wood got his 30*s.*, and probably two or three pounds more for expenses, seeing the sureties. When his premises were examined there was no trace of books of account relating naturally to the business of a money lender; no evidence that he had any banking account; and he always cashed the small cheques he got at a public-house, and kept them in his pocket. He got five years' penal servitude, and King got 10 months' hard labour.

3469. I have a further question to ask; I do not know whether you can answer it or not; please say so at once if you cannot. What class of insurance offices were these?—Oh, they were good insurance companies. One was the Westminster

Chairman—continued.

minster and General Assurance Company, and the other that we had in evidence, the Imperial.

Mr. *Warr.*

3470. Or course that is an entirely unusual rate of commission to pay on a first transaction, is it?—Yes. Perhaps the Committee would like to have the number of policies taken out in these two insurance companies in the course of a short time. I have got that number somewhere.

3471. It is very important that we should have it?—Between the end of July 1894 and December 1895, about 80 proposals were received through King by the Westminster and General Assurance Company, and 54 of them were completed, and only 10 out of the 54 were continued.

Mr. *Ascroft.*

3472. Are you not under a misapprehension in stating that they attain 40 per cent.; is it not a fact that they allow a large sum on the premium for the first year, and reduce it afterwards in the same way as all others?—No.

Chairman.

3473. You say this King got the whole commission at first?—This was the evidence of the agent, perhaps that will be the most convenient way of stating it: "He was not actually an agent of the company, but we allowed him a special commission on business introduced; a commuted commission, all payable on the first premium, and nothing payable on future premiums."

3474. For the best of all reasons, that there were no future premiums?—There were none, of course, in nine out of ten cases. The same arrangement was made with the Imperial Insurance Company, and up to the time of his arrest they had received 196 proposals.

3475. The Imperial?—The Imperial; yes, of which 74 were completed, and King received commissions on those amounting to 165*l.* 7*s.* 6*d.*

Mr. *Warr.*

3476. What did King profess to be; did he trade separately from Wood?—He was always with Wood; he did not profess to be anything except a commission agent, and hanger on. There was nothing against him before this at all, I may say.

3477. In order to appreciate the system, does King pose as a separate person, or as a partner of Wood?—No, not as a partner of Wood.

Mr. *Thomas Bayley.*

3478. I suppose the offence was that these two men conspired together to commit a fraud?—Yes, there were six counts for conspiracy, and I think two of obtaining money by false pretences.

Chairman.

3479. I take it that the representative of the insurance company was examined in this case?—Yes, in those two cases; they were the necessary witnesses.

Mr. *A. K. Loyd.*

3480. Of course it was not suggested that the insurance companies knew the use that was being made of this system?—Oh, no.

3481. The conspiracy was the defrauding by inducing persons to insure, and then repelling them from continuing by vexatious requirements?—Yes, it was a conspiracy really to defraud by obtaining money.

3482. That was substantially the method adopted?—Yes.

3483. They got people to insure and then prevented them going on any further by vexatious requirements?—Yes, and by getting sureties and stopping it there. They could always say they were not satisfied with the sureties, and then the thing came to an end.

3484. That is what I call "vexatious requirements"?—Yes.

3485. Coming to the false pretences, what was, substantially, the false pretence charged?—That Thomas Wood was in a position to advance 700*l.*; that he was well able, and *bonâ fide* intended, to make an advance of 700*l.*; that 3*l.* 3*s.* was *bonâ fide* required for legal and incidental expenses; that he was then a person of credit and in a good solvent pecuniary position; that he was then possessed of trust moneys out of which he was in a position to advance it.

3486. Then part of the case was that they were not substantial persons?—Certainly; they had no banking accounts, no books; they had nothing to show a *bonâ fide* business at all.

Mr. *Warr.*

3487. Did it appear at all that that was a wholly unusual system for insurance companies to adopt?—It was said in evidence that they did it, that it was not very usual, but that it was sometimes done. I think that was the effect of the evidence about that, that it was rather uncommon. You have, sir, I suppose, the reference to Gordon's case in Crown Cases Reserved?

3487*. I should like to have that?—16 Cox, page 622.

Mr. *A. K. Loyd.*

3488. Under which of his numerous names was he indicted?—The Queen *v.* Gordon.

Chairman.

3489. Are these all the cases you desire to put before the Committee?—I think so. We have not had many of these cases.

Mr. *Warr.*

3490. Have you gone at all into the question as to the nature of the securities that the money lenders take; do you find that bills of sale are very largely adopted?—I am a little afraid, sir, to commit myself to any general statement upon that, because the matter does not really come before me very much; it is only incidentally, here and there. I have come across a good many cases in which there were bills of sale, and I think I have known of cases where no prosecution has really been possible at all, in which the persons borrowing have said they did not know it was a bill of sale, that the document was handed to them and they did not read it, and

Mr. *Warr*—continued.

were told that it was something else. I have known cases of that kind.

3491. Both Samuel and Gordon, who have been examined before us, have said that practically they did not use bills of sale at all?—I should have thought they were used a good deal; I should not like to say more than that.

3492. Are you prepared to make any suggestions in the way of remedies?—Well, I have thought about it. I think you are always face to face with the difficulty that any attempt to deal with the rate of interest must bring you very near the usury laws. And as regards giving to courts more discretion than they already have, I think you incur the peril that a money lender in one place would be dealt with more hardly than he would in another; that his position might depend on the locality in which he worked. I mean human nature is human nature, and that county court judges must take different views as long as they are men.

3493. That would be your proposal as to giving discretion to judges to deal with any matter in which they found the rate of interest was unconscionable?—Yes; it is rather a big thing; because improvident, miserable, and wretched as the borrowers often are, these things are contracts, and you are giving the judge the power, in his discretion, practically to relieve a man from the consequences of the contract which he has entered into. I do not say it should not be done, but it is a large question. If you think of it as a matter of fact, the county court judges (and perhaps this is the best answer to my criticism) practically have considerable power already.

3494. How does that work?—By the power to order payment by instalments.

3495. You mean they can order the instalments to extend over a period of years?—Yes.

3496. I quite appreciate that. Have you considered whether bills of sale as securities for money serve any useful purpose?—The only answer that occurs to me about that is, that in some cases when you deal with poor people it is really the only security that they can give. The only possessions they have beyond their powers of labour and their situations are the few sticks of furniture which they possess.

3497. Have you considered the operation of warrants of attorney?—No, I am afraid I have not.

Mr. *Ascroft.*

3498. You are an officer of the Crown; I think as Public Prosecutor?—Yes.

3499. Have you not noticed that during recent years public opinion and the laws have been altered in respect to protecting people against foolish acts; take the case of infants who borrow money and are now prevented paying the same, even if they give an acknowledgment after they are 21?—Yes.

3500. Has not the law been altered in that respect?—I think the tendency of the law is always as far as you can——

3501. To protect those who are not capable of protecting themselves?—I should say the tendency of public opinion unquestionably is that.

Mr. *Ascroft*—continued.

3502. From what you have seen, and from what has been brought before you, do you think the time has arrived when an alteration should be made in the law with respect of money lending?—My difficulty in answer to that is, that to the extent to which I have had an opportunity of thinking about it, whenever I have come face to face with it, I have found a difficulty in suggesting what the alteration could be.

3503. Exactly; I will go into that afterwards, but do you think the time has come when Parliament should consider the advisability of altering the law?—I am sure you will believe I do not want to argue with you at all.

3504. Are you satisfied, from what you have seen, that there are great grievances, and that there is great injustice done to numerous people in the country?—I think there are very great hardships done indeed.

3505. Are you satisfied that to bring those men who inflict the hardships to justice is a costly proceeding, and almost impossible to carry out?—No, sir, I should not adopt that. If they have committed offences against the criminal law they can be dealt with. The only difficulty is getting people to come forward in sufficient numbers to enable a prosecution to be instituted.

3506. Take, for instance, the case of a man who lends money, or systematically advertises that he will lend money, and charges fees and never completes a loan, is it not most difficult and most costly to get a conviction?—I do not think it is more difficult than in other cases. It is a question of collecting evidence. The difficulty really is the class of people from whom the evidence has to be obtained.

3507. Exactly?—I should not put it as being more costly than it is in other cases; it is more difficult perhaps.

3508. Have not magistrates in the metropolis (the cases have been chiefly there) refused to grant a summons or a warrant where the borrower had been defrauded in one case, and could not produce evidence of other similar cases of fraud?—Yes.

3509. That would be true?—That must be so.

3509*. So that a poor man himself, a man who really has no funds, would be debarred from claiming the protection of the law in consequence of the expense of getting the necessary number of witnesses to prove the case of fraud?—I can answer that at once. I can speak for the Metropolitan Police, they are very fully alive to the evil, and if the party complaining went to the nearest police station inquiries would be made. If it was found that the man who was accused was in the habit of doing that the police would make their own inquiries, and if they wished for legal aid they would report to me. I think the thing is now fairly systematised in that way.

3510. You, of course, know of many cases, but you do not as a rule act on your own initiative?—Do you call the police my initiative, or not? Of course, I must have information from somebody.

3511. You

Mr. *Ascroft*—continued.

3511. You must have a complaint before you can step in as Public Prosecutor?—I must have something. I have no means of detection. I have no staff for the purposes of detection. Most of my cases in London come from the police, whom I consider as practically part of the same machinery.

3512. I do not know whether you have considered the question that has been ventilated before this Committee at previous meetings in respect of giving a judge power to consider the reasonableness or unreasonableness of the interest charged when the case came before him?—A county court judge, do you mean?

3513. Yes?—The reasonableness of the amount of interest?

3514. Yes?—That is what I was dealing with in answer to the honourable Member who asked me questions last. I said that there was the danger of inequality of justice, as long as individuals are individuals. There are a great number of county court judges, and a money lender's position might sometimes depend upon the district in which he happened to carry on his business.

3515. Would you consider there would be anything unreasonable in the law being altered in that respect?—It is a very difficult question to answer, because in what way would you limit the power to decide as to this particular class of contract? There are many other onerous contracts that are imposed upon people who are for the moment in helpless positions, apart from money lenders. I think you would have to consider it in relation to other cases of contract.

3516. I suppose you are aware that a pawnbroker is limited to 25 per cent.?—Yes; he has good security.

3517. Is not that an interference with the freedom of contract?—I do not know that there is any great objection to that on the grounds of public policy; but I think with a law of that kind the difficulty would be that it would not be possible to make it operative. I think it would be evaded.

3518. Are you aware that by the Bankruptcy Act it is an offence for a man to carry on business when he is in a state of insolvency?—It may become an offence.

3519. Is it not inferentially an attempt to defeat the object of the Bankruptcy Act when money lenders lend to borrowers sums at such a usurious rate of interest as this Committee has heard of, so encouraging them to carry on business when they are actually insolvent?—That is a little complicated. I do not think I quite follow it. Do you mean that the money lender, by lending to a man who has to pay that rate of interest, must obviously be lending to a man who has no means, in order to enable him to carry on business?

3520. I do not know whether you have followed the evidence in this Committee?—No, I am afraid not.

3521. Assuming evidence has been given that the large rate of interest is charged on account of the risk which the money lender runs, does it not naturally follow that the borrower is in that state contemplated by the Bankruptcy Act, when he ought to call his creditors together, and that the finding of money is an encouragement to him to evade the sections of the Act?—It might be so put. It is really difficult to generalise, is it not? I can imagine a case where it might be very well worth a man's while to pay any interest you like for a few days. Take the case of a man who had the chance of getting a situation, but who had not a decent suit of clothes in which to go to it.

3522. Would not that case be fairly met by a judge having power to take into consideration all the circumstances surrounding the loan?—I should hesitate to say that I should like to see that power given to all county court judges.

3523. Are you aware that one representative of a money-lending firm (Messrs. Fieldings) said he would be perfectly willing for the law to be altered in that respect, that all they wanted was a reasonable rate of interest?—I was not looking at it from that point of view; I was looking at it from the larger point of view; whether you should empower county court judges to decide as to whether under the circumstances a contract entered into by a grown-up man of full age should or should not be carried out. He having had (however unwisely) what he considered the benefit of it, it is a question whether the county court judge should be able to decide that he might repudiate the consequences of it.

Mr. *A. K. Loyd.*

3524. What was Gordon indicted for?—I did not do the prosecution before the assizes; I only get it from the report.

3525. It is only to get it before the Committee that I ask the question?—He was charged with obtaining by false pretences, the false pretence being that he was prepared to advance a hundred pounds to one, Brown, at lower interest than was charged to others, and by advances repayable by easy instalments; but perhaps I ought to say the conviction was upheld only upon the fourth count.

3526. Which was that?—The fourth count was: "With intent to defraud, inducing certain persons to make a promissory note for a hundred pounds by the false pretence that he was prepared to pay them, or one of them, a hundred pounds." The facts of that were that they came, and they were to make this promissory note, and he was to hand the hundred pounds to them. They made the promissory note, and he handed 60*l.*, and the court, with some doubt, held that the transaction was not a promise to do something in future, but it was held to mean: I have the hundred here, and am going to hand it you at this time.

3527. An existing fact. Then, may I take it that the cases which you have brought to our notice of bringing the money lender within the criminal law have been cases of either false pretences or of conspiracy where more than one have acted together?—Yes.

3528. Can you tell me of any other criminal charge which could be made upon any of the malpractices that have been described before this Committee; I think you have followed the evidence generally?—I do not think any other

Mr. *A. K. Loyd*—continued.

charge could be made except charges of that character. The circumstances might, of course, vary very largely.

3529. What I meant was that although the actual cases have been upon those two heads, was there any other well-known charge in your department which might be brought, although no case had actually arisen under it?—I do not think any occurs to me. Of course, as I say, the circumstances might be totally different; you might obtain this, that, or the other thing.

3530. Do you mean to say that fresh circumstances arising may not bring fresh charges to light?—Of course, it is conceivable that there might have been larceny by a trick. That is a possible charge.

3531. I quite understand that?—Or it might be an offence by a factor or an agent; he might even turn himself into an agent in the course of this.

3532. I did not know whether any other charge had been framed and not proceeded with at the time that it might still be material for us to know of?—No.

3533. Is not this class of criminal offence eminently one for the department of the Public Prosecutor?—I think so, because the evidence has to be collected from such a number of different points.

3534. There is not only the poverty of the people who are got hold of by the money lender, but also the complicated nature of the evidence, and, may I add this, the intense desire for secrecy on the part of those who have been made the victims?—Certainly; and I should put it on another ground. In any case which I know of, the fact that persons have been successfully carrying on a system of fraud for a long time, I think, makes it a case that I should be disposed to undertake if I could get evidence.

3535. Have you found great reluctance on the part of victims to come forward?—I do not think we had much difficulty in Pocket's case. I have had very few cases.

3536. We know that secrecy amounts to almost a morbid feeling on the part of those who resort to the money lender?—I should think that must be the case.

3537. You have noticed that?—Yes.

3538. And the advertisements are addressed very much to that point, "strictest secrecy will be observed"?—Yes, it is obvious there must always be difficulties, but the difficulties do not arise in the cases we do hear of; the difficulties arise in the cases we do not hear of, if I may put it in that way.

3539. Is there any way in which you can suggest that the machinery of your office can be strengthened in view of the helpless nature of the victims in these cases, their poverty, and their intense reluctance to bring the matter forward?—I do not think so; certainly not in my office. My office is a prosecuting office. I do not know so much about the country; but most people in London know that the superintendent at the nearest police station will receive any complaint, cause it to be investigated, and send it to head-quarters. As far as I have been able to observe, I think the police are extremely ready to help in these cases.

3540. These advertisements, as we have seen, can be brought within the criminal law as evidence of false pretences?—If the pretences are false.

3541. We also find that they are scattered broadcast in newspapers and by leaflets all over the country?—Yes.

3542. And that nothing but the reluctance of the parties or their inability to get up the evidence has prevented this abuse being brought within the criminal law much more largely than it has been?—I should think so; but you are rather, for the purposes of that question, assuming that most of the advertisements contain statements which are false in fact.

3543. I am?—I think that that is a necessary assumption.

3544. And the evidence before us is that they are wilfully and intentionally false, and most ingeniously misleading, for the precise purpose of getting at the borrower; is not that your impression?—I should think it probably is so. My experience is not large on this subject; but from all I do know I should think it would most likely be so.

3545. Is it your experience from investigations you have made that the description of the money lender is often absolutely false?—In cases I have had to deal with, and have prosecuted, it has practically been false.

3546. That he is described as "a wealthy gentleman," "a member of a well-known firm," and every other description resorted to which could disarm suspicion on the part of the borrower?—I think both those systems are used. I think the system of defrauding by obtaining small sums without any intention of lending the money is carried on side by side with a *bonâ fide* money-lending business. What I mean is this: that the money lender will lend on security at a high rate of interest, and at the same time be taking fees from people to whom he has had no intention of lending.

3547. We heard of a Polish Jew money lender here, who is carrying on business under a dozen different names, and describing himself as a "private gentleman," "a member of a well-known firm;" that would be a misdescription within the criminal law, I take it?—It might be. One cannot prophesy in what cases you can get a conviction; it would be a false statement.

3548. At any rate, you do not wish to suggest any method by which either your department or those who co-operate with you could be strengthened with a view to dealing with this great evil?—I do not see how you can do more than have in every district an officer of police with whom the inhabitants may communicate at any moment. They have the power of appealing to the police, and when the police want advice or assistance,

Mr. *A. K. Loyd*—continued.

assistance, or want a prosecution taken up, they have the opportunity of coming to me. I mean to say the chain is really complete.

3549. The Committee have naturally been anxious to get the benefit of your experience, and also of your legal training upon the question of the civil remedies; but, as I understand, you do not wish to make any suggestions upon that head?—Well, I feel that it is a serious matter giving the judges power to deal with contracts, and I should have liked to have known I was going to be asked the question, and to have had a little time to consider it. It is not a thing on which I should like to make a hasty suggestion in public to the Committee. That is my feeling about it.

3550. May I put to you for your consideration on which you may communicate with us hereafter if anything should occur to you; whether you see any objection to interfering with a contract where it is obtained from a person in great distress; ignorant of legal formalities, intensely desirous of secrecy and without the means of legal assistance; by a person who approaches him with absolutely false descriptions and promises of secrecy; absence of legal formalities, and in every other way entraps and ensnares him into the bargain?—I shall be obliged to get that from the note.

3551. I want you, if you will, kindly to consider whether, in your opinion, there would be any objection to the county court judge having a similar power to that which is already exercised by the Courts of Chancery in the case of expectant heirs, where inadequacy of consideration and oppressive proceedings are taken into consideration. Will you consider those points for the Committee?—I will, sir.

Mr. *Thomas Bayley.*

3552. It is rather difficult, with your large experience, to avoid asking you your opinion?—I will answer anything I can, sir.

3553. You have kindly told us about The Queen *v.* Pocket; I will just read from Mr. Justice Hawkins, where he passes sentence: "His Lordship here read a calculation table in the prospectus. There was not a single figure or word suggesting an excess of 5 per cent. per annum. Money lenders might understand that this did not mean per annum, but the poor people who read the advertisement did. It was, of course, open to a man to advertise in any way he pleased, but he must be prepared to take responsibility if what was stated was found to be untrue. The defendant had charged there 45 and 68 per cent., and there had been a systematic intention to grasp these poor people's inquiry fees. He had been unable to find any proof that he was carrying on such a business as described in the advertisement." Why I read that is this: money lenders in the papers to-day, after this decision of Mr. Justice Hawkins, are advertising "Money advanced at 5 per cent."?—Yes.

3554. That, from the evidence we have had in this Committee, is clearly 5 per cent. per month; and that is one of the reasons why Mr. Justice Hawkins gave this man six months?—It was one of the false pretences in the indictment that he professed to lend money at 5 per cent.

Mr. *Thomas Bayley*—continued.

3555. And therefore any person who is advertising now "Money at 5 per cent.," with the idea, as Mr. Justice Hawkins says, to deceive poor people, is committing a breach of the law in Mr. Justice Hawkins' opinion, and is liable to prosecution?—I am afraid I can hardly give a general answer to that.

Mr. *Price.*

3556. The man was not convicted on that ground, was he?—It was one of the false pretences.

3557. I think you mentioned that he was convicted on the fourth count of the indictment?—That was Gordon. As I said, you would have to require a large body of evidence to show that that was an intention to defraud. There we did show it by a very large number of cases. For instance, if I saw an advertisement of that kind, and the money lender did not lend the money in one or two cases at 5 per cent., it could not be suggested that that was a criminal offence; there might have been special reasons for not doing it. It could not be reasonably interpreted, as meaning, I will lend everybody who wants money for the moment at 5 per cent. per annum; it cannot possibly mean that.

Mr. *Thomas Bayley.*

3558. Business men would say that was an impossibility; but these poor people who go there would think differently?—For the purpose of making a criminal offence you must, I think, show a long series of transactions carried out.

Chairman.

3559. Something like a system?—Yes.

Mr. *Thomas Bayley.*

3560. A bill of exchange, I suppose, has to have "for value received" upon it; a promissory note need not have that upon it?—No.

3561. Would an alteration of the law making the promissory note (on the note itself) state the exact contract, the amount received, and the interest per annum, be any advantage, do you think?—I should like to answer that generally. I think anything is an advantage that forces to the knowledge of the borrower the nature of the transaction into which he is entering; but, unfortunately, one's experience is that borrowers, in these circumstances, will not read the documents that are put before them.

3562. I suppose, in that case of Gordon's, where the borrower only received 60*l.* for the promissory note of 100*l.*, the note would come under the Bills of Exchange Act "for value received," would it not?—That had no bearing on the question. The whole issue there was, whether there was a present intention, and not a future intention, to satisfy the criminal law as to a false pretence. If it had been: "If you give me that promissory note, I will next week send you something," that would not have been a criminal offence, or probably would not have been a criminal offence; but it was considered

Mr. *Thomas Bayley*—continued.

here by the court that this was an actual present transaction: "I have got a hundred pounds to hand you; you give me a promissory note, and I will hand you a hundred pounds." Instead of that, the promissory note is handed, and sixty pounds is given. That was the line taken in dealing with the case.

3563. Some of the money lenders have really abolished fees; I suppose you would be in favour of the abolishing of fees, would not you?—Yes, I think so; but really I do not know anything about that.

Mr. *Jeffreys.*

3564. With reference to these fees which the money lenders charge, of course you know (we have had it in evidence) that money lenders frequently charge fees, and then do not advance the money?—Yes.

3565. They merely issue their prospectuses in order to get the fees, but the applicant cannot then prosecute, or cannot take out a summons against the man for having taken his fees?—Do you mean a summons before a magistrate; a criminal case?

3566. Yes?—Well, you could not succeed with one isolated case.

3567. But why should not he succeed, if it is proved that the man took these fees without any intention of advancing the money?—That, forgive me, is the difficulty. You cannot show the intention on one case; what I mean is this, that no jury would be allowed to convict a man on any one case.

3568. At the same time, the only remedy the applicant has is to go through a circuitous form of prosecution, is it not?—Yes.

3569. Could not the law be made more simple upon that?—I should like just to think whether he might not have a civil remedy. He might have a civil remedy to recover back the amount of the fee; but it means nothing, because it would never be worth the while of a man to take that course.

3570. That is the worst of it; yet these money lenders do get an immense amount of money by this process, we are told?—Yes.

3571. For instance, when they date their letters from Ireland or Scotland they ask extra fees, because it is supposed that the carriage will cost so much more?—Yes.

3572. But do not you think the law might be made more suitable as to that?—I would put it in this way: you cannot punish any man criminally unless you can establish that he has a fraudulent intent, and the whole question is, what facts are sufficient to satisfy a jury that he had that fraudulent intent. I think it would be a more serious evil to run the risk of convicting a man for an act which was not done fraudulently.

3573. Then when it is brought to your notice that these men take fees in this way without any intention of advancing money, do you prosecute in those cases?—Well, all these cases I have referred to are such cases. I should prosecute in

Mr. *Jeffreys*—continued.

any case where there was a system shown to me and the police could get the evidence. For instance, I have prosecuted in every case of the kind that I have had before me.

3574. It has been suggested to me that the Public Prosecutor never took it up until a certain society had been put to great expense in prosecuting, themselves?—The only reference in Pocket's case that I can remember is this: it came in the first instance on the summons which was dismissed by Mr. Lane, and which I did not take up, because I did not think there was any evidence, and Mr. Lane thought the same. It was afterwards brought to my notice by the police in the same way. Again there was not enough evidence, and it took us a long time before we could collect sufficient evidence for the purpose.

Mr. *Thomas Bayley.*

3575. If a man advertised in the usual way that he had money to lend (as to which we have had evidence before us) and took fees, and he had no money to lend and no business at all, I suppose that would be a criminal offence?—That is exactly Brown's case, which I mentioned to you, and it is practically Wood's case. Those were cases of that class.

Mr. *Jeffreys.*

3576. I have sometimes seen cases prosecuted before a county court judge, and the county court judge refuse to give the whole of the interest, which he terms exorbitant, in those cases?—I should not know anything about that; but they have power, of course, to order payment by instalments, which comes to very much the same thing.

3577. But they have also power to make an order not giving the whole of the interest, have they not?—I should not have thought so. They have got to interpret the contract.

3578. Only one other thing I should like to ask; I do not know whether you have already given it in evidence: is it an offence for a man to trade under different names at different places, he being one and the same man?—No, not a criminal offence.

3579. Is it a fraud?—No, not a criminal fraud.

3580. A man is entitled to trade as much as he likes in that way, is he?—Except that by means of his so trading he may commit a criminal offence or defraud somebody. The mere fact that he does trade in different names is not a criminal offence.

Mr. *A. K. Loyd.*

3581. Will you add to the points you are to be kind enough to consider the question of licensing the money lender, with power to endorse or withdraw his license in case of misconduct?—The only thing that occurs to me is upon what is the difficulty there would be to define the misconduct.

3582. To define the "money lender"?—Yes.

Mr. JOHN SMITH, C.B., sworn; and Examined.

Chairman.

3583. WHAT position do you hold at the Board of Trade?—I am Inspector General in Bankruptcy, having charge of the Bankruptcy Department of the Board of Trade.

3584. In connection with your official duties have these money-lending cases been from time to time brought under your notice?—Yes, a considerable number of them have been brought under my notice from time to time.

3585. I think you gave evidence before the Welsh Land Commission, did not you?—I did.

3586. Did you give as a reason for the failure of many of the Welsh farmers the high rate of interest which they borrowed money at?—Yes.

3587. A very frequent cause of failure?—A very frequent cause of failure in certain districts, especially in the agricultural districts.

3588. Yes, I mean in the agricultural districts. Now, the Committee have had some evidence as regards the working of Section 23 of the Bankruptcy Act of 1890. I shall read the section: 'Where a debt has been proved upon a debtor's estate under the principal Act, and such debt includes interest or any pecuniary consideration in lieu of interest, such interest or consideration shall, for the purposes of dividend, be calculated at a rate not exceeding five per centum per annum, without prejudice to the right of a creditor to receive out of the estate any higher rate of interest to which he may be entitled after all the debts proved in the estate have been paid in full." I should have thought that that was a very clear section; but we have been told by witnesses here that it does not work satisfactorily; is that so?—It has produced beneficial effects in many cases; but it has been evaded very largely. It has been evaded in three ways.

3589. Will you allow me to ask this preliminary question: suppose the estate comes into bankruptcy, and a money lender proves his debt; the first action of the court official would be to calculate the interest at 5 per cent. under this section?—Yes.

3590. And then, if the estate realised more, he would get more. That seems to me to be the ordinary working out of that section?—That was, no doubt, the intention.

3591. That was the intention of Parliament?—Yes.

3592. Now will you tell us how it is evaded?—It is evaded in three ways. In the first place, it has practically been decided that a creditor receiving payment of a debt by instalments is entitled to appropriate the instalments either to the payment of interest or of principal. This appears to be the result of the decisions of Mr. Justice Vaughan Williams in the case of Fox *v.* Jacobs *ex parte* the Discount Banking Company, and *in re* Holland *ex parte* Parker and Young.

Mr. *A. K. Loyd.*

3593. Where is that reported?—Fox *v.* Jacobs is reported in Volume 10 of Morrell's Bankruptcy Reports. I have the report of the case here; it is a short report.

Mr. *Ascroft.*

3594. Is the head-note there?—Yes. The head-note is as follows: "The words of Section 23 of the Bankruptcy Act of 1890, by which it is provided that 'where a debt has been proved upon a debtor's estate, and such debt includes interest or any pecuniary consideration in lieu of interest, such interest or consideration shall, for the purpose of dividend, be calculated at a rate not exceeding 5 per cent.,' apply only to that part of the debt proved in respect of which a creditor is entitled to receive a dividend; thus, where the debt for which a creditor seeks to prove consists of a principal sum and interest at a higher rate than 5 per cent., the creditor is entitled to allocate any security he may have to the payment of the whole or part of the interest, and may then prove for any principal sum remaining over. The general right of a secured creditor to allocate his security to that part of his debt in respect of which he has no right to proof is not disputed."

Mr. *Price.*

3595. That case goes much further than instalments?—Yes, I was going to add that it went further than that by enabling the creditor also where he held security to allocate that security to the usurious rate of interest, and then to prove for the principal debt. Of course the terms of the section only apply to the debt as proved; they do not apply to the debt as otherwise settled.

Chairman.

3596. That is the first way it is evaded?—Yes. Then we have been advised (and I believe there is no doubt about it) that it can be evaded by the money lender drawing a bill upon his debtor, and discounting it with another money lender or with a bank, for value. In that case the holder of the bill, the endorsee of the bill, if he is in ignorance of the facts of the case, would be entitled to prove for the whole amount of the debt although he had not given full value for it. That method is much more difficult of resort, because it would involve either the money lender's discounting the bill in the ordinary course, and getting full value for it (which he would not be likely to do), or else disclosing the facts, which might seriously affect the result; but the other is a very common method of evasion.

Mr. *Ascroft.*

3597. Do you believe that that plan of evasion is adopted between money lenders?—It is, I believe.

3598. It has been adopted?—There have been cases.

Mr. *Warr.*

3599. Both the money lenders who have been examined here stated that they never transferred their bills?—I believe it has been a rare transaction, but there are cases.

Mr. *Warr*—continued.

3600. Though they are all made negotiable, as far as I can see upon the face of them?—Yes. The third case is more doubtful. It rests upon the opinion of counsel that where a settlement of accounts has taken place, and a new debt has been created, it would be impossible to go behind that transaction; the new debt would be regarded as the principal debt.

Mr. *Ascroft.*

3601. That is simply an opinion of counsel, is it; not a decision of the court?—That is an opinion of counsel.

Chairman.

3602. Is that all that occurs to you to say on Section 23?—Well, the section has worked very unsatisfactorily in that respect. I do not know whether the Committee wish me to present any views to them as to how it might be amended and strengthened.

3603. Certainly, the Committee would be very glad that you should do so?—I think it is extremely desirable that that clause should be strengthened. I have given the subject some consideration. It would be very difficult to draft a clause to meet the case entirely, but I have attempted to, and will hand in a clause for the consideration of the Committee.

3604. Will you read it, please?—I think that a clause of this sort, subject to its being revised by the draftsman and subject to further consideration, would strengthen the original clause, and enable its original intention to be more fully carried out than at present. I do not say that it would meet every difficulty.

Mr. *A. K. Loyd.*

3605. Is this in substitution of Section 23, or in addition to it?—This is a proposed addition to Section 23: "Where a debt (in respect of which proof has been made on a bankrupt's estate) arises out of a series of transactions extending over any period during the whole of which the indebtedness or some portion of it has subsisted (and whether there purports to have been a final settlement of account or not), the official receiver or trustee may require the creditor making the proof of debt to furnish a statement of account certified by affidavit showing the whole of such transactions from the date of the first advance, and distinguishing the amounts actually advanced to or for the use of the debtor, the amounts of any repayment whether of principal or interest, &c., and the amount of any interest, &c." (I mean commission and bonus and other pecuniary considerations) "included in the account; and where any such repayments include or have been appropriated to payment of interest, &c., in excess of 5 per cent. per annum on such advances, the amount of such excess shall be deducted from the amount of the proof without prejudice to the right of such creditor to prove for the remainder of his debt after all the debts proved on the estate have been paid in full." I may say that my object was to enable the trustee or official receiver of the court to go behind any previous settlement of transactions to the origin of the whole transaction.

Mr. *Warr.*

3606. Without regard to the number of years over which that investigation might extend?—Yes; it is a matter for consideration whether that period should be limited, or whether it should go back to the first date of the indebtedness.

Mr. *Garfit.*

3607. Suppose the man had been paying 10 per cent. on an amount for many years, he would probably owe nothing?—Under that.

3608. Would not that be evaded by treating it as two transactions; after a man had traded with one a certain number of years, passing him over to another as a fresh transaction; would it be fair he should owe him nothing?—He would still owe the money. The principle of the clause I take to be this: that the debtor is not to be released from the obligation which he has contracted, but in competition with other creditors the principle of the bankruptcy law which provides for an equal distribution of a man's assets is taken into account, and it is held that he is not to get payment of more than 5 per cent. until the other creditors are paid.

3609. Suppose there has been a long transaction at 10 per cent., or some fair money-lending rate, in consequence of that rate being 10 per cent. instead of 5, there would have been really no legal debt under that clause; and suppose a tradesman, at the time it existed, trusted this man up to a hundred pounds, the tradesman would be able to prove for his hundred, and the money lender would not be able to get anything?—That would be so, unless there were sufficient assets after the trader had been paid in full. It is a question, as I suggested, whether it should be limited to a period of years.

3610. Yes, I think there is a good deal in that?—That is the only suggestion I am able to make in the way of remedy.

Mr. *Price.*

3611. You do not meet the point of a *bonâ fide* transfer of a bill of exchange or promissory note?—No, I have not considered that point, and I am afraid it would be very difficult to meet it, because I fear that is practically the same thing as drawing a bill and discounting it for value.

Chairman.

3612. Is that all the observations you have to make on Clause 23?—That is all I have to say on Clause 23.

3613. Have you been in communication with official receivers throughout the country as to the number of persons who have been made bankrupt by money lenders?—I have frequent communications from them. I get the reports which are made by official receivers in statements of affairs of debtors, and the matter has frequently come under my notice in a cursory way; but since I was asked to attend this Committee I have taken steps to obtain information from official receivers throughout the country with regard to these transactions, and if the Committee desire it I shall be happy to supplement these inquiries in any way that might be practicable. We have about 60 officers occupying the

Chairman—continued.

the position of official receivers throughout the country and in London, and I thought it might be useful if the general results of their observations for a short period, say of two years, were to be tabulated and prepared. Except a few cases, which I have here, I have not yet received that information; but I shall be happy to prepare a statement and hand it in, if the Committee desire it.

3614. I think it very desirable if, when you have the information complete, you will forward it to the clerk, and we will include it in the Appendix?—The questions that I have asked, I may perhaps mention to the Committee; they are these: first, the number of receiving orders during the past two years, total liabilities thereunder, the number of usurious claims by money lenders included therein, with the aggregate amount, the highest annual charges, namely, rate of interest including commission and other charges and deductions, the lowest ditto, and whether the operation of Section 23 of the Bankruptcy Act is satisfactory in preventing excessive charges. I have a few replies here.

Mr. *Warr.*

3615. You do not ask any question with regard to bills of sale?—I have not asked in this inquiry any question with regard to bills of sale.

Chairman.

3616. I should be glad when the information is complete if you will hand it in either to the clerk or to myself, and I shall take care it is included in the Appendix?—I shall take care to do it.

Mr. *Warr.*

3617. I think it would be a great advantage if we could have information as to the number of cases in which bills of sale have been given, and also warrants of attorney; I do not know whether it could be easily done?—I think it could probably be added without much difficulty. I think that probably the number of bills of sale will coincide to some extent with the number of money lending transactions.

Chairman.

3618. I am not sure of that from the evidence we have received of money lenders; two money lenders we have examined object to bills of sale?—They will be smaller, undoubtedly. As to warrants of attorney, I am not quite sure that I understand what is meant by them.

Mr. *Warr.*

3619. A "warrant of attorney" is a curious process by which the borrower at the time he borrows the money signs a document which is called a "warrant of attorney" the effect of which is to give authority to the money lender to appear for him at the Court, and acknowledge judgment against him to be given in case he makes default, and the suggestion is that the borrower is wholly unaware of the nature of this very formidable document which he signs until he is made aware of it by the appearance of the sheriff's officer acting under a judgment signed in pursuance of it?—I see.

Mr. *Thomas Bayley.*

3620. It is a very old Act which practically this Committee has unearthed?—My attention has not been specially directed to it; I shall have to make inquiry.

Mr. *Warr.*

3621. It is very rarely used?—I am told the process of obtaining judgment in Scotland is very much simpler than in England; I do not know whether that fact bears on the subject, but I am told that cases have occurred where money lenders have obtained judgment in Scotland, and put it in force in England. I should like to say that the statistics which I propose to put in will not furnish any reliable information as to the actual proportion of money-lending transactions in bankruptcy cases, because there are a great many which are settled before the estate comes into bankruptcy.

3622. In Mr. Farrow's evidence he called our attention to the fact that that Section 23 would have no operation in cases of composition. I myself was not quite sure whether that showed an actual appreciation of the Act?—That is true; it would not apply to compositions, because there the debtor must provide the composition upon all his debts.

3623. Have you any suggestion to offer with regard to that?—No. If the creditors agree to accept a composition upon their debts I do not think it is possible to interfere with that agreement.

3624. Of course the composition is based upon the amount of estate which is distributable, and in that sense it would be material, of course?—It might alter the amount of composition payable to the creditors. It is possible that that might be met by an alteration of Section 23, such as that which I have suggested in the draft clause which I have just submitted. You will observe when that suggestion is read it does not follow exactly the lines of Section 23.

3625. No, I observed that?—I propose not to affect the right of ranking for dividend, but to reduce the proof itself; if the proof itself was reduced, the composition, I apprehend, would be payable upon that reduced proof.

3626. And so your section would cover this point to which Mr. Farrow has referred?—I had not that in view. I should like to consider that a little further, but I think it would be possible to cover it so that the composition agreed to by the creditors and sanctioned by the Court would in the first place apply only to the extent of 5 per cent. interest.

3627. Of course, I think I am right in saying that the composition sanctioned by the Court would require the consent of all the creditors, would it not?—The consent of a majority in number and three-fourths in value of the creditors present at the meeting.

3628. And then the Court makes it binding?—Then it is approved by the Court. If the Court considers it reasonable and beneficial to the creditors, it approves it. If anything has been proved against the conduct of the debtor it may interfere with his discharge.

3629. That is a composition under the Act?—Yes.

3630. You do not speak, of course, of any

Mr. *Warr*—continued.

composition arrangements outside the Act?—That is so.

3631. Of course, with those it would be quite impossible to deal?—Quite, I think.

[Adjourned for a short time.

Mr. *A. K. Loyd.*

3632. With regard to Section 23 of the Act of 1890, as I understand, that section does not profess to control a distribution of the estate, except where a bankruptcy has arisen?—That is so.

3633. Therefore, the appropriation by the creditor of payments to interest, prior to bankruptcy, is no evasion of that section, in the strict sense of the term?—No, it is not, using the word "bankruptcy" in the larger sense, not in the technical term of a receiving order having been made.

3634. Whether that receiving order ends in bankruptcy proceedings, or composition proceedings, depends upon subsequent matters?—Yes, but that is true; it does not affect any payment or allocation made prior to the bankruptcy proceedings.

3635. Prior to the intervention of the Court, I suppose, I may say?—That is so.

3636. The section which you have submitted to the Committee is directed rather to supplementing that Section 23 than to dealing with any evasion of its intention?—I do not know that I quite understand that last question. You say it was directed to suppplement it rather than ——

3637. Supplementing the existing law rather than dealing with any evasion of its existing provisions?—No, I think not. It is rather intended to rectify the section so as to carry out the object it had in view, and to prevent evasion.

3638. Let me put another question to you upon that; you used the expression: "Where the money-lender's claim is in competition with the claims of other creditors."—Yes.

3639. Does not that accurately describe the state of things where bankruptcy or competition is going on?—Yes, that does so.

3640. And prior to a receiving order being made can it be said that the money-lender's claim is in competition with the claim of other creditors?—No.

3641. So is not that the line of demarcation at which this section comes into force?—That is so.

3642. So long as the creditor is not either in bankruptcy or composition what happens to his estate cannot be controlled by the law as to the allowance or disallowance of claims?—That is so.

3643. But after the estate is being administered by the law then this rule applies, that excessive interest shall not be allowed until after the others have been paid in full; is that so?—That is so.

3644. You propose, by your clause, to give the court power to overhaul the transactions for some time previous to the estate being administered by the law?—Yes; I propose that the origin of the transaction should be investigated.

Mr. *A. K. Loyd*—continued.

Section 23 proceeds upon the same lines. It contemplates an investigation into the history of the debt.

3645. Only with a view of discriminating between the character of the claims with a view to future payments; not as to past payments or appropriations?—Yes, that is so.

3646. You would propose that the investigation should give rise to a dealing with prior payments as well as future payments after a bankrutcy?—Yes, I say that those should be taken into account in determining what claims shall be admitted in the bankruptcy in competition with the claims of other creditors.

3647. That even although the creditor had appropriated payments to interest if bankruptcy or composition supervened the tribunal should have power to say, "You have been satisfied to the extent of 5 per cent. in the past, as well as to lay down that he shall only be satisfied to that extent in the future"?—I should rather put it the tribunal should have power to say, "You have received certain sums in the past, therefore you shall not receive *pari passu* with other creditors until they have received a corresponding benefit."

3648. We hear it said that the law ought not to interfere to protect people from their own folly, but is it your experience that the borrowers themselves are not the only persons who are injured by the operations of these money-lenders?—That is so. I think in the case of bankruptcy it very frequently happens that it is the whole body of creditors who are injured.

3649. Is it also your experience that very often a screw is put upon the relatives or friends of the borrower in order to avoid exposure?—Yes, I have seen cases of that sort.

3650. Have you seen cases of the relatives coming forward to get the borrower out of the scrape?—Oh, yes, frequently.

3651. So that it is not merely a question of the borrower's folly, but the advantage which the money lender gains over the general body of creditors and often over the relatives of the man who has been victimised?—I have frequently seen friends coming forward and paying the debts of a bankrupt even where they have not been incurred with money-lenders.

3652. Yes, I can understand that being the case, but is it not also true that to avoid the money-lenders continuing to harry the borrower the relatives have intervened to get him out of the scrape?—No doubt that is so.

3653. And is not that partly what is relied upon by the money-lender when he gets a person who is almost insolvent into the toils. Does not he know that although the man himself may not be worth very much, yet the relatives will come to the rescue?—No doubt that is a kind of pressure upon which every creditor more or less relies when advancing money; and a money lender more especially would rely upon the desire of the debtor to avoid bankruptcy and exposure.

3654. Although there are *bonâ fide* creditors as well as these transactions that we are investigating, do you see any objection to giving the Court power where a money-lending transaction

is

Mr. *A. K. Loyd*—continued.

is the subject of litigation to overhaul the transaction?—On what basis?

3655. On the basis that where the money-lender has forced himself by a false and fraudulent advertisement, or other means upon a person in a defenceless and a distressed condition the Court should have power to prevent the strict letter of the law being invoked by the wrong-doer?—I should be very glad if principles of equity could be invoked in such a case, but I do not see exactly in what way the object is to be attained.

3656. Do you think the county court judge would not be able to discriminate between a contract made by a person who was a free agent at the time, and a person whose distress and nervousness and ignorance of law had been wilfully taken advantage of by the money-lender?—To some extent it might; he might be a judge of whether undue pressure had been used or not.

3657. The case of the borrower seeking out the lender is one thing; but where a lender has so framed his advertisements or his letters as to entrap the borrower, and take advantage of his inexperience and his pecuniary straits, you see no objection to the court having that power?—If it could exercise it in practice I think it would be most desirable; but I see great difficulties unless you define by statute the precise circumstances under which the courts are to interfere. I quite recognise the kind of case you mention. I have particulars of a case at present under my consideration, in which a young man who has been made bankrupt has applied for his discharge, and it has been refused on the ground of his extravagance. One evidence of extravagance is that he borrowed 3,000*l.* from a money lender, and that the money lender charged 2,000*l.* of interest for six months. That is regarded as an extravagant rate of interest; a reckless transaction; and therefore the court has held that the bankrupt was guilty of reckless conduct sufficient to entitle the court to suspend his discharge for a period; but in this case the young man said he was originally led to entertain the transaction because he was told he would get the money for 5 per cent.

3658. As between the creditors and the bankrupt that may be a very proper decision, but as between the money-lender and the bankrupt do you see any objection to the equitable principles that I have mentioned being applied?—The only objection I see is in the practicability of making it out. I do not know how the county court judge is to exercise the discretion; under what circumstances. Suppose you enact that if the county court judge shall be of opinion that the rate of interest is excessive he shall excercise his discretion and cut down the debt, the question would at once arise: What is excessive interest?

3659. Apart from such a question as the mere excessiveness of the interest, does not the Court of Chancery already consider such questions as inadequacy of consideration; unjust and oppressive conduct of a purchaser; and does it not extend its protection to those who act in distress or in ignorance, and in the absence of independent legal advice?—In certain cases the Court of Chancery does so, I believe.

3660. Is not that a jurisdiction exercised by the bringing to bear by the Court of its knowledge of human affairs generally and the relation of the parties, and without any strict legal definition to guide it?—The Court of Chancery exercises a peculiar jurisdiction in regard to matters which are the subject of fiduciary relations, protecting persons who are unable to protect themselves.

3661. But there is no fiduciary relations between the purchaser and the seller, in the case of an expectant heir who has borrowed on his patrimony, upon unconscionable terms; there need not be any fiduciary relation there, need there?—I have not sufficient experience to express an opinion upon the subject there, but I am not aware of any case in which the Court has, with regard to ordinary commercial contracts, exercised a discretionary power in enforcing the contract, nor do I see on what principle it could well be carried out.

3662. Could anybody confuse an entrapping of the unwary farmer or a farmer's widow by a money-lender with an ordinary commercial transaction?—If there was fraud, the transaction would be invalid.

3663. Such, for instance, as a Polish Jew money lender, trading under different names, discribing himself as "a wealthy private individual, desirous of benefiting those who are in distress and requiring money," fraud of that sort?—If the Court held that that was a fraud, that is to say, that it was material misrepresentation, it would invalidate the transaction; but unless you could prove that it was fraudulent or material to the transaction, the court would not invalidate it, I think.

Mr. *Thomas Bayley.*

3664. There have been some of these money-lending limited companies which have not been very successful, have not there?—Oh, yes, a great many of them, I believe, have failed.

3665. Have you got any account with you from which you could give us particulars of companies like the London and Universal Bank?—I have no account. There have been a few companies of that description.

3666. Do you remember anything about the Financial Deposit Company?—That did not come under my observation.

3667. Have the money-lending concerns who trade as limited companies always carried out the law, or have you any cases of their breaking the law with regard to the Limited Liability Companies Act?—In the case of the London and Universal Bank, I think, there are allegations that the law has been broken by the managing directors and others.

3668. You have had no evidence before the Board of Trade in the Bankruptcy Department, that an individual money lender has manipulated the shares when it really was an individual trading under a name which is very near the name of some excellent bank, and using the Limited Companies Act to get extra credit in getting people by advertisement into their clutches; have

Mr. *Thomas Bayley*—continued.

there been any cases before the Board of Trade complaining of that?—I think there have been cases of money lenders who have converted what was a purely private business into a limited company, and have advertised themselves as a company. There is nothing to prevent that. A single individual may now turn himself into a company by associating others with him.

3669. Of course there is nothing to prevent that, supposing they carry out the Companies Act?—Oh, they carry out the Companies Act in its integrity as a rule. I am not aware of any case of a money-lending company which has failed to comply with what we may call the requirements of the Companies' Acts with regard to registration and otherwise.

3670. And with regard to issuing annual balance sheets?—Unfortunately, the Companies Acts do not require annual balance sheets to be filed.

3671. The 1862 Act requires an annual balance sheet to be printed and circulated?—No, it does not. There is no law requiring an annual balance sheet to be prepared by Joint Stock Companies, except what is called Table A, which is attached to the Companies Act, but which is optional in its operation and is generally superseded.

3672. I suppose the Income Tax Commissioners would in all registered companies insist upon an annual balance sheet being presented to them for income tax purposes, would not they?—I do not know what the powers of the Commissioners are in assessing the companies, but I should assume they are much the same as in assessing individuals, and it would be necessary, if the company desired to be relieved from any excessive assessment, to produce a balance sheet; so that the Commissioners would always have power to enforce the production of a balance sheet; but so far as I am aware there is no statutory requirement.

3673. I was wondering in my own mind what balance sheets they put before the Income Tax Commissioners. I suppose that has really never come before you?—In the case of certain companies it has been alleged that they declared dividends out of capital.

3674. That is in the cases of companies that are bankrupt?—Yes.

3675. You have not anything to say to the Committee about these companies that have been bankrupt as to whether they traded outside the limited company law, or did anything they ought not to have done?—So far as the limited company law is concerned I cannot recall any particular case of a breach of the Companies Acts regulations, but I may say the limited companies law is so limited in its application to a company's business that there are very few requirements it could break. If the managing director, for instance, does publish a balance sheet, and publishes a false one, which he knows to be false, he would be liable for issuing a false statement under the Companies Acts.

3676. Then it gets to be a very serious offence?—Yes.

Mr. *Garfit.*

3677. In regard to that new clause that you would suggest, how would you define the continuance of a transaction?—I think that, no doubt, is a difficulty, and one which I sought to get over. I think that the courts could say during what period the debtor had continued indebted to the creditor.

Mr. *Garfit*—continued.

3678. As you suggested, without a time limit, would it not make any loan over 5 per cent. impossible, and would it not prevent a loan being made to cover risks beyond banking risks?—Probably it would. My own impression is that a time limit will be necessary. I was not prepared to suggest the actual limit, therefore I left out the suggestion in my draft.

3679. Would not that be evaded by making "charges" instead of "interest"?—The language of Section 23 is intended to cover that.

3680. "Interest or any pecuniary consideration in lieu of interest"?—Yes.

3681. Supposing the charges were a legitimate banking commission, how would you deal with it?—I should say that was a "pecuniary consideration in lieu of interest."

3682. You would?—Yes.

3683. In the case of a small loan—take an ordinary butcher's banking account, 50*l.*—where he has a large turnover of 2,000*l.* a year, and where really the charge would be probably more for commission than it would for interest—would you bring such a charge as that within your clause?—I did not suggest that clause to the Committee with a view of fixing the rate. I thought that was not a matter for me, but that it was a matter for the Committee themselves.

3684. I thought you were carrying out the 5 per cent. rate?—No, I suggested rather the way in which an evasion of the Act was to be got over. It is got over at present by drawing the line—either by allocating the payments to the usurious charge for interest, or by a settled account, or by some other means; and behind that line you cannot go. My object in drafting that clause was to suggest a method by which you could go back to the commencement of the transactions, and investigate the whole. I am not prepared to suggest 5 per cent. as a maximum rate of interest to be allowed under such ciruumstances; it might well be more. I know that the country banks do as a rule charge a larger rate than 5 per cent.

3685. Not charge interest exactly, but for other things; they do not charge more interest probably?—The total charge comes to more than 5 per cent.

3686. Yes, including commissions; because the account on the average of the year might not be 5*l.* one way or the other?—I am aware, as a fact, that the country banks do charge more than 5 per cent. on overdrafts.

3687. Yes, but suppose the account, like some accounts do, absolutely balanced, and that there was no interest on either side, there the charge would be for commission, and not for interest; it might therefore come to more than 5 per cent. on a small balance of debt left over; would not such an account as that be covered by your clause?—Supposing there was a credit balance?

3688. A debtor balance?—Supposing there was a credit balance?

3689. No, no; a debtor balance. I am supposing in a case of payment afterwards

Mr. *Garfit*—continued.

afterwards there was a small debtor balance, would you throw out such a charge as that which could come to more than 5 per cent. on the debtor balance proved, or which might prove in the year before more than 5 per cent. on the money lent, but that other things had been carried out for the money?—If Parliament adopted the principle which was intended to be embodied in Section 23, I should submit it would be for Parliament to fix the limit, whether 5 per cent. or a larger per cent., whatever limit was fixed, should include all charges made in respect of the advance; otherwise, it must necessarily be evaded.

3690. Then, your words "interest or any pecuniary consideration in lieu of interest" could include commission, which is really a payment for other duties, and not for interest at all, collecting debts, and for paying money to other people and such things as that?—I do not know.

Mr. *Garfit*—continued.

3691. I mean, would it not be difficult to carry out such a clause as yours without doing injustice to other people?—I think, if the creditor could prove that he had made a charge for commission in respect of certain specific work, and not for money advanced, that would not fall within the clause. That would be a question of evidence as to whether the charge was made in respect of the advance or on other grounds.

Tuesday, 13th July 1897.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Garfit.
Mr. Hazell.
Mr. A. K. Loyd.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley.

MR. T. W. RUSSELL IN THE CHAIR.

Mr. WILLIAM CARLESS, M.A., sworn; and Examined.

Chairman.

3691*. You are a solicitor, I believe?—I am.

3692. Practising at Hastings?—Practising at Hastings; and a justice of the peace for the borough.

3693. Have you any recollection of a money-lending transaction between an Irish landowner whose name has been given to the Committee here and Mr. John Kirkwood?—I have.

3694. Will you be good enough to state the history of that case to the Committee?—I will, sir. In the early part of July 1891 I was consulted by a client of mine under the following circumstances: my client informed me that in the month of November 1890, being in want of a sum of 300*l.* for a particular purpose, and at short notice, he had applied to the Southern Counties Deposit Bank, Limited, for the loan of that amount.

3695. Is that Kirkwood?—That is so, sir. He was then trading under the name of a company; my client applied for a loan of that amount.

3696. Three hundred pounds?—£300, which they subsequently advanced upon the security of a promissory note. I produce the promissory note, if you would like to see it.

3697. Yes, we would like to see all the documents if possible (*the document was handed in*); this is a promissory note for 456*l.*?—That is so.

3698. The loan was 300*l.*?—The loan was 300*l.* I am coming to that. The promissory note (*now produced*) is for 456*l.*, repayable by monthly instalments of 18*l.* each on the 13th of each month, over the period of two years, from 13th November 1890. That works out to 12*l.* 10*s.* for principal, and 6*l.* 10*s.* for interest a month, if it is worked monthly.

3699. That is the calculation?—That would be the proportion, 12*l.* 10*s.* At the time of the making of the note and payment of the 300*l.* at my client's house a representative of the bank asked my client to write as follows——

3700. I should like to read this promissory note to the Committee before you proceed?—Yes, I have another copy of it.

3701. Will you kindly read it to the Committee?—Yes, sir. This is the copy which was given to the borrower: "456*l.*, Brighton, 13th day of November 1890: I promise to pay the South Counties Deposit Bank, Limited, or order, the sum of Four hundred and fifty-six pounds for value received by instalments in manner following, that is to say, the sum of Nineteen pounds on the Thirteenth day of December next, and the sum of Nineteen pounds on the Thirteenth day in every succeeding month until the whole of the said Four hundred and fifty-six pounds shall be fully paid, and in case default is made in payment of any one of the said instalments, the whole amount remaining unpaid shall become due and payable forthwith together with interest at the rate of a halfpenny in the shilling per week from the date of such default on the aggregate amount of the instalments then remaining unpaid until the actual payment thereof. Payable at 69, Ship-street, Brighton." That is stamped with an agreement stamp of 6*d.*, as well as the ordinary promissory note stamp.

Chairman—continued.

3702. The 5*s.* stamp?—Yes, and a 6*d.* stamp as well, which is an agreement. That is signed by John Finlay.

3703. That is the borrower's name?—Yes.

3704. I believe the borrower is dead?—He is dead, sir. When that was signed and the money paid by the representative of the bank (that is the 300*l.*), at the borrower's house at St. Leonards he was asked to write (himself) the following: "I hereby declare that before signing the note for 456*l.* to-day given to the Southern Counties Deposit Bank, Limited, I read the same, and I fully understood its nature and effect." My client informed me that from the wording of the note he did not understand that on failure to pay any instalment on the day appointed the whole of the balance of the note would become due, nor was any explanation given or offered, or as to the ½*d.* in the 1*s.* default interest. My client informed me he had paid instalments on the following dates: 13th December 1890; 13th January, 14th February, 20th March, 15th April, and the 14th May 1891.

3705. That is six instalments paid?—Yes, amounting

Chairman—continued.

amounting in the aggregate to 114*l.*, and that on the 18th June 1891 he had remitted a cheque for the instalment due on the 13th of that month which was returned to him on the 20th June with a letter from the manager demanding immediate payment of the whole of the balance due on the note together with interest in default, on the terms and conditions of the note. I have that letter.

3706. Will you read that letter, please?—This is dated the 20th June: "We return the enclosed cheque for 19*l.*, drawn on 18th inst. on the London and County" (that is the London and County Bank) "but only posted by you yesterday and received by us to day, as the instalment of 19*l.* was due on 13th inst. We hereby demand *immediate*" (that is underlined) "payment by you to us of the whole of the balance due on the note, together with the interest in default, according to the terms and conditions of the note, yours obediently, Henry Wright, manager." My client replied to that in the following terms, if you would like to have it.

3707. Yes I would?—"I have yours of 20th inst. In reply beg to say that I had no idea you were so particular as to the payment of the monthly instalments for cash advanced. I see by reference to your receipts" (I have the receipts here) "they have been paid on 13th, 14th, 20th, 15th, and 14th, and as nothing was said by you as to the remittances being irregular I took it for granted they were all right. Under the circumstances you must see it would be very unfair for you to demand payment of the balance due in such a peremptory manner. Hoping you will re-consider the matter, am yours truly, J. F."

3708. Can you tell us the amount of the default interest that was demanded?—No sum was mentioned at that time, I shall come to another one.

3709. Proceed then please?—My client handed me a copy of his letter. In handing me that letter he said nothing had been said as to the former remittances being irregular and he had taken it for granted they were all right. The manager then wrote to the effect that prior instalments had been accepted only through the gross carelessness of their clerks and reiterated the demand for the whole balance due on the note and interest in default accruing.

3710. What would that mean? Prior instalments seem to have been paid on the day?—Very nearly. Several of them were later, and later than the one in fact that they said the default arose on. Shall I read this letter, sir?

3711. Please?—"Brighton, 26th June 1891," (this is when he returned the cheque again) "Your letter of 22nd inst. was laid before our chairman to day and he directs me to state that if you have been in arrears before with your payments it was gross carelessness on the part of our clerks in not bringing such serious defaults before him, so you have reaped the benefit of their carelessness. You knew all about the conditions of the note, for you know the letter you wrote at the time and you were supplied with an exact copy of the note. It is

Chairman—continued.

absurd nonsense for you to say that you had no idea that we were so particular as to the payments. There is now a balance of 342*l.* due for principal and there is the sum of 14*l.* 5*s.* per week for interest in default accruing due from the 13th inst." I think that is 216 per cent. you will find.

3712. Two hundred and sixteen per cent. for the default interest?—I think we worked it out last year at that.

3713. That is what it works out to?—"You must either pay the amount at once or give a bill of sale or make some satisfactory arrangement for settlement on or before Tuesday next, otherwise a writ will be issued against you on Wednesday without further intimation. This letter is written entirely without prejudice. Yours obediently, Henry Wright, manager." My client handed me certain further correspondence which had passed between him and the lenders, who refused to accept the instalment, and again returning the cheque (but I may inform the Committee that he sent the cheque more than once, and it was returned), and asking for the name of his solicitor, to accept service that was. He referred them to me. In the first instance, at my client's request, I wrote the manager of the loan office, that if he still declined to accept the June instalment I would accept service of proceedings. Acting under the advice of counsel, my client made endeavours to raise money to enable me to make an offer of a lump sum (this is what counsel advised) to the lenders in settlement, and on the 9th September 1891, I wrote offering the sum of 235*l.* in full discharge of principal and interest; but if you will pardon me, I think I have the letter which I should put in before then which came from them. When I wrote to them, giving them my name, and telling them that I would accept service of any proceedings, I had this form of letter returned to me 15th July 1891: "Your letter came in the absence of our managing-director who has the conduct of this business, and who now directs me to send you copy letter written by your client at the time the note was made" (that is the one I have read, sir), "and given by him in the presence of two of our officials which is as follows" (That I have read to you: it is the letter stating he fully understood the nature of the whole thing). "Mr. F. has received an exact copy of the note, which no doubt you have seen" (the exact copy is on the table). "Anyone who knows anything about the law relating to promissory notes must know that it is no defence whatever to plead that the taking of extra time for payment of instalments by the maker of the note acts in any way as a waiver to subsequent default. We think it only right to remind you that interest at the rate of a halfpenny in the shilling per week from the date of default, is running, and will continue to run until full payment is made, or judgment signed on the aggregate amount of the instalments remaining unpaid. As there can be no real defence, your client is incurring a most serious liability through delay in payment of full balance and interest to date, but that of course is his look-out not ours."

Chairman—continued.

That is a letter from them. Then a sum of 235*l.* in full discharge of principal and interest was offered (that is the amount due to a particular date of principal and interest as calculated on the note in proportion to the loan), but I was unable to get any definite reply from them. I never had any reply to that. On the 8th November 1891 I had an interview with Messrs. Prince and Ayres, solicitors of Brighton, who then acted for the bank, and made an increased offer of 26*l.* (that was the amount added, which brought it up to 264*l.*), but this was refused, and a writ was then issued by the bank for 655*l.* 10*s.* (I produce a copy of the writ), being 34·2*l.* balance of note and 313*l.* 10*s.* default, at ½*d.* in the 1*s.* per week added. That is 14*l.* odd per week. I produce the copy of the writ; here it is.

3714. We do not mind that?—On the 21st November——

Mr. *Thomas Bayley.*

3715. What year?—This is all in 1891. It is all in the same year, sir. The transaction only lasted for a year or 15 months. On the 21st November I had another interview with the plaintiffs' solicitor (that is the bank's solicitors now I am referring to), who stated they would be prepared to advise their clients to settle for 400*l.*, and on my client's instructions I wrote on the 23rd November, offering that amount, but asking for a month's time to pay the money. I may say my client was selling a town holding in the vicinity of Belfast. The Land Courts were locked up very much at that time, and he could not get the money out.

Chairman.

3716. I am quite aware of the delay which takes place in those proceedings?—That is why I asked for the month's delay. The plaintiffs' solicitors wrote that they would take their client's instructions. This was in November, sir; as I did not hear I wrote again on the 8th December 1891, asking for a reply to the offer. On the 14th December 1891 I received a letter stating that the matter should have attention as early as possible, as the member of the firm who attended to the matter had been away ill. I heard nothing further, and wrote again on the 15th January 1892 stating the money would be forthcoming at an early day.

Mr. *Warr.*

3717. You wrote that?—I wrote that, sir, on the assumption that the 400*l.* would be accepted. That was on the 15th I wrote. On the 16th I received a letter from the plaintiffs' solicitors stating that they were no longer acting for the bank. I never had any reply, you notice, Mr. Chairman, to that letter. On the 11th February 1892 my client called upon me (this is the 11th February) and informed me that he had received a call from a representative of the loan office, who desired to know what he was prepared to do in the matter, and that he had stated he could only abide by offer of 400*l.* On the 13th February 1892 (that was two days afterwards) my client called on me with a

Mr. *Warr*—continued.

letter received from plaintiffs stating that they would not accept 400*l.*, and that 840*l.* 15*s.* was then due. Shall I read that letter?

Chairman.

3718. Yes, I think so?—"Sir,—We have received a report of our managing director's interview with you at your house on Wednesday last, and now write to state that we decline to accept your offer of 400*l.* (four hundred pounds) in settlement of our claim against you. There is now due upon the note the sum of 840*l.* 15*s.* (eight hundred and forty pounds fifteen shillings), not speaking of the law costs, and we shall be glad to hear from you whether you have any further offer to make in settlement, or whether you prefer the law to take its course. This letter is written entirely without prejudice.—Yours obediently, *H. Chester*, Secretary" (that is another man). "P.S.—We were glad to hear that you have quite recovered from your attack of influenza, and that you are now in the enjoyment of excellent health. R. M. Brandreth, Esq., LL.D., of 163, North-street, Brighton, is now our solicitor." As counsel had been advising, the position was put before counsel again, and they strongly advised that we should settle on the best terms obtainable, and on my client's instructions I went again to Brighton on the 20th February, and saw Mr. Kirkwood, the proprietor of the bank, when he stated the lowest amount he would accept was 600*l.*, and payment of their solicitors' costs, and I advised my client to settle accordingly. On the 24th February 1892 I settled the matter at Brighton on those terms, and received the letter dated 22nd February 1892. On the 21st I saw him, and on the 22nd February I received this letter (I had had to see my client as to whether he would accept those terms, and I telegraphed that the terms named be accepted): "We are in receipt of your telegram to-day, as follows: 'Finlay, my client, accepts terms proposed at our interview Saturday; papers to be delivered up; action discontinued. Will Wednesday, at two, suit you to settle?'" (that was the earlier part of the week). "'Am engaged latter part of week, Carless, solicitor, St. Leonards.'" We wired you as follows: "Finlay, yes, Wednesday, here, at two.—*Kirkwood.*" The terms of settlement were as follows (this is their letter, sir): "The defendant to pay to us six hundred pounds (600*l.*) on or before Saturday next the 27th instant, at 12 o'clock noon, he to pay the full amount of Messrs. Prince and Ayres' costs against us" (they did not amount to very much) "in the case, whatever they might be, you to give your personal undertaking, in writing, for the payment of the same, and to undertake to settle with them for their costs against us" (the reason of that was that they could not get the costs in time for the Wednesday), "we to pay Dr. Brandreth's costs against us in the case, defendant to let us know on or before to-morrow (Tuesday) morning whether he accepted the above terms or not. We have had your telegram accepting." Then I may as well read this; it is in the letter: "You did a grand day's work for Mr. Finlay in effecting this settlement, for if the case had gone

to

Chairman—continued.

to trial it would have cost him another 600*l.* at the very least. You can bring either Bank of England notes, or Bank Draft on demand on the London and County. Yours truly, for the Southern Counties Deposit Bank, Limited, John Kirkwood, Managing Director."

3719. It was settled on those terms?—Those are the terms I settled on.

3720. I have only one question to ask you; the narrative you have given has been so clear that very few questions arise. You settled, as I understand it, for 600*l.* after 114*l.* had been paid in instalments? That is so.

3721. I just wish to get it down on the record?—I think this will show it, sir, if you take the figures like this: amount of instalments paid 114*l.*, amount paid in settlement 600*l.*, that is 714*l.*; amount advanced 300*l.*; that leaves 414*l.*

3722. Right?—Representing 414*l.* paid as interest for the loan of 300*l.* from the 13th November 1890 to the 24th February 1892, one year and 103 days.

Mr. *Ashcroft.*

3723. Have you calculated the rate of interest?—I think the rate amounts to something like about 106 per cent.

Mr. *Warr.*

3724. Were you advised that effect would be given to this default clause in court?—I was advised by two eminent counsel that it would be best to settle, on the full facts before them.

3725. Were you advised that effect would be given to this default clause and that there was no power to relieve against it?—Yes; under the Common Law there was no power to relieve against it.

3726. No power to relieve in Common Law?—No. As long as the Usury Acts were repealed that amount was legal.

3727. Was recoverable?—Was recoverable.

3728. You said there was no defence at Common Law?—The only point that we had considerable doubt about was these instalments having been paid at irregular dates and been accepted before.

3729. Whether there was a waiver?—Whether there was not a waiver. There was very considerable doubt in counsel's mind about that.

3730. But apart from any question of waiver counsel was of opinion that there was no relief against this default clause?—No, that is so.

3731. Even though it involved the payment of most exorbitant interest?—Even though it involved the payment of most exorbitant interest, the right existing simply because the Usury Acts had been repealed, I think the term "bank" being used in these advertisements of money-lending establishments is most misleading.

Mr. *A. K. Loyd.*

3732. What age gentleman was your client?—Sixty-three, I think he was then.

3733. Was this the sole cause of his requiring accommodation, that owing to the position of his sales the money was not forthcoming in Ireland?

Mr. *A. K. Loyd*—continued.

—No, I did not say that; I said we could not receive the money at the time to pay the 400*l.*

3734. That was one of the reasons why you did not get all that you wanted, or why you were unable to raise the necessary funds?—I did raise the funds directly he received the money. The 400*l.* would have been paid immediately if it had been accepted, because we could have taken a mortgage on those amounts.

3735. I understand the difficulty arose from something absolutely beyond his control?—I do not quite follow you, sir.

3736. I thought you said he was selling a town holding?—Oh, yes. The reason why I asked for a month's delay to pay the 400*l.*, was that he would be in possession of money after the interval of the month. I was in communication with Mr. Finnigan at Belfast and Mr. Smith of Belfast, and Mr. Finnigan's solicitor in Dublin, and I could not get the money to pay off this in time.

3737. That delay had nothing whatever to do with his solvency?—Oh, no.

3738. Purely an accidental circumstance? Do you know how he first came to deal with Kirkwood?—No, except as I stated in the first instance, that he saw the advertisement and he wanted this loan of 300*l.*, as he could not get the money from Ireland.

3739. Have you got a copy of the advertisement?—No, I have not got the advertisement, but he saw the advertisement.

3740. It was by seeing the advertisement?—I had nothing whatever to do with it until he got into difficulties.

3741. I only want to know whether he sought out Kirkwood, or whether Kirkwood went to him with an advertisement?—I should say he sought Mr. Kirkwood.

3742. In consequence of this advertisement?—I should say so, yes.

3743. Did you see the advertisement at the time?—The advertisement is in all the local papers in the South of England.

3744. Just listen to this:—"75,000*l.*" in large figures at the top. "To lend by the Southern Counties Deposit Bank, Limited, in sums of 10*l.* to 500*l.* on note of hand alone, at a few hours' notice, in any part of the country, and to all classes of borrowers, repayable by easy instalments. No sureties required, and no good application is refused. All communications strictly private. This bank was expressly incorporated under Act of Parliament to advance money at a low rate of interest to respectable persons, and the public are cautioned against having anything to do with loan offices and money lenders, whose only object is to obtain fees. If desired, an official from the bank will attend at applicant's residence, with cash, and carry out the advance, according to appointment, by letter, or telegram, thus avoiding any delay. Apply personally, or by letter, to the manager, Mr. W. H. Goodman, 69, Ship-street, Brighton; or to Mr. Edward Martin, rent and debt collector, St. Faith-street, Maidstone"?—I think that would be the class of advertisement. It is a similar sort of advertisement to that which is in the Hastings papers.

Mr. *A. K. Loyd*—continued.

3745. He was of full age?—Oh yes.

3746. And had signed that paper saying he fully understood the meaning of the note; the note was very legibly written and distinctly stated that this default interest would be charged?—It was so, sir.

Mr. *Thomas Bayley.*

3747. In the note, it says: "I promise to pay the Southern Counties Deposit Bank, Limited, or order the sum of Four hundred and fifty-six pounds for value received." But he did not receive the 456*l.*?—No. "Value received" might mean nothing on a note. He received 300*l.*, then the interest was added. It appeared to be a very small rate of interest, 26 per cent.

3748. On the statement of the note itself, it is "For value received"?—That is an ordinary legal fiction, if you like. "Value received" on promissory notes or bills.

3749. I do not think it is an ordinary fiction; I mean to say that if a man puts on a note "for value received" and it is not value received, the Bill of Exchange Act would come in?—He receives 300*l.* and the interest is charged for the two years.

Mr. *Thomas Bayley*—continued.

3750. He only receives 300*l.*, but he gives a note for 456*l.*?—Yes.

3751. Therefore it is not "value received." Was that question ever laid before the barristers?—No; I do not think so. These are ordinary money-lending bills or notes of which there are many hundreds.

3752. Mr. Kirkwood says in his advertisement that, By a special Act of Parliament he is authorised to lend this money?—I do not think there was anything "special." I think it was a special inducement perhaps.

3753. It is not correct?—I do not think so. I think he was a limited company registered, and I think there were some proceedings taken against the Bank at a later stage. I believed they were fined rather heavily, but I have no knowledge myself of that.

Chairman.

3754. You have no knowledge of that?—I have no knowledge of that, so I cannot speak to it.

Mr. FREDERICK ARTHUR SARJEANT, sworn; and Examined.

Chairman.

3755. ARE you a solicitor?—Yes; practising at Reading.

3756. Have you a client named Barrett?—I had.

3757. He had transactions with this bank that we have been hearing of now?—Yes.

3758. Would you give the Committee a narrative of those transactions so far as you are able?—Barrett consulted me ——

3759. When?—The beginning of March 1894. I think it was about the 5th or 6th March; It was the 6th; he consulted me in reference to a seizure which had taken place by the Southern Counties Deposit Bank.

3760. The Southern Counties Deposit Bank is Kirkwood?—Yes, so I understand; of his goods at a farm called Upper Farm, Baulking, in Berkshire. The facts which he gave to me were these: his first connection with the Southern Counties Deposit Bank was about June 1893. In June 1893 he made the application to the bank first of all; (in March 1894 he consulted me). Then, June 1893, he borrowed the sum of 30*l.*, upon which he had to pay interest of 9*l.*, and he signed a promissory note for 39*l.* payable by instalments of 3*l.* per month. I have not got that note, because there were subsequent transactions, and, of course, that note was handed back to the company, so that I have only got a copy of it, and I do not think that is evidence.

3761. Very well?—He paid 3*l.* about the end of July, and when the August instalment became due he did not remit it on the day in question; but two days afterwards he sent it forward to their place in Bristol. They returned that instalment, and said it was overdue, and they could not take it. He then sent two instalments; that is the one which was due in August, and one due

Chairman—continued.

in September, so as to be before time, for the second instalment I mean, to pay up for the first one being behind. They returned both these; and on the 6th September 1893 a clerk (he styled himself a "clerk") from the Southern Counties Deposit Bank called upon my client Barrett, and said that the instalments were overdue, and that they could not now take them, unless he signed a further note for 45*l.*; that is a further amount for interest of 9*l.*, making 18*l.* interest for the loan of 30*l.*

Mr. *Garfit.*

3762. Forty-eight pounds?—£48. He had already paid 3*l.*, so that the note was for 45*l.*; he had paid the July instalment. They demanded the money at once, otherwise he was put into this strait of signing the note for 45*l.*, including the demand for 9*l.* for further interest. He could not pay the 36*l.*, consequently the only alternative he had was to sign the note for 45*l.*, which he did, payable at the same rate as before, 3*l.* per month. He paid the instalments for October and November 1893; and in the latter month he took another farm (he was previously living near Newbury), Upper Farm, Baulking, and being in want of some more money he then asked the company if they would grant him a further advance. Their clerk came over (I think the same clerk as before) and said they would grant him a further advance of 61*l.*, making a hundred, and he was to pay at the rate of 6*l.* 5*s.* per month. They produced some paper, not informing him what it was or reading it over, but they got him to sign it and took it away.

Chairman.

3763. That would be a bill of sale, I suppose?—That was a bill of sale.

3764. Was

Chairman—continued.

3764. Was it not read?—It was not read.

3765. Was it not explained?—It was not explained. Then by some means, I do not know how, but by some means the landlord got wind of this bill of sale, and he immediately came down upon the tenant (Barrett) for rent which I ought to say by the agreement between them was payable in advance. Barrett being in straits applied to this Southern Counties Deposit Bank again, told them fully his position, and asked them if they could help him as to the payment of this rent. They said yes, they would help him, but he must sign another document, which he did, payable by instalments of 12*l.* 2s. 6d. per month; and if the Committee will allow me I should just like to refer to that bill of sale (it was a bill of sale which he signed) and the wording of it, because certain proceedings were taken afterwards (which I will mention in detail) and questions arose upon the wording of that bill of sale.

3766. Does it differ from ordinary bills of sale?—Well, it is very peculiar wording, sir. The judges, I might state, were puzzled as to what actually it meant when it came before them upon different orders.

3767. You can do that without interrupting your narrative. I will allow you to read the bill of sale immediately your narrative is closed; I would not like to break the narrative. I would like to get the narrative altogether?—If you please. I will go on with the narrative: 12*l.* 2*s.* 6*d.* was paid in January (the 5th January) and 12*l.* 2*s.* 6*d.* was paid on the 6th February; that is, they received it on the 6th February, and the proper receipts I have got here with the papers. It was payable on the 4th of each month, but the 4th February and the 4th March both fell on a Sunday, consequently he sent on the following day (Monday), and it got there on the Tuesday morning.

3768. That is the March instalment?—No, the February instalment. Now, I am coming to the March instalment. The March instalment was due on the 4th March, which was a Sunday. On the following day (Monday), Barrett, as was his usual custom, went to Swindon Market and took with him in his pocket a certain amount which, with the money he had left with his wife, made up the 12*l.* 2*s.* 6*d.* due to the Deposit Bank on that day. Why he took it with him to Swindon was to get a cheque for the money, so as to make it more easy to send it to Bristol. While he was away a representative of the bank came and asked for the instalment due. Barrett's wife then said, "I have got 3*l.* 4*s.* 8*d.* here; my husband is gone to Swindon, and he is gone to get a cheque for the balance, and we will send it to you to-night." The representative of the bank (I do not know the representative, I think his name was Evans, still I do not know personally)——

3769. It does not matter?—He took the 3*l.* 4*s.* 8*d.* and went away. In about 15 minutes afterwards he returned with two men, and put those two men into possession of the goods, first of all demanding the total amount due under the bill of sale. Mrs. Barrett said to him, "Well, it is impossible for us to meet this now; we have not got it, but the instalment will be sent to you to-night." The man would not take any answer from Mrs. Barrett, and the men were left in possession.

Chairman—continued.

3770. Barrett had actually gone to Swindon with the money in his pocket in order to pay it, had he?—In order to get a cheque to pay it; not, of course, to pay it there, but to get a cheque to send it off that night. The man remained in possession, and then, of course, ensued the proceedings upon which Barrett consulted me. We took out a summons to apply for an injunction to restrain them from remaining in possession or from selling the goods of my client; and that was heard before a judge in Chambers, and he granted an injunction that they should not sell provided that Barrett paid over to them by a certain date (I think the sum is) 45*l.* odd; that is made up of instalments and interest which the judge did not go into at the time. It was not the trial of the action, but simply an injunction to restrain them from remaining in possession, and 8*l.*, I think, costs; that amount was paid. The instalment then being paid, they still remained in possession of the premises and refused to leave, notwithstanding the judge's orders. We again had to apply for an injunction to restrain them from continuing in possession.

3771. Was this a High Court proceeding?—This was in the High Court.

3772. It must have been?—It was, sir; I have got the brief and all the papers here; it was too large an amount for the County Court. Then we got each injunction as we applied for it, and the landlord ascertaining that these people were in possession, and were going to sell, then, of course, put in a distraint for the rent, which was due on the 25th March, and which, as I say, was payable in advance. We issued a writ in the matter on the 29th March 1894.

Mr. *Warr.*

3773. You issued the writ?—Yes; we issued the writ; my agents in London issued the writ.

3774. Yes, I quite follow?—On the 19th April the landlord sold under a forced sale. I took the landlord's evidence and then he informed me that he would never have put anyone into possession or distrained for the rent if it had not been for the action of the Southern Counties Deposit Bank; and that is what we were prepared to prove on the hearing of the case. Then about that time the plaintiffs, of course, as you will be aware, were in very hard straits. I ought to state that the man in possession stopped them from working their horses; so that they could not put their seeds into the ground and their roots; and also he had taken away (as I shall state in a moment) some of the cows; he had taken them away to a place in a very peculiar manner.

Chairman.

3775. That was the landlord, was it?—No, the bailiff of the bank. There were the two bailiffs, you see, in possession, the bailiff of the bank and the bailiff of the landlord. I cannot give you the exact day, but at all events one day just after the writ was issued the bailiff of the bank got the bailiff of the landlord away under the pretence that

Chairman—continued.

that he had to go and cash a postal order, and would wait for him at a certain corner or wait for him at a certain place. The bailiff of the landlord was not very sharp; at all events, he stayed away.

3776. A simple-minded person?—A simple-minded man; and in the meantime three or four of the representatives of the bank went to the farm of the plaintiff Barrett, took away five or six of the cattle, and took them away to some yard in the village, and refused to part with them under any pretext whatever. Application was made to the magistrate, but he told them it was a thing that he could not then decide upon; they must take out a summons in the ordinary way; and the other landlord's bailiff with superior force went and got the cattle back again, but they were taken away in the way I have described. Then, as I have said, the Barretts were in very great pecuniary straits and circumstances, and they applied to one or two to try and get an advance. About this time Mr. Farrow called upon them. They asked him to assist them in any way with his advice. We proceeded with the action, and on the 19th June 1894 the action was to come on at Reading Assizes.

Mr. *Ascroft.*

3777. The action for what?—For trespass. I will read you the writ.

3778. That is quite sufficient?——

Mr. *Warr.*

3779. To restrain them from proceeding under the bill of sale?—Yes. That was settled by a payment by the bank of 105*l.* for costs and damages. I do not think they put it "for damages;" they simply put it for costs.

Chairman.

3780. It was settled?—At all events, it was settled, and was settled for that amount.

Mr. *Garfit.*

3781. Payment by the bank, or to the bank?—By a payment by the bank to myself of 105*l.*

Mr. *A. K. Loyd.*

3782. That covered costs and damages, did it?—That was in settlement of the action. Notwithstanding that, in their counter-claim, they claimed for 178*l.* 2*s* on their two bills of sale.

Chairman.

3783. Now will you give us the summary of the narrative? First of all, how much cash was advanced the first time, 30*l.*?—£. 30.

3784. I want to get the narrative, now, in a substantive shape. The interest upon that was 9*l.*?—The interest upon that was 9*l.*

3785. What was the next transaction?—The next transaction was in September.

3786. There was a second advance of 61*l.*, then?—No, the next thing was in September. One instalment was overdue two days, and they came over to him and said, the money being overdue, they could not accept it unless he signed a fresh promissory note.

3787. A fresh promissory note for what?—For 45*l.*

Chairman—continued.

3788. But there was no cash advanced then?—There was no cash advanced then.

3789. That is what I mean; I want to get the actual cash advanced. What was the next cash?—£. 61.

3790. Was that actually advanced?—I believe so.

3791. What was the interest on that?—That goes upon the bill of sale.

3792. Making 100*l.* altogether?—Making 100*l.* altogether.

3793. Then there was a third?—The third was 94*l.* on the 4th December.

3794. Is that cash actually advanced?—That is cash actually advanced on the 4th December.

3795. Now let us see how it stands: that is 185*l.* cash advanced?—Yes, I think that is so.

3796. In the three transactions?—In the three transactions.

3797. Now what were the payments?—The payments were 3*l.* in July, 3*l.* in September and 3*l.* in October.

3798. That is 9*l.*?—That is 9*l.*, yes; 12*l.* 2*s.* 6*d.* in January, 12*l.* 2*s.* 6*d.* in February, 3*l.* 4*s.* 8*d.* in March, and then, by the order of the master, 45*l.* 12*s.* 4*d.*

Mr. *A. K. Loyd.*

3799. Was that a part of the injunction?—That was part of the injunction.

3800. Will you let me have a copy of your writ in the illegal seizure action?—Certainly.

Chairman.

3801. That is total cash paid, 82*l.* 2*s.* What was the claim?—We, of course, claimed damages.

3802. What was their claim?—Their claim was 178*l.* odd.

3803. That is a total, taking the cash paid and the claim, of 260*l.* 14*s.* 10*d.*?—Yes.

Mr. *Warr.*

3804. In what respect had the bank exercised improperly their powers under the bill of sale?—Well, sir, in reference to that they had exercised them wrongly in two senses: the first one was that this 3*l.* 4*s.* 8*d.* having been paid there was no instalment in arrear; and, consequently, if there was no instalment in arrear they had no right to levy. That was the first point raised. The second point raised was that the bill of sale was obtained through fraud.

3805. That is what I wanted to know. What fraud did you allege?—The fraud alleged was that the consideration was not truly stated.

3806. In what respect?—In reference to the payment of the interest, together with principal, and counsel advised that upon those grounds there was a charge of fraud in reference to the bill of sale.

Mr. *A. K. Loyd.*

3806*. I see you allege "The defendants in fraud of the plaintiff caused the plaintiff to execute a bill of sale dated 4th December 1893, containing a covenant for repayment of principal and interest contrary to the terms of the said contract, making the said 12*l.* 2*s.* 6*d.* applicable to principal only, and providing for payment of interest

Mr. *A. K. Loyd*—continued.

interest in addition with each instalment"?—Yes, that is so.

3807. That they fraudulently got him to sign a bill of sale which was not in accordance with what he had previously agreed to sign. Is that it?—Yes, that is it

Mr. *Warr.*

3808. The bill of sale did not represent the actual transaction?—The bill of sale did not represent the actual transaction.

Mr. *Ascroft.*

3809. I do not quite understand your term "forced"; you said that the landlord had a "forced sale." What does a "forced sale" mean?—A forced sale is this, sir: By putting up these things at a public auction they bring a much smaller price than they would if sold in the ordinary course of trading.

Mr. *A. K. Loyd.*

3810. Do you contend that the wife telling the agent of the bank that the husband had gone to market to get the money was equivalent to a tender?—No, not quite. You see the 3*l.* 4*s.* 8*d.* had been paid and accepted. If the 3*l.* 4*s.* 8*d.*, part of that instalment had been paid and accepted, there was no instalment due. There was part of an instalment due, I grant you, but not a full instalment.

3811. That, coupled with the fact, made it unreasonable as well as illegal?—Certainly.

3812. And on that you relied to get the sympathy of the court, or a jury, or anybody else who could try the case?—Certainly. I might state that this case was in the list for hearing at the Reading Assizes, and was only settled about half-an-hour before it was to be heard by Mr. Justice Hawkins.

Mr. *Warr.*

3813. Mr. Justice Hawkins was the judge?—He was the judge.

Mr. *Thomas Bayley.*

3814. You were successful before Mr. Justice Hawkins?—It did not come before him, sir. They gave us these terms before it came into court. This is the note of Mr. Greene, Q.C., on the question on his brief: "Record withdrawn on terms that defendants pay within seven days to plaintiffs' solicitor 105*l.*, and within same period enter up satisfaction on both bills of sale dated 29th November and 4th December 1893. Mutual releases by plaintiff and defendants of all causes of action to be executed if required. Judges' Order, H. D. Greene for plaintiffs; Charles Darling for defendants."

3815. It was a civil action?—It was a civil action.

3816. You tried to prove fraud in a civil action?—That is so; we can do so.

3817. Rather than face the action in which you were accusing them of fraud they settled?—They settled.

Mr. *Thomas Bayley*—continued.

3818. By paying all your expenses and relieving this man who was bringing the action of paying, how many pounds?—£178.

3819. Relieving him of all debt?—Yes, entering up satisfaction to the bills of sale.

Mr. *A. K. Loyd.*

3820. Was there any withdrawal of the charges of fraud on your part?—No, sir, except what I read here. Those are the terms.

3821. It was no part of the terms that you read that the allegations of fraud were withdrawn?—Well, of course you may take it as that because the action was settled upon those terms.

3822. Yes, but people who are charged with fraud in an action, if they are jealous of their reputation, do not generally settle without seeing that that imputation is withdrawn; was that done in this case?—It might be so in a criminal action, but this is a civil action.

3823. Was it done in this case?—No, there was nothing further done, except that they offered us 105*l.* in settlement; we took that in settlement of the action; there was nothing said in reference to the fraud at all.

Mr. *Thomas Bayley.*

3824. There was no special withdrawal of your accusation of fraud?—Not the slightest.

Mr. *Garfit.*

3825. I suppose the reason of your getting that money was because they had not obeyed the Judges' Order in Chambers; was that the reason?—I cannot say what the reason was; they came and paid it; we got that, and we settled the action upon those terms.

3826. In fact your client paid no more money upon his notes?—No, because the bills of sale were settled; satisfaction was entered up.

3827. Of course we do not know how much of it was for costs, and the amount agreed for damages?—That I do not know.

3828. You have told us the terms on which it was settled?—Yes. Perhaps there is just one thing I might correct; there was a receipt given for the 3*l.* 4*s.* 8*d.* to Mrs. Barrett.

Chairman.

3829. What is the peculiarity of the bill of sale that you proposed to read?—The wording of it. This is the clause: "And the grantor doth further agree and declare that he will duly pay to the grantees the principal sum aforesaid together with the interest then due by 16 equal monthly payments of 12*l.* 10*s.* 6*d.* on the 4th day of January now next and 12*l.* 2*s.* 6*d.* on the fourth day of each and every succeeding month, and that in default of payment of any instalments of the said principal sum then that he the grantor will pay interest thereon at the rate aforesaid from the date when such instalment shall become due until payment thereof." You see there is an ambiguity there that rather puzzled the judges as well as ourselves.

Mr. JOHN FAUX, sworn; and Examined.

Chairman.

3830. YOU are a butcher and farmer?—Yes.

3831. Where do you carry on business?—Sutton Cheney.

3832. That is near Leicester?—Yes.

3833. In February 1894 did you see an advertisement in "The Leicester Advertiser" about money lending?—Yes.

3834. Was it the Southern Counties Deposit Bank, or was it Mr. Kirkwood's name?—Southern and Suffolk.

3835. The Southern Counties Deposit Bank?—Yes.

3836. Did you apply for a loan?—Yes, 20*l.*

3837. What took place after you made the application?—They wrote to me to say they would come over and grant me the 20*l.*

3838. They wrote to you?—Yes.

3839. Was it a lithographed circular?—No, they wrote the letter, sir, that they would come on the Monday morning, Mr. Suffolk.

3840. Did they ask a fee for that?—Yes, they asked a fee before I had the money, 10*s.* 6*d.*

3841. Did you send the fee?—I sent the fee before they came.

3842. Did the valuer call?—The valuer called on the Monday morning. I was not at home, but my son was at home and he went round with him and he saw what there was about. I was off pig-killing at another neighbouring village, so my son came to tell me Mr. Suffolk had come; I had to come with the horse and trap to see him; he was in the room; and he said he could let me have the money, and he wanted me to call a neighbour in to sign. I said I could not call anyone in to sign so he said he could not let me have the money, so I said I had better have nothing to do with it then. I simply wanted the money to buy some hay for my stock. He pressed me for some time; he could let me have 30*l.*

3843. Was the application for 20*l.*?—Yes, I said: I do not want 30*l.*; I can do very well with the 20*l.*, that is quite sufficient.

3844. What interest did he propose to charge?—Well, he said 5 per cent., and it went on for some minutes, and I says: Well, I do not care about such a large amount, I do not want it; 20*l.* is quite sufficient. He said: Oh you had better have the 30*l.*, and of course after considering, he says: It will do you good; you might see some bargain, and it might get you a good profit and the like of that; it will be very useful to you, the other 10*l.*, so after a time I consented to have it.

3845. You took the 30*l.*?—Yes.

3846. After you took the 30*l.*, that is the loan of 30*l.*, he produced a document?—Yes.

3847. Was that document a bill of sale?—Well I did not know what it was.

3848. Is that the document (*exhibiting same to the witness*)?—Yes, that is something like it, but there was another paper besides that that he had which he took away with him.

3849. Your signature is attached to this?—Yes, I signed the paper.

Chairman—continued.

3850. Were you aware when you signed that document that if you had only got 20*l.* he could not have had a bill of sale?—No.

3851. Were you aware of that at the time?—No.

3852. The application was for 20*l.*; he pressed 30*l.* upon you?—Yes, he pressed 30*l.* upon me.

3853. And after he gave you the 30*l.* you signed this document?—Yes.

Mr. *Garfit.*

3854. And another document, you said?—No.

Chairman.

3855. Did you sign more documents than one?—No, only the paper he had taken away with him, the printed form.

3856. That was the application form; this is the bill of sale. Did he read the document to you?—No.

3857. Did he explain it to you?—No.

3858. Did you ask him if he was going to take the interest off the advance?—Yes; I asked him if he would take the interest there and then. He said, oh, never mind about the interest, you pay 2*l.* 10*s.* a month, the 12th of every month, until it is paid off; we shall not hurt you. If you cannot deal with us you cannot deal with anyone else; and when the whole sum was paid off I wrote to him and told him the interest should be 30*s.*, and he sent me a letter back again immediately for 14*l.* 12*s.* 4*d.* Then I went to a solicitor, and, during the time that took, they charged me 16*l.* 12*s.* 4*d.*, during the 10 days.

3859. Did you pay your instalments regularly?—Yes, within the day; only when there was a bank holiday, and I sent a note to say it would come at such a time.

3860. After you had paid 30*l.* did you ask him what sum was due?—Yes, sir.

3861. You made it out about 30*s.* in your own calculation?—In my own mind.

3862. What did they make it out to be?—They sent a letter to say it was 14*l.* 12*s.* 4*d.* Then, whilst I was having the lawyer to work for me, they put on 16*l.* 12*s.* 4*d.*

3863. This was paid; you paid it?—Yes, I found the money and paid it to them. Then there was a matter of another 2*l.* to pay to the lawyer, besides his expenses to get the withdrawal of the bill of sale registered, hanging up in sight, my character being stained and ruined all about the country.

3864. Your case is simply this, that you applied to Mr. Kirkwood for the loan of 20*l.*?—Yes.

3865. He pressed 30*l.* upon you?—Yes.

3866. And without knowing the reason of pressing 30*l.* upon you, you took the 30*l.*?—Yes.

3867. He then produced a bill of sale, which was not explained to you or read to you?—No.

3868. You were ignorant of the fact that if the loan had been only 20*l.*, he could not have had a bill of sale from you?—I was ignorant, sir.

3869. Did

Mr. *Warr.*

3869. Did you know what the nature of the document was that you signed?—I did not.

3870. Did a time come when you found that everybody all round the neighbourhood knew that you had given some document?—Yes, it began to get narrated about, and people began to tell me and hiss me.

3871. People began to talk to you about it?—Yes, and said I had given a bill of sale, and I should be liable to be sold up, and sneeringly, all over the district. Anyone would not let me have a carcass; they said: You will never get the money.

3872. Your credit was at once affected, was it all round?—Yes, and some would not deal with me in buying anything; they seemed shy, and walked away, and cared to have no dealings at all with me.

3873. That was because your name was in the paper saying you had a bill of sale?—I did not see it myself in the paper, but different people told me, and I could rely on their word.

Mr. *Thomas Bayley.*

3874. In this bill of sale it says in large letters here, "Five per cent. per month"?—Yes, but I did not see that.

3875. You did not see that?—No.

3876. Did he read this schedule to you?—No, that was not put down.

3877. Do you mean to say that when you signed this, this schedule of your property in your house and your farm was not there?—No, it was not at all; neither had I got any hay, and he has inserted a cob of hay, you will see, in that which was got the next June or July, and I had the money to buy hay in the February. I had not any hay.

Mr. *Thomas Bayley*—continued.

3878. Then, can you tell us when all this schedule of your property in your house and farm that you gave a bill of sale upon was written; it must have been written with your knowledge and consent?—It was not written in my sight, sir; he did not do anything of the kind. I told you I was not at home.

Mr. *Warr.*

3879. But your son was at home?—My son was at home.

3880. And your son took him round?—He went round with my son, and my son says he had a pocket-book and set things in it. I saw Mr. Kirkwood at Leicester, and I told him he had registered a bill of sale against me, and it was narrated about, and was disgracing my character, and I wanted to pay the money back, and to pacify me he said, "Oh take no notice, you will hear no more of it; we shall deal all right with you; you will be all right; it is only a rumour for a few days; have you seen it in print?" "No," I says, "but other people have seen it in print;" so I came away and did not pay.

Mr. JOHN KIRKWOOD, affirmed; and Examined, as follows:

Chairman.

3881. WHAT is your name?—John.

3882. John Kirkwood. Where do you reside?—I reside in France.

3883. Where do you carry on business?—At 69, Ship-street, Brighton; 1, Queen-square, in the city and county of Bristol; 44, London-road, Leicester; and 30, Upper Brook-street, Ipswich.

3884. When did you commence the business of money-lending?—Over 30 years ago.

3885. Will you give us the names of the different banks or companies that you have been the head of in this money-lending business?—That would be rather difficult. They were all appropriate names. I think it would be rather difficult for me to tell you, but if you ask me questions, I will be able to tell you what I know.

3886. Did you carry on business under the title of the Midland Credit and Deposit Bank?—Yes.

3887. At East Retford?—Yes, that is when I was placed at the head of the poll in the town council.

3888. Will you answer the question. I do not care whether you were placed at the head of the poll or not. Did you carry on business under the title of the Sheffield Deposit Bank?—Yes, in Sheffield.

3889. The Yorkshire Advance Bank?—Yes.

3890. The Nottingham Advance Bank?—In Nottingham; yes.

Chairman—continued.

3891. The Eastern Advance Bank?—Yes, at Cambridge.

3892. Hadfield and Company?—Yes, in London.

3893. London and Counties Deposit Bank?—Hadfield was my manager. He had been my manager for about 11 years.

3894. The London and Counties Deposit Bank?—Yes, I think I traded as that in London.

3895. John Kirkwood at Bromley?—Yes, my own name.

3896. Then you turned into the Southern Counties Bank at Brighton, Bristol, and Leicester?—First at Brighton.

3897. Then at Bristol?—My business was turned into a limited company.

3898. Did you carry on the business of the Southern Counties Deposit Bank at Brighton and Leicester?—No, the company did; I did not alone, it was a limited company.

3899. Were you the managing director of the company?—I was; and the chairman and the largest holder of shares.

3900 Then in 1895 you turned it into the Provincial Union Bank?—No.

3901. Did you conduct business under that title?—The Southern Counties Deposit Bank, Limited, was voluntarily wound up, and I bought the business off that bank. I then started carrying on business. After the business was carried on for about 12 years as the Southern Counties Deposit Bank, Limited, I started as the

Chairman—continued.

the Provincial Union Bank on my own account, and I am the sole proprietor of that bank.

3902. It is under that title you carry on the money-lending business now?—Certainly.

3903. In every one of those places you have mentioned?—Yes.

3904. The Provincial Union Bank?—Yes.

3905. What kind of people do you do business with?—Well, I sent you a list, sir, in my abstract.

3906. You can surely answer a question like that?—I would like to refer to it, sir, with your permission; it will help me. I was asked to send an abstract, and I naturally expected that I should be allowed to give the substance of that abstract.

3907. You will be allowed to make any statement you choose that the Committee consider relevant, but you must not hark back upon that again?—Members of Parliament, barons, metropolitan police court magistrates——

3908. These are the kind of people you do business with?—Pardon me, sir, I have not finished.

3909. Members of Parliament?—Barristers, solicitors, clergymen, medical men, naval and military officers, postmasters, government officials, merchants, ladies and gentlemen of private means, farmers, tradesmen, and others, many of whom we have had repeated transactions with, and who have been on our books for many years, and are perfectly content and satisfied with the treatment they receive from us, as can be proved by the hundreds of letters in our possession (in this bag) from our customers expressing their gratitude for our kindness, our courtesy, our forbearance and our leniency.

3910. Have you come into collision with the law at all in carrying out your business?—The law has come into collision with me, sir, through unprincipled solicitors who listen to what their clients say. It is well known that clients often tell the greatest falsehoods to their solicitors.

3911. I will put it in the way you like it; has the law come into collision with you in your money-lending transactions at all?—If you ask me something specific, sir, I shall be able to tell you.

3912. Have you ever been fined by the courts?—I have been infamously fined.

3913. Infamously fined?—Yes, of which the Board of Trade was ashamed, and dropped *this* person here like a hot cinder when they knew the facts; that was at Leicester.

3914. But you have been fined?—I have; and that is enough without raking it up here; this is an inquiry into money lending.

3915. I must ask that you treat the Committee with some decency?—With the greatest possible respect, sir, but I am not a dog; I am not come here to be treated like a dog. You rake up things for which people have been fined and punished most innocently. I must protest against it, sir.

3916. You admit that the law has come into collision with you in your money-lending transactions?—I have admitted it; through *this* person.

Chairman—continued.

3917. You heard the evidence of Mr. Carless, of Hastings, to-day?—I have heard it.

3918. Have you the papers concerning that case of Mr. Finlay's, that Mr. Carless has detailed here and proved?—Yes; but Mr. Carless did not tell you about Mr. Finlay's frauds.

3919. Frauds upon whom?—Frauds upon a money lender at Hastings.

3920. Is the fraud upon yourself?—No.

3921. Then, please, keep to your own case before you proceed to any other money lender?—He did not tell you the enormous risk I ran with that man.

3922. Did Mr. Finlay apply to you on the 13th November 1891 for a loan of 300*l.*?—He applied at some time for a loan to the Southern Counties Deposit Bank, Limited, and 300*l.* was advanced to him by myself; by myself personally.

3923. The interest upon that was 146*l.*?—£156 for two years.

3924. You are right, 156*l.*?—£156 for two years.

3925. He signed a promissory note for 456*l.*, getting 300*l.* cash down from you?—He did.

3926. Did he undertake to pay that in monthly instalments of 19*l.* each?—He signed to that effect.

3927. How many of those instalments did he pay regularly?—I really cannot tell; I question whether he paid one; I know he was behind in several instalments.

3928. Did you hear Mr. Carless's evidence to-day?—I have heard his evidence.

3929. Did you hear Mr. Carless state that he paid an instalment of 19*l.* in December, another in January, another in February, another in March, another in April, and another in May, making 114*l.* in all paid?—Well, I accept Mr. Carless's statement that he paid. I think he would pay that amount; but he was in arrears several times.

3930. There were no arrears up to May?—But if the receipts are here it will be seen. Has Mr. Carless the receipts? The books will be here at the next sitting; the books will speak for themselves.

3931. Did you receive from Mr. Finlay on the 18th June (two days late) a cheque for the seventh monthly instalment?—I cannot tell you.

3932. Did you hear Mr. Carless swear that that was done?—I place very little confidence in what Mr. Carless says, because he takes his statements from his clients.

3933. You are asked by the House of Commons to produce the accounts with this Mr. Finlay; have you got them?—I have not got them, because it is impossible to look out these accounts and have them here to-day, physically and absolutely impossible.

3934. Then you have failed to comply with the Order of the House of Commons?—Because I could not. All these accounts are to be gathered from Leicester and Bristol. I only received notice on Saturday.

3935. Mr. Finlay did not reside in either Leicester or Bristol?—No.

3936. He lived at Hastings?—He did; but I did

Chairman—continued.

did not receive a word of Mr. Finlay until I got a telegram late yesterday afternoon, and when a matter is closed, sir, these papers are either relegated to the wastepaper basket or they are put into a lumber room. It takes hours, sometimes days, to find them. All our staff are busily engaged.

3937. Do you keep a ledger?—Certainly.

3938. Have you relegated that to the wastepaper basket?—No.

3939. Have you got Mr. Finlay's account in your ledger?—Certainly.

3940. Why then did you say it was impossible to produce the ledger?—I did not say so; I said the papers.

3941. You were ordered to produce the accounts?—All the books asked for, containing all the accounts, documents, and papers, will be produced to this Committee at the earliest possible moment, and that will be Thursday, not one moment before.

3942. Do you challenge the sworn statement of Mr. Carless (who was the solicitor to this gentleman, and who is a well-known public man in Hastings), that there were six instalments paid by Finlay to the day?—I should be sorry to challenge Mr. Carless's statement. I believe he is a gentleman.

3943. Do you accept it? Do you believe he would come here to tell the Committee what was not true?—Not for one moment.

3944. He has stated that there was 114*l.* paid in instalments?—It may be so, I daresay it is so, I cannot tell you; I shall be able to tell you on Thursday, when the books are here.

3945. Did you return a cheque sent on the 18th June for 19*l.* because it was two days late?—A cheque was returned; I know it was late, but I cannot tell you how long it was late. Mr. Finlay had an exact copy of this note, sir, and knew when the instalment was due; it was his own fault.

3946. Mr. Carless, acting for Mr. Finlay, has detailed the whole circumstances in your hearing to-day?—Yes.

3947. I want to ask you: Do you allege any statement in Mr. Carless's evidence to be untrue?—No, I believe that Mr. Carless is speaking the truth to the best of his knowledge and belief; that is, in accordance with his instructions from his client.

3948. Mr. Carless sums up his evidence by stating that you advanced to this unfortunate Irish landlord (Mr. Finlay) the sum of 300*l.* in November 1890; that he paid on that 114*l.* in instalments, and that he settled with you for the remainder by a payment of 600*l.*, being a total of 714*l.* for a loan of 300*l.*, spread over a period of 18 months?—I believe that we threw off some 240*l.* or 250*l.*, and made a compromise of the matter by accepting, I think, 600*l.*, as stated by Mr. Carless.

3949. That is Mr. Carless's evidence?—Yes, I believe it is so; I believe it is perfectly true.

3950. Then you admit that for the loan of 300*l.* in November 1890, spread over a period of 18 months, you received 714*l.*?—I believe that would be so; but what about the loss, sir (pardon me) of over 6,000*l.* with the eldest daughter of a county magistrate in Kent? This man here (Farrow) does not tell you anything about that; oh no, he keeps that back.

Chairman—continued.

3951. I am dealing with the case of Mr. Finlay?—I like the truth, sir.

3952. But you must not run off to cases that have not been proved before the Committee. Now then, you substantially admit Mr. Carless's statement to be true and accurate?—I do. I believe it is true, but I cannot prove it without the books. On Thursday I will prove it, if you like.

3953. Now, you heard the case of Barrett detailed by Mr. Sarjeant, another solicitor?—I know nothing about that case, sir.

3954. You know nothing about it?—No, I know nothing about it. I heard about it, but I know nothing about the details. I never saw Barrett in my life, nor his wife, nor any of his family.

3955. Did your agents act for you in that case?—Our Bristol manager and his officials transacted the business, or one of them; and the manager will be here on Thursday with the books, and he will answer you any questions you like. I court the fullest inquiry. I know nothing about that case, only just hearing about it; I never saw Barrett in my life. It is impossible to expect these books to be here to-day; it is unreasonable to expect it.

3956. You were requested to produce all the accounts and papers concerning Mr. Finlay and Mr. and Mrs. Barrett?—That was by telegram yesterday. This is the telegram from Mr. Doyle.

3957. Yes, I know. Do you say that you have not had sufficient notice?—Certainly; it is impossible to find these papers. If you had asked for the ledger we could have brought up the ledger, but this is a tall order: "and produce all books, papers, and documents relating to the annexed list of cases." That is impossible.

Mr. *Warr.*

3958. You only received that yesterday?—This telegram only yesterday afternoon. It is most unreasonable to think they could be here. I could have brought the ledger up, but I could not bring all these papers. All these papers and everthing will be produced to you at the earliest possible moment, and the gentlemen connected with me who can tell you all about this case, and contradict a great deal that has been said to-day.

Chairman.

3959. On Thursday next you will be good enough to produce the account of the late Mr. Finlay?—Certainly.

3960. And Mr. and Mrs. Barrett and Mr. John Faux, who has given evidence here to-day?—That is a fresh name altogether. There is nothing about that here.

3961. You will produce the ledgers and all the accounts and papers concerning these three cases?—Certainly, and any other case you like to mention, Mr. Chairman.

3962. I will not proceed on these cases further now; we shall resume them on Thursday, since you plead that you have not had sufficient notice;

Chairman—continued.

notice; but you will understand that you will be required to produce these accounts and papers and books on Thursday at 12 o'clock?—Certainly; and the officials will be here, who can explain everything to you.

Adjourned for a short time.

3963. Now you may make whatever statement you think necessary that is relevant?—With your permission, sir, I propose to read a few short letters from some of our honest and contented borrowers. November 18, 1896 (all the originals I have). This is from a clergyman of the Church of England and chaplain to a distinguished marquis.

3964. With what object do you propose to read the letter?—To show the other side of the question; you have heard nothing but traducers yet.

3965. It is a letter purporting to be in your favour as a tolerant and lenient man?—Not in our favour at all, unless you like to say so. These are the originals.

3966. Read the letter, please?—"November 18, 1896. My dear sir, I beg to enclose cheque for 3*l.* and the balance to-morrow, when I shall have a new book. Supposing I might wish next month to pay off the remainder in one sum, could you give me a substantial reduction? I have to inform you that several months ago when I received a convenience it was, to my mind, so utterly disgusting to find myself duped, that the cash was soon returned, and not only does no charge whatsoever rest here, but I am happily going up the hill. When I remember the gentleness of your, Mr. Cole's" (that is our Bristol valuer) "and your own dealings, all I can say in the name of humanity is, that such men are the salt of the commercial world. And so I should be glad to know whether some time next month you would be disposed to grant me a substantial reduction, if I were to pay off the balance. Believe me, my dear sir, yours very sincerely." This is March 1st, 1897, from the same chaplain, "My dear sir, in consequence"——

Mr. *Warr.*

3967. This I understand is a clergyman, is it?—A clergyman of the Church of England. "In consequence of having destroyed Messrs. (blank's) last letter, will you please state whether the remaining monthly instalments are due on the 1st or 3rd, and whether they are payable to you as before. Through your courtesy I shall always be pleased to name you to all good standing clergy, of whom I know so many through my lecturing tours. And I presume, that whether now or at any future time, my home will hold good with you should a convenience be desired. Yours sincerely." Now here is another here.

Chairman.

3968. Is this from the same gentleman?—No, this is from a lady. "June 14, 1897. Mr. Goodman. Dear sir, I enclose cheque for 6*l.* I thought we should have to apply to you for to lend us some money, as we have such difficulty in getting paid, and the Asylum people who have

Chairman—continued.

our house every year until the middle of July, do not pay until after they leave. So please excuse cheque being so small, and dated 21st, as someone who has apartments is going to pay me this when they come to Eastbourne. I thank you very much for your kindness in waiting so long, and if you charge a little extra at the end I will pay it, and not grumble like some of your customers are doing; in fact, if you required it at any time, I would speak in your favour only not to give my name; besides borrowing money as I have done for years is far cheaper and better than letting landlords take six times their amount for rent, as some people I know have done. After July, I shall be able to pay you more punctual. Yours truly—"

3969. That for letters will do. Will you hand me the originals of those letters for my own purpose?—Yes (*handing in the same*).

3970. Now will you proceed with your statement, please?—Now "Where Farrow got his information from. From defaulting borrowers. From discharged clerks of money-lenders. By circulars addressed to money-lenders' clerks. From blackmailers." Now this is a printed letter of Farrow's: "Confidential.—Government Inquiry into the practices of money-lenders.—Dear Sir, I have the pleasure to inform you that there are good grounds for believing that the Government will appoint at an early date a Select Committee to inquire into the present system of usury and the practices of money-lenders in the United Kingdom. You are, of course, familiar with my various publications and work in connection with usury, and you will remember having been in communication with me on the subject. As I have pledged myself to present the strongest possible case" (here is the strongest possible case, gentlemen) "to any committee that may be appointed, I shall be glad to hear whether you would be willing to assist me, if required, by giving evidence in regard to cases of extortion and fraud, or by stating your own views on the question of legislative reform. The immense advantages accrued to the public at large from an alteration in the present state of the law will be at once apparent to you, and will, I hope, induce you to comply readily with my request. I may add that the expenses of witnesses are paid by the Government. Awaiting your favourable reply, believe me, yours faithfully, *Thos. Farrow.*" This is a letter that is sent to an old clerk of mine who had been with me about 11 years: "Scarboro', 15th February 1897. Dear Sir" (this is a copy of the letter sent to Farrow; the reply of Hadfield), "Your circular of 30th ultimo has been forwarded to me. I am not disposed to give any assistance of the kind referred to. Since my connection (actively) with money lending ceased I have invariably found that those who make the loudest outcry about the iniquities of 'usury' are the very last to help anyone wishing to leave it. During the last 20 years I have received from John Kirkwood far more kindnesses than from all those put together who have found fault with his methods. If you wish any further communication to reach me, please address it care of Messrs. Woods

Chairman—continued.

Woods and Holmes, solicitors, Brighton, as I have left the address you sent to. Yours truly, John Hadfield. Thomas Farrow, Esq." I have never seen that gentleman since.

Mr. *A. K. Loyd.*

3971. How did you get a copy of his answer?—He wrote it, sir.

3972. He sent you a copy of his answer?—Yes, he did, in justice to me. That is the way he (Farrow) sneaked this evidence: "His advertisements were addressed to 'Money-lenders' Victims,' and promised them all sorts of good things gratis. Naturally, every borrower who considered himself a victim poured his tale of woe into Farrow's ear, often with fatal results to the borrower Hyland's case. Hyland now hopelessly involved." This is a case which he instructed his solicitor to defend, and he lost his case, after two days' trial before a judge and jury at Brighton against me before his Honour Judge Martineau. "He has throughout magnified and exaggerated the 'victims' stories and has never sought information from money lenders themselves. And although he has thought good to describe me in his literature as the 'King of Money Lenders,' he has not come to the 'King' for information. If he had, we could have shown him our books, and hundreds of letters from borrowers, clearly proving that we do business with thousands of all sorts and conditions of persons." Then I describe them; you have heard that already. "The recklessness of his statements; these are too long and tedious for me to wade through, but suffice it to say that he has hardly adduced a particle of proof before the Committee, and not a single witness has he produced to say one word against us."

3973. Do you adhere to that after what you have heard to-day?—No, that was written before, sir.

3974. Do you mean that paragraph to remain in your statement?—Excepting the two solicitors to-day and one borrower of the name of Faux.

3975. Do you mean that paragraph to go in your statement and to be judged on that?—With that qualification.

3976. "Not a single witness has he produced to say one word against us?"—Against us; against me.

3977. Have you not heard two or three solicitors to-day?—I have only heard two solicitors and a borrower.

3978. Does not that make three in an ordinary calculation?—With that qualification; *this* was printed yesterday.

3979. You must either qualify it, or it goes in as it stands?—I will qualify it.

3980. You take it out?—No, I will qualify it; I will say, with the exception of the two solicitors and Faux, "He has described our headquarters, namely, Brighton, Bristol, and Leicester, as 'agricultural districts'!!! He has described borrowers as being 'as a rule straightforward and honourable people.' This is really too absurd, as anyone, even not in the money lending business, must know from authentic convictions for fraud upon money lenders. He has carefully mentioned the names of all money lenders whom he has

Mr. *A. K. Loyd*—continued.

traduced, with the view of their being published, while he has suppressed the names of defaulting borrowers. He mentioned one money lender's interest as being 5,000 per cent., which on investigation proved to be something under 59 per cent. He has stated as facts matters which are incapable of proof, what people believe who read money lending advertisements. He finished his evidence by advising the House of Commons what to do, a duty which most of Her Majesty's judges would shrink from undertaking. Money advertisements, all advertisements, are intended to secure business, and why should money lenders be precluded from advertising in any way they think proper, so long as the advertisements are not fraudulent, or intended for a fraudulent purpose. And why should not a money lender trade under whatever name he likes? It was clearly decided by the House of Lords, in Simmons *v.* Woodward, that Lewis Simmons, a Jew money lender, had a perfect right to trade and carry on business as 'The Discount Bank of London.' Many bankers, merchants, manufacturers, tradesmen, solicitors, and others, trade and carry on business in other names than their own, and absconding borrowers, after getting into debt in their own neighbourhood, go into another and adopt other names. Why should money lenders be debarred from exercising a privilege enjoyed by all other traders, &c.? Preliminary Fees: The practice with regard to these varies with different money lenders and different places. My practice is to charge none except where the applicants reside at a distance, when the charge is limited to something like sufficient to cover the railway fare, cab hire, or any absolutely necessary expenditure, which in many cases exceeds what we charge. Our practice is to visit every applicant whom we think is a *bonâ fide* borrower, whether he pays a fee or not, which entails a great loss of our officials' time. Our travelling expenses every year vastly exceed what we receive in fees. We are always delighted when bogus money lenders, who have no money to lend, are convicted and punished, and we often find in doing business that our applicants have been shamefully robbed by those penniless so-called money lenders, whose only object in advertising is to obtain fees, and we rejoice that the law has always proved itself more than equal to such scoundrels. Some people appear to be under the idea that it is a crime for a substantial, long-established money lender to charge a fee to cover his valuer's loss of time and expenses of a journey to the applicant's house and back, unless he lends the money, although the applicant's circumstances may not warrant him in doing so. I remember one instance of a farmer in Kent, with whom we had done business, making application for a second advance, and when one of our valuers and I reached the farmhouse we found the farmer sitting in his kitchen on a stool, and his wife and children sitting on logs of wood, empty boxes, and bricks, the only articles left on the premises after the landlord had sold him up stick and stump for rent. I leave the Committee to imagine what that farmer's intentions were. Clearly to go

Mr. *A. K. Loyd*—continued.

away, as we afterwards heard he did, to Africa or America with our money. Bills of Sale: When the late Lord Westbury brought in his Bill in the House of Lords to limit the time for recovery of a debt to 12 months after it had been contracted, instead of six years, as the law was then and now stands, the then distinguished Lord Derby said, 'Credit is the poor man's banker,' and completely knocked the Bill on the head, and it was at once withdrawn. And, as the Honourable Hamilton Cuffe told the Committee on Thursday last, 'In some cases, when you are dealing with poor people, it is really the only security they can give. The only possessions they have beyond their power of labour are their few sticks of furniture.' That statement my more than 30 years' experience fully endorses. And if the grantor of a bill of sale keeps his rent, rates and taxes paid up, he can keep the hungry wolves of hard-pressing creditors at bay until he has an opportunity of paying them and thereby save his home. It is often impossible for a borrower to find sureties, and a bill of sale is often the only available security he can give. It is, however, a most unsatisfactory security to the lender, for the landlord and the rate and tax collector come first," as you heard to-day from that witness, Sarjeant. The landlord came in there for rent in advance. Oh, yes, exercising his old feudal right. If the landlord had not come in in that case of Barrett we should never have touched that man. "Bills of sale are already surrounded by legal restrictions of every description. The full consideration must be paid in money, and the interest must be a rateable interest, and if the bill of sale is obtained by fraud or trickery, it can be easily set aside by the courts. I produce our printed forms and letters, together with the following copy receipt, which we always insist upon each grantor writing in full, in his own handwriting." Now, gentlemen, this is most important, if you will pardon me. You granted Farrow a great deal of indulgence, and I should just crave your indulgence to read our form of receipt that we take from every grantor of every bill of sale; then I will leave it to you to believe a word they say. "Received this 26th October 1896, of the Provincial Union Bank, the sum of one hundred pounds, for which I have this day given a bill of sale for one hundred pounds and interest thereon at the rate of one shilling in the pound per month. I have read over the bill of sale and the schedule therein written, and I fully understand its nature and effect, and it is to be duly stamped and registered at the cost of the Provincial Union Bank." Then he signs his name across the stamp. Now I will put in a bill of sale form. An eminent judge (I might mention his name, Mr. Justice Stirling, one of the ablest in the Court of Chancery), holding up *this* to Mr. Nevill and Mr. Butcher, the Conservative member for York, who were opposing us, said, "Those who run may read." I ask you gentlemen your opinion about that. Here are three copies for the Committee to read *handing in the same*). Look at the default interest underlined there. They all have a copy sent. The rate of interest

Mr. *A. K. Loyd*—continued.

is in large block type. The words "Bills of Sale" are in large block type, and on the back there it is so large that you could see it across the street. Then you have a man coming here to-day, a man named Faux, who tells you it was never read over. I will put a witness in on Thursday, and he will prove that it was read over, that he read it over, and that witness will swear it. I leave you gentlemen to judge. He has signed that bill of sale. "Bills of sale" has been put in in several places; I call your attention to that, sir; he signed the schedule, and possibly he has initialled the margin; I cannot tell, because I did not see it.

Mr. *Warr.*

3981. Yes, he appears to have signed the schedule?—And he has sworn it was not read over, which is an infamous lie, and I will prove to you on Thursday that it was read over. If it had not been read over he would have gone to Farrow, and Farrow would have put his solicitors on to us.

3982. You had better be careful?—I am privileged here.

3983. Mr. Suffolk was a witness to this document apparently?—Yes, Mr. Suffolk, who has been in my employ for 20 years, a more honest man never was born than Mr. Suffolk. "The rate of interest and the words 'Bill of Sale' are printed as largely and plainly as possible wherever they occur, so it is simply impossible for one of our borrowers not to know the full nature and effect of the bill of sale he executes; indeed, as an eminent judge said in one of our cases, holding up the bill of sale to the opposing counsel, 'Those who run may read.' The power of sale, which we seldom exercise, making it the last resource, is a power which has been exercised for generations by landlords in this country, and for every case in which we sell under a bill of sale the landlords sell thousands. Unprincipled borrowers invariably attempt all sorts of means of wriggling out of their contract, and the first thing they always say is, that they did not understand what they were signing. They generally go to solicitors more unprincipled than themselves, who induce them to make all kinds of false affidavits, and suggest to them false evidence, which the borrowers would never think of, which acts most oppressively on the lender, as the borrower generally gets the sympathy of the judge and jury. We always see, as far as possible, that everything is explained as fully as can be to the borrower before he executes the bill of sale. Promissory Notes: These securities are the flimsiest of all, for it is so easy for a person to write his name on a note of hand, often with the deliberate intention of never repaying a farthing of the money, and there is nothing to prevent his at once embarking with the money to Africa or America, the risk often being so great that it would be impossible to define what would be a fair and equitable rate of interest to charge; but as the Committee have been precluded by Mr. Balfour from entering into the question of the rate of interest, I need not say any more about it." Now, as to "Official Receivers"; not much importance is to be attached to the evidence of these officials, who, as a rule, are deplorably ignorant

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Mr. *Warr*—co
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Chairman—continued.

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Chairman—continued.

me personally, for I have hitherto treated him as beneath contempt, and as the servant of others, who are perhaps as much to blame as he is, but I am compelled to refer to his statement to the Committee in reference to an Irish landowner."

3988. You will please read that through?—Certainly. "In reference to an Irish landowner, which is altogether wrong, but I do remember an Irish landowner, living at St. Leonards, who did business with us when he was suffering from an incurable disease, in fact, with one foot in the grave, and saw us in his dressing-gown and slippers. He refused to give a bill of sale or find sureties, or even to get his wife or daughters to join him in a note of hand; but after an urgent appeal that he made to me to save his beautiful home from a pending sheriff's execution, I agreed to run the enormous risk of doing business with him on his own note of hand, but we had to serve him with a writ before we could get our money."

3989. Is this the gentleman you got 714*l.* from for the loan of 300*l.*—Yes.

3990. Your memory, I noticed, when you wrote this was a little bit hazy about it?—About what?

3991. You say you "do remember an Irish landlord living at St. Leonards"?—That is the same one.

3992. That is the same one?—I believe so. There is no question about it, because St. Leonards is next door to Hastings.

3993. I know; what became of "his beautiful home" after the 720*l.* was paid?—I do not know, sir; but you asked me to read it in full; now I am going to read it in full, sir, at your request: "If that is the landowner referred to by Farrow, I would never run such a risk again. A money-lender in Hastings lent him the same sum and charged him the exact interest charged by us, but the Irish landlord" (that is Finlay the Irish landlord) "left St. Leonards and went to his native country, where the Hastings money-lender followed him and spent some 50*l.* in legal proceedings against him and in the expense of a journey to Ireland to find him, &c., when it became a race between the law and death, and death won the race and carried off the Irish landowner to the utter dismay of the Hastings money-lender, who has never received a single farthing of his loan, his interest, or his expenses.

3994. You got all yours, any way, and more?—I am very thankful I did.

Mr. *A. K. Loyd.*

3995. What was the name of that Hastings money-lender?—Would you like it, sir?

Chairman.

3996. Yes?—Would you like it? I will give it you on a piece of paper, if you like.

3997. No; give us the name?—Hubbard.

Mr. *A. K. Loyd.*

3998. What do you say is the amount of the loan?—I was told by the agent that he borrowed the same amount from him that he borrowed from us, 300*l.*

Chairman.

3999. Has Hubbard any connection with you?—No connection whatever. I never spoke to him in my life.

4000. It was Hadfield that was your manager, was it not?—Yes. You may rely upon what I say, sir. "Relative to the Maidstone case, I should have thought that even Farrow would have hidden his diminished head, for that 'working man' was one of the 'victims' who had sought refuge with Mr. Yerburgh's Syndicate, in response to Farrow's invitation advertisements. Having ascertained this we sued him for the full amount" (we should have sued him just for the balance of the note but for this; but when he got into these people's hands we let the law take its course) "we were legally entitled to under the note, a thing we do not do in one case in five hundred. He was represented by solicitors and counsel instructed by the syndicate."

4001. I am bound to say on that "a thing we do not do in one case in five hundred," you have done it in every case proved here?—Those are the defaulting cases. "And the case occupied two days in hearing before his Honour Judge Martineau of the Brighton County Court. It having been stated in answer to the judge's question that the defendant had not even paid back" (now listen to this, gentleman; this is a man for your sympathy) "not paid into Court the principal, the principal borrowed (the principal money, the actual hard cash out of our pocket)." "A long argument followed on the question of default interest, but the jury found in my favour, and his honour gave judgment against him for the full amount with costs, but the 'Maidstone workman' has never paid a single farthing, and we fear is not likely to do so, for this ill-advised and iniquitous action involved him in heavy liability, for the ruinous costs; for which no doubt he is grateful to Farrow and the syndicate. I do not know of such a farmer's case as that alluded to by Farrow, but no doubt if there was such a case in connection with my business the facts are grossly exaggerated, like Fielding's 5,000 per cent. interest. Money lenders' losses: Farrow, in his long incoherent harangue to the Committee, studiously avoided saying a single word about the fabulous losses of money lenders." "Frauds are often ingeniously committed by swindlers furnishing houses on the hire purchase system, and actually producing forged receipts on facsimile printed bill-heads for the furniture dealt with, to prove that the furniture was bought and paid for. Persons of this character have been convicted for such frauds, but many get scot free. Money-lenders experience immense losses through landlords distraining for rent on goods over which they have taken bills of sale, and in such cases they often do not get a farthing, for when a person is sold up by his landlord, he is, as a rule, penniless, and not worth powder and shot. Their losses are always ruinous through grossly unjust and iniquitous law suits brought against them, which they are bound to defend at great expense, and when they win the borrowers simply file their petitions and the lender loses both his money and his law costs. Lenders' losses are incalculable owing to people becoming bankrupt and absconding, often going to foreign countries; in fact, we lose hundreds and hundreds every year through people absconding; and grantors of bills of sale fraudulently and clandestinely dispose of their stock, furniture, goods, chattels, and effects, which often cannot be traced. Then there are the necessary expenses for rent, rates and taxes, salaries, advertisements, law costs, commissions, travelling, hotel and incidental working expenses, all of which have to come out of what ever interest is obtained." Now the "money-lender's profits." Money lending is a most unprofitable business. If I do not make more this year than I have made the last two years I am going out of it. Then he is a man that lives without the praise of anyone. You, gentlemen, praise your wine merchant and your tailor and your bootmaker, but which of you ever praise your money-lender? "Compared with many other businesses the net profits on money lending are very small." Now I tell you this as a fact. The Commissioners of Income Tax made an order that my books should be audited by most eminent chartered accountants in Bristol, Leicester, and Brighton, under their immediate direction. Now, gentlemen, this is a fact: that my business as a money lender in the name of the Provincial Union Bank, from the 21st January 1895 to the 31st December, resulted in a heavy loss. I mentioned a loss of over 6,000*l.* with one person.

Chairman—continued.

Mr. *A. K. Loyd.*

4002. Between what dates?—Between the 21st January when I bought the business from the liquidator of the Southern Counties Deposit Bank, Limited; it resulted in a heavy loss.

Mr. *Ancroft.*

4003. How was it that the Income Tax Commissioners made you pay 216*l.* more than you say you ought to have done?—That was most unjust. They refused to take the oaths of our officials and our auditors.

4004. That was for 1895?—No; that was the Southern Counties, and for previous years.

4005. How was it they made you pay, for 1893-94, 116*l.* more?—Not I; the Southern Counties. That was most unjust. They made it without going into the accounts at all, and that is an injustice. "Compared with many other businesses the net profits on money lending are very small," they are very small indeed. Take, for instance, the Aerated Bread Company in London.

Chairman.

4006. Never mind the Aerated Bread Company. Give us what is confined to money lending. We are not inquiring into the profits of the Aërated Bread Company?—Of other people; very well, sir, Mr. Samuell, of Fieldings, Limited, gave the profits to you gentlemen at 11 per cent., so the "Times" says. I do not know whether the "Times" is correct.

Mr. *Garfit.*

4007. That was the profit on the money he lent, not on his capital. That was proved here clearly?—"This is very much less than is made in many other businesses, and indeed very much less

Mr. *Garfit*—continued.

less than many well-known commercial undertakings in London are paying in the shape of dividends, which, I have no doubt, is better known to the Committee than to myself. Farrow, having so grossly misled the Committee with regard to Fieldings' interest, which he stated was 5,000 per cent., and which eventually proved upon careful calculation to be something under 59 per cent., they have probably discounted many others of his statements. His suggestions to the Government as to what they should do are so absurdly foolish that I will not waste your time and mine in condescending to discuss them, but I cannot refrain from referring to one of his suggestions, namely, that the rate of interest of money lenders should be limited to 25 per cent. per annum, the same as that allowed to pawnbrokers, in which he appears to overlook the all-important fact, that pawnbrokers have actual possession of their borrower's security, which makes their 25 per cent. per annum more than equal " (this is a fact which I state from 30 years' experience), "to 200 per cent. per annum to a money lender who lends on the borrower's note of hand, but his suggestions are altogether untenable."

Mr. *Garfit*—continued.

4008. Now that will do to-day. You will be good enough to attend on Thursday at 12 o'clock with the accounts of the three gentlemen concerning whom evidence was given to-day?—Only the three, sir?

4009. All the three?—Only the three?

4010. Only the three?—Not more, because that will save a great deal of expense. I do not know who is going to pay for the expense of these books coming up; there will be cartloads of books.

Mr. *Ascroft.*

4011. I have some of which I shall want you to bring the papers, and if you will take a note I will tell you what I want?—I would rather have it in writing.

4012. I will give it you?—I would rather you wrote it, or the clerk.

Chairman.

4013. I will write it for you?—Then there will be no mistake about it if you kindly write down all the names.

Thursday, 15th July 1897.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Captain Chaloner.
Mr. Garfit.
Mr. Hazell.
Mr. Jeffreys.
Mr. A. K. Loyd.
Mr. T. W. Russell.
Mr. Warr.

MR. T. W. RUSSELL, IN THE CHAIR.

Mr. JOHN KIRKWOOD is again called in, re-sworn (Scotch form); and further Examined.

Chairman.

4014. HAVE you looked into the case of Mr. Finlay since you were here?—I have.

4015. It may shorten the proceedings, as far as I am personally concerned, if you can say whether the statement made by Mr. Carless is substantially correct?—The statement made by Mr. Carless, as I expected, and as I told you, sir, is substantially correct; there is a little difference of two days. You said, sir, that the seventh cheque was received on the 18th June, but I find that it did not reach us till the 20th, and the postmark on his envelope was the 19th; that is the only difference.

4016. Then, substantially, the facts are as stated by Mr. Carless?—Yes, sir; but Mr. Carless omitted to say that he told our solicitors and he told us (he told me himself) that unless we accepted 400*l.* we should not get a farthing; that Mr. Finlay was at death's door and his estates were so complicated that at his death we should not get a farthing, and that was the reason that our solicitors advised us to accept 400*l.*, and as Mr. Carless correctly stated the claim of nearly 850*l.* was compromised by our accepting 600*l.*; that is quite correct.

4017. Then I take it as such?—Yes, sir.

4018. Now in the statement that you read to the Committee upon the last day in connection with Mr. Finlay's case there was the following paragraph: "A money-lender in Hastings lent him the same sum." I asked you who the money-lender was; you said it was Mr. Hubbard?—That is what I was told, sir.

4019. "And charged him the exact interest charged by us"?—That is what I was told, sir.

4020. "But the Irish landlord left St. Leonards and went to his native country where the Hastings money-lender followed him and spent some 50*l.* in legal proceedings against him and in the expense of a journey to Ireland to find him, &c.; when it became a race between the law and death, and death won the race and carried off the Irish landowner to the utter dismay of the Hastings money-lender, who has never received a single farthing of his loan, his interest, or his expenses." That is a paragraph from your statement?—Yes.

Chairman—continued.

4021. Your swore that?—I did.

4022. Now let me call your attention to proceedings in the Irish Vice-Chancellor's Court?—That is what I was informed, sir.

4023. Mr. Kirkwood, that is what you swore as the truth to this Committee?—Certainly, that I was informed so; I could not know of my own knowledge.

4024. Are you in the habit of swearing from hearsay in any court in this country? Are you in the habit of doing that?—Many statements have been made here from hearsay; in fact nearly every statement.

4025. Now that is not what I am asking you at all. Never mind any other statement; answer for yourself. You have now told us that this statement gravely reflecting upon a dead man and now reflecting upon his relatives, which you swore as the truth on the last occasion?—I believed it to be the truth.

4026. You swore, not what you "believed" to be the truth, but what was the truth?—That is what I meant, sir. It is impossible I should know that of my own knowledge.

4027. Will you listen to this now? Are you aware that Mr. Hubbard held security for the 200*l.*; sued Miss Finlay, the daughter of this Mr. Finlay, for 615*l.* in the Irish Vice-Chancellor's Court?—I never heard of it, sir.

4028. You never heard of it?—No.

4029. Now I will give you some information that will perhaps make you a little more cautious in swearing things before a Committee of the House of Commons of which you know nothing?—Which I was informed and believed at the time I swore it on Tuesday.

4030. Miss Finlay was sued in the Irish courts by this Mr. Hubbard, the loan being 200*l.* and the charges upon that 415*l.*; the action was defended, and on the night before the trial came on in the Irish courts Mr. Hubbard's solicitor signed an agreement to accept the 200*l.*, interest at 5 per cent. from the day of the loan until the

day

Chairman—continued.

day that the agreement was signed, and 47*l.* legal costs; and this is a man that you held up to be a swindler before this Committee, a man who paid his debts, the cost of the action, and interest at 5 per cent., Mr. Hubbard's own solicitor agreeing to take it, and signing a document to that effect; and you come before a Committee of the House of Commons and say that that man was a swindler, a man who had swindled another money lender out of this money?—I swore exactly what I was informed, sir, and what I believed at the time; I could not do more. But it appears to me, sir, that Mr. Finlay paid nobody till he was sued.

4031. I am bound to say this: that it throws a very lurid light upon the statement that you have made; you have sworn as the truth a thing that has not one tittle of truth in it from beginning to end?—I swore what I believed to be the truth.

4032. You know now it is not the truth?—I am very sorry, sir, that what I was informed was not correct.

4033. But you knew that the man was dead, and that he could not answer you here?—No; I should not take advantage of a dead man, sir. I would rather not.

4034. Have you a copy of the instructions that you issue to valuers?—No.

4035. You have not got them?—No; I have not been asked to produce them. I give many instructions to valuers.

4036. Is this one of the circulars that you issued, "No note of hand is to be taken for a less profit on the face of it than 50 per cent.?"—It would save time if you would allow me to look at it.

4037. Wait until I read this to you?—Is it signed by me?

4038. "You will remember, shortly after your return to the Company, being with me in the Isle of Wight in a case in which I advanced 100*l.* and got a profit of 80*l.*, the note being for 180*l.* You will remember the name of the case"?—For three years.

4039. "Then there is the case of Finlay in which I advanced 300*l.* and charged 156*l.*, which turned out a splendid case. There is the case of —— in which I got 50*l.* for 100*l.* advance, repayable by 12 equal monthly instalments of 12*l.* 10*s.*, and that I got for a great number of years. . . . . In cases where a person positively states, and cannot be moved from his position that he will not give a note for any time less than three or six months, then you must say to him: 'We will draw a note upon you for one month, and charge you so much for the advance, and if we continue to be satisfied with your position, will renew your note at the end of the month, and again and again upon your paying to the bank the cost of renewal at the end of each month, and in this way I have often got large profits in bygone days, for the charge for one month does not appear very much in the eyes of the borrower. . . . . You must never, under any circumstances, give the borrower any written memorandum or statement that a renewal will be made by the bank. I have never done anything of the kind. I have always secured the confidence of my clients without any memoranda, which are at all times most dangerous." Have you issued a circular with these instructions to valuers?—Very likely. I do not see anything wrong in that.

4040. Finlay's "turned out a splendid case," although you thought him a swindler?—Yes. If it was not for some profitable cases we could not get a living at all.

4041. That is all I have to ask you upon Finlay's case. Now about the Barretts. Have you anything to say in regard to the Barretts?—Might I ask you, sir, to kindly take the case of Faux, who gave evidence on Tuesday?

4042. Faux is my next case. Barrett came next in order?—And Gibson, sir. But pardon me, sir, what I am going to ask you is if you would kindly take the three last cases—that is Faux, who gave evidence on Tuesday, and Gibson, which is another, and Cornish, you would set two of our officials at liberty to-day.

4043. I will take the three cases on which, as chairman of the Committee, I examined you. Then other members of the Committee who asked for papers will have the right to examine you, but I must ask you to answer the questions upon the three cases which I personally examined witness upon the other day?—Very well, sir.

4044. Have you anything to say upon the evidence given by the solicitor from Reading, Mr. Sarjeant, upon the case of Barrett?—Yes.

4045. Do you admit the truth of his evidence?—No.

4046. In what way do you dispute it?—I should like to call the Bristol manager.

4047. On that case you would prefer to have the Bristol manager examined?—Yes, I know nothing about the case, as I told you.

4048. That is all right; that is perfectly reasonable. Then as to Mr. Faux's case?—I know nothing about that, sir, and I should like to call the manager who took that bill of sale, he is here, and the books, Mr. Suffolk.

Mr. *Warr.*

4049. I understood you to say that you had had 30 years' experience in this business?—I think a little over, sir.

4050. Where did you commence your career?—In the city of Lincoln.

4051. At first did you trade under your own name and at one place or at more than one place?—Only one place.

4052. And subsequently we know from your answers to the Chairman that you traded at the same time under many different names?—Never.

4053. I understood you to say to the Chairman that you traded—but I may be mistaken—under the name of the Midland Credit and Deposit Bank?—There was no other name at that time, sir.

4054. Did you not carry on business under these names at the same time?—No, sir, excepting I think in one case; that was the case of the Sheffield Deposit Bank, when I was at East Retford carrying on business as the Midland Credit and Deposit Bank.

4055. Then was it at different times that you carried

Mr. *Warr*—continued.

carried on business under these different names?—Quite so.

4056. And you never carried on business under two names at the same time?—With that exception—the Sheffield Deposit Bank and the one at Retford, because we opened at Sheffield. What the Chairman asked me (you will pardon me) was this: "Did I trade under so and so?" I said "Yes;" and "under so and so." No question was asked me as to whether I traded under different names at the same time.

4057. I am much obliged to you for clearing it up?—Yes.

4058. So that it is when one name disappears that you appear under another name?—No, sir, it is when we removed to another town; it would be an absurd thing to call a business in Nottingham "The Sheffield Deposit Bank"; when we go to Nottingham we call it "The Nottingham Advance Bank" or "Deposit Bank." When we go to Cambridge we call that, as a matter of fact, "The Eastern Advance Bank." But I may say, sir, in justice to myself, that for 12 years we traded under one name, and were not ashamed of it. It was such a good name that one of our managers who started an opposition company copied it so nearly, that we were advised to get an injunction in Chancery to stop it; a manager who had been with me 11 years; a Mr. Hadfield; he opened in Brighton with almost the same name, so much so that it created great confusion; letters came to us that were for him and letters went to him that were for us.

4059. I quite follow the confusion?—For 12 years we traded under one name.

4060. What name?—"The Southern Counties Deposit Bank, Limited."

4061. I am going to ask you about that?—And since that we have carried on business under one name only.

4062. What name?—"The Provincial Union Bank," which is an appropriate name, sir.

4063. An appropriate name?—Yes.

4064. In making your selection of names you selected what you have termed "appropriate" names?—"Appropriate," yes, because all our business is in the provinces. We have no office in London.

4065. "The London and Counties Deposit Bank" had, I suppose, its headquarters in London?—Yes.

4066. And as you have explained "The Sheffield Deposit Bank" in Sheffield?—Yes.

4067. And the "Yorkshire Advance Bank"?—That was in Sheffield, and I think Sheffield is in Yorkshire.

4068. In selecting these names were you, or were you not, influenced by the similarity they bore to the names of established banks?—Never; it never entered my head.

4069. Quite right; I take your answer. Now the foundation of "The Southern Counties Deposit Bank" was the first time that you availed yourself of the Companies Acts?—Yes.

4070. Your other banks were unregistered?—Quite.

4071. Had you any partner, or were you carrying on these businesses alone?—Until my business was converted into a limited company, I had no partner; I had deposits but I had no partner.

4072. When "The Southern Counties Deposit Bank" was established all these other banks, under which you had traded, disappeared entirely?—There was no bank in existence then; I was carrying on business in my own name as "John Kirkwood."

4073. Now will you tell me who were the shareholders in "The Southern Counties Deposit Bank"?—Well, I should think there were about 22, but I am not sure.

4074. Twenty-two shareholders?—Yes.

4075. How many shares were actually allotted?—Oh, I cannot tell that.

4076. You have not got that?—I think altogether about 30,000*l.*

4077. About 30,000*l.*?—I think so.

4078. How many did you hold?—I held the great bulk.

4079. The great bulk?—I was substantially "The Southern Counties Deposit Bank."

4080. You were substantially that yourself?—Yes; if you want to know that.

4081. Yes, that is what I want to know?—Certainly, sir.

4082. Had your wife any interest in it?—She had money of her own.

4083. How many of your children had an interest in the company?—All my children.

4084. How old was the youngest?—She was about three and a half years I think when she was a member. Is there anything wrong in that?

4085. Was the child of three and a half years a registered shareholder in "The Southern Counties Deposit Bank"?—Yes; and I may say, sir, you will pardon my saying so, that an infant can actually be one of the seven subscribers to a limited company.

4086. I am not asking you that; I know that?—That has been decided. If you are a lawyer you know that.

4087. Yes, I know that. The company is wound up?—Yes.

4088. One of my colleagues asks; Is it necessary that the infant should sign the application form?—Not coming from a father, I think. I do not think you would ask your child to sign if you were making it a present of some shares.

4089. The company is now wound up, is it?—Infants do——

4090. Is the company now wound up?—Yes.

4091. Was that by involuntary liquidation?—Voluntary.

4092. Voluntary liquidation?—Voluntary liquidation.

4093. Can you tell me how many shareholders were present at the meeting at which you resolved upon voluntary liquidation?—Always a quorum, and more than a quorum.

4094. And what is a quorum?—Five, I think.

4095. Present in person, or by proxy?—Or by proxy.

4096. Did you hold a proxy for the whole of the five?—No, the meetings, I may tell you; but I do not know that this has anything to do with the abuse or use of money lending.

4097. That

Chairman.

4097. That is for us to consider, Mr. Kirkwood?—Very well, sir.

Mr. *Warr.*

4098. Thank you very much. Perhaps you will answer my questions?—I will answer to the best of my ability.

4099. Yes, I am sure you will?—At every meeting we were acting under the advice of Messrs. Ashurst, Morris, Crisp & Co., well-known solicitors in London; we did everything under their directions, and they advised us that in holding the meetings to wind up the company, it would be safer, although not absolutely necessary, to prevent any discussion about the matter that we should have at least five members present; and we always had five or more, always.

4100. Always five or more present in person?—Certainly. I mean to say the meetings to wind up.

4101. I see. Of course Ashurst, Morris & Co. would give you careful advice upon that subject?—We acted on their advice throughout. If we acted wrongly we were wrongly advised.

4102. I have not seen any of your advertisements except that of the Southern Counties Deposit Bank. Now turning to that advertisement, I see that the company had 75,000*l.* to lend?—It does not say so.

4103. Is that an accurate statement?—It does not say that.

4104. It is headed "75,000*l.*"?—I may say, sir, to cut that very short and to save you a great deal of time that a common informer——

4105. Mr. Kirkwood, if you would kindly allow me——?—I am going to give you the opinion of a learned stipendiary magistrate upon that.

4106. If you will kindly allow me to ask the questions and answer me, I am sure we shall get on very much better?—Very well, sir. I bow to your decision, and I will answer your questions.

4107. Is that an accurate statement, 75,000*l.*?—Oh, we had far more at our command than that.

4108. Then it is an accurate statement?—Yes. We had not always it in our pocket, if you mean that.

4109. How did your company finance?—Finance?

4110. Yes?—I do not know the meaning of that, sir. We had deposits.

4111. Had you any overdraft on bankers, or did you finance with your own funds?—Generally with our own funds. We sometimes had thousands of pounds to the credit at our bankers. We had always more than we wanted for our business.

4112. Is it true to say that the bank's advances are "on note of hand alone," and that "no sureties" are required?—No, but the great bulk of our business is done in that way. We advance far more upon note of hand than upon bill of sale, far more. The bills of sale are a mere tithe.

4113. Will you tell me this, because I do not understand it: what is the meaning

Mr. *Warr*—continued.

of the statement in this advertisement, that the "bank was expressly incorporated under Act of Parliament to advance money at a low rate of interest to respectable persons"?—Pardon me, sir, what was the date of that advertisement.

4114. That I cannot tell you; I would like you to tell me?—If it has reference to the Southern Counties, I think I have nothing to do with that; not to-day.

4115. I thought that you were the principal shareholder in the Southern Counties?—I was; but I have nothing to do with that to-day; that is a thing that is of the past.

4116. Well, it is of the past, and I am asking you of the past?—I thought it was the abuses to-day, sir.

4117. Will you tell me what that paragraph means?—It meant that the company was incorporated under the Companies Act.

4118. That is all it means?—Yes.

4119. And you think that that is a fair way of merely representing that the company is incorporated under the Companies Acts?—Well; our counsel have always told us that.

4120. Oh, I see; you tell the Committee that the counsel would sanction a statement that a bank is "expressly incorporated under an Act of Parliament"?—When that question has been raised, sir, our counsel have always stated that it was a correct description.

4121. Do you really tell the Committee that a statement of that kind in your advertisement has received the sanction of any counsel?—I do not say "the sanction," but what I mean is this——

4122. Approval, any term you like?—Our counsel have always defended, and successfully defended, any attack upon our advertisement.

4123. Your advertisement has from time to time been attacked?—Oh, of course; they attack everything relating to money lenders, everything, whether there is anything in it or not.

4124. I notice you say nothing in this advertisement about any such security as a bill of sale?—If you tell me that is the case it is so.

4125. Is it true to say that in the six years ending with 1894 you took no less than 2,686 bills of sale?—That I cannot tell.

4126. Are you prepared to say that that is not an accurate figure?—No, I am not prepared to say anything about it, because how can I tell; among four branches how can I tell what is taken?

4127. Is it true to say that in seven months of 1894 you took 360 bills of sale?—It may be so; I cannot tell; how can I tell, sir?

4128. Can you tell me how many bills of sale you did take in the course of any period?—No, I never counted them.

4129. You have not come here with statistics about the numbers?—No, I have never been asked. I never expected these questions being put to me to-day.

4130. You have not come in fact prepared to answer as to that?—No, I have a list here from gentlemen of the Committee and I thought that was all I had to bring.

4131. It is a fact, is it not, that a bill of sale

Mr. *Warr*—continued.

cannot legally be given for less than 30*l.*?—Not under the present Act.

4132. Not under the present Act?—No.

4133. Now do you admit that you have induced borrowers who applied to you for less than 30*l.* to take up to 30*l.* with the express object of taking from them a bill of sale?—I have never done so myself; but I have no doubt that my officials have told them that they could not borrow money upon the security of their furniture and stock and effects for a sum under 30*l.* My managers will be here; they will answer any questions; they can tell you far more about the working of my business than I can.

4134. Can you say if you have not done it yourself that you have given instructions to your officials to explain to a borrower that your object in saying that he should receive as much as 30*l.* when he wanted 20*l.* was in order that there might be security given upon his furniture?—I have told my officials always to get the best security they could; and no doubt they have endeavoured to get a bill of sale or a deposit of deeds; anything better than a flimsy note of hand. But we do not hawk our money about; our money is asked for, the public ask for it.

4135. I understood you to desire to point out to the Committee the disadvantage that the holder of a bill of sale was under by reason of having prior claims to his made by a landlord?—Yes, enormous disadvantages. It must be known to you, sir.

4136. Enormous disadvantages?—In that very case of Barretts the landlord distrained first, and for rent in advance. We should never have distrained upon that poor man at all if it had not been for the landlord.

4137. Do you suggest that the landlord's right of distraint should be curtailed in favour of the holder of a bill of sale?—No, sir; it is of too great antiquity, the power of the landlord. I have a great respect for antiquity.

4138. Do you agree with Mr. Isaac Gordon that (to use his own words) "if the Committee would recommend to do away with bills of sale that would help one a good deal"?—Help who a great deal?

4139. "One" was his expression, by which he meant the money lender?—I do not know what he meant.

4140. Do you agree with him?—That of bills of sale were done away with——?

4141. It would help money lenders a good deal?—I do not think it would; and it would certainly be a great loss to the poor people who could not find sureties.

4142. Thank you, Mr. Kirkwood?—I think Mr. Hamilton Cuffe said that too.

4143. Then you do not agree with Mr. Isaac Gordon or with Mr. Samuel, both of whom said that they would not object to bills of sale being abolished as securities for money?—I never saw those gentlemen; never saw them; never had any communication with them, and I do not know their minds.

Chairman.

4144. Would you kindly answer Mr. Warr's question; he did not ask you whether you had seen them, or whether you knew them; he asked whether you agreed with their evidence upon this point?—I do not.

Chairman—continued.

Mr. *Warr.*

4145. Thank you; that is what I wanted to know?—I do not agree with it. I think it would be a calamity to the borrowers if they could not borrow upon bills of sale; and that is the opinion of an independent Government official.

4146. One moment; because you are an expert?—I should be a very great fool if I did not know something about my business after 30 years.

4147. Your opinion is, that bills of sale as securities for money serve a useful purpose by enabling people to raise money upon the security of their furniture?—I do think so, most emphatically; most sincerely.

4148. Have you found bills of sale troublesome as securities?—They are troublesome in this way, that they are surrounded with a great many technicalities; all against the grantee of the bill of sale.

4149. The lender?—Every possible point; and I must say I was astonished to hear a solicitor on Tuesday say that our bill of sale was vague when that bill of sale is exactly in accordance with the form given in the Act.

4150. Yes, it follows the words of the Act?—It is so; word for word.

4151. Have bills of sale led to much litigation so far as you are concerned?—A great deal.

4152. Can you give any statistics of the number of cases?—I could not, sir; but they have increased very much since the mouthpiece of Mr. Yerburgh's syndicate has come on the scene; by his tempting advertisements, alluring advertisements, telling the borrowers that they could have law for nothing, tempting those people, even against their own resistance, to go to him to be delivered from payment of their contracts, a most iniquitous thing for that man to do; but that increases the risk, sir, and if we could only get justice, sir ——

4153. Answer the question?—I will do it to the very best of my ability. You have sprung all this upon me, and how can I be a match for for such a number of learned gentlemen. I hope you will be merciful, sir.

4154. Can you give me any statistics as to the number of cases in which you have taken possession under bills of sale?—Very few indeed.

4155. Very few?—Very few compared with the great number of bills of sale we have taken.

4156. But you cannot give me any idea of the number of bills of sale?—No, I could not; it is the very last resource; we have a reputation to maintain. If you saw the hundreds of letters I have in my bag you would see that we have thousands of people that do business with us, perfectly contented, for years and years.

4157. When you take possession under bills of sale, do you realise the goods through an auctioneer?—Always when we have to do that very unfortunate thing; but we often withdraw if they will only pay the rent up and an instalment.

4158. Have you any interest in the business of an

Mr. *Warr*—continued.

an auctioneer?—I never had and never will have; not, I mean, in realising under our bills of sale.

4159. You consider bills of sale serve this useful purpose; have you had any experience of the business of money-lending in Scotland?—No, sir; I left my native country when I was not quite 17; I have never done any business in Scotland at all.

4160. Are you aware (if my impression is correct) that bills of sale are not admissible as securities for money in Scotland?—No, sir; but they have something, I think, nearly as good; that is, that if a borrower has articles in a warehouse and the borrower gives the key of that warehouse to the lender, that is, I think, according to the law of Scotland security to the lender.

4161. Yes, I follow; that is to say, that that is the old pledge, the principal pledge, is it not?—Well, I do not know, sir.

4162. The possession must be handed over to the lender?—Yes. Then, you see, the Scotch people are more frugal than the English, and they do not want to borrow so much.

4163. Do you think that the trade of money lending does not thrive in Scotland as it does in England then?—I should think not. I should think they take the advice of Shakespeare, "Neither a borrower nor a lender be."

4164. Can you give the Committee any statistics as to the number of promissory notes you have taken within any specified period?—Oh, their name is legion. I could not tell.

4165. Are your promissory notes always in the same form?—They have been in the same form for many years.

4166. They all contain a stipulation, do they, that upon default in payment the whole amount of all the outstanding instalments becomes due with interest at the rate of one halfpenny in the shilling per week from the date of default?—Yes, that has been for some years. Those notes that are payable by instalments; I supplied you with three copies of each.

4167. Yes, you did?—You will find that all that default interest is underlined.

4168. You are quite right; it is?—So that the attention of the borrower may be called to it; and each borrower receives a copy.

4169. What does that default interest work out to?—I believe sir, it works out at the rate of something like 216 and a fraction per cent. per annum; I think so; but that is the fault of the borrower; that is in the nature of a penalty; the borrower need not pay that at all.

4170. If he does not make default?—Mr. Finlay need not have paid a farthing of that default interest.

4171. Have you often enforced payment of the default interest in court?—Very seldom; and unless they get into the hands of the mouthpiece of the syndicate, as a rule we do not sue for default interest.

4172. Would you consider yourself entitled to treat a payment by cheque on a due date as a default?—Not if we had been in the habit of taking cheques from that person and they had been duly honoured before. We always accept them; but they are only so much waste paper until they are honoured, and as a rule we put "by cheque," and when that cheque is cleared then of course it is cash, but I am sorry to say we have a great many dishonoured cheques.

Mr. *Warr*—continued.

4173. Do you make use of the hire-purchase system as a means of obtaining security?—Oh, yes, enormously.

4174. Do you indeed?—I was speaking, sir, with a London money-lender last night, and he told me that he had, altogether, removed the furniture in ten cases where they absconded in London; it was taken to one firm of auctioneers in St. Martin's-lane, and the following morning, or a morning or two after, there was a claim made by furniture people for every article of those ten borrowers that had been removed.

Chairman.

4175. Yes, lent; I must ask you to answer the question Mr. Warr asked. We do not want any more hearsay evidence, things that you have heard from other people?—You have received a great deal of hearsay from solicitors.

4176. We do not want any more?—And I ask you to strike that out in justice to us.

4177. Mr. Warr asked you if you were not in the business of hire and purchase?—Oh, dear, no; I beg your pardon. I did not understand the question. I never was in the business in my life.

Mr. *Warr.*

4178. I am afraid I did not make myself clear. Do you make use yourself of the hire-and-purchase system as a means of obtaining security?—Never.

4179. Do you make use of policies of assurance at all?—We have them deposited sometimes, and sometimes we insure lives. I wanted to insure Mr. Finlay and he declined.

4180. Have you any special arrangements with regard to commission with insurance offices?—No, sir, excepting this (I want to be perfectly minutely correct): Our managers at the different branches, I believe, have some arrangements with insurance agents to receive a slight commission upon fire; I think perhaps they get 5 per cent.; 5 per cent. perhaps upon an insurance of half-a-crown.

4181. On fire?—On fire.

4182. I meant life?—Oh, no, we do not touch life, excepting in dangerous cases, such as Mr. Finlay's.

4183. You do not touch life insurance?—No, we do not insure people's lives as a rule, unless it is a very desperate case.

4184. When you resort to legal proceedings do you have recourse to the county court whenever it is within the county court jurisdiction?—Yes, generally in cases in which the county courts have jurisdiction, I think it is up to 50*l.*

4185. Am I right in supposing that the county courts, in many cases, order payment by instalment extending over a period of time quite different from that contemplated in the original transaction?—Yes. Their prejudice, sir, as a rule, is so great that they do all they can to favour the borrower and injure the lender.

4186. Tell me this if you will: what is the

Mr. *Warr*—continued.

lowest interest at which you ever advance?—Seven per cent. per annum.

4187. What is the highest?—The highest?

4188. Yes?—Sixty.

4189. By what principle are you guided in fixing the amount?—In accordance with the risk, I have always endeavoured to lend at the lowest possible rate to get a living. I commenced at 7 per cent.; I went on for years and never charged more than 20 per cent.; I found that did not pay.

4190. You found that did not pay?—No; and Lord Justice Lindley said a short time ago (I wish you would have his Lordship here) that 5 per cent. a month was 60 per cent. per annum; and he told the opposing counsel: I cannot see how money lenders lending upon this class of security (that is, a bill of sale) can lend at a less rate.

4191. Tell me this: Is there any rate of interest which you would consider what I may call unconscionable?—That is a very difficult thing to define, sir; the conscience is trained differently in different countries. You know, sir, in Turkey they would think that a proper thing to do, which would be a very disgraceful thing to do in this country; but it is quite in the conscience of a Turk.

4192–3. How would you view a proposal to test in the judges of the superior courts and of the inferior court a power to review any transaction, or any series of transactions between a money lender and his customer and to reduce the claim so as to make it in the judgment of the court reasonable having regard to the risk the lender has run, and all the surrounding circumstances?—I should give no judge such power; I think there are a few that I might be safe in giving it to, Lord Halsbury for one; but I certainly would not give the power even to Lord Halsbury to review a contract solemnly entered into, a matter in which the laws of this country have been consolidating for the last thousand years, the sacred law of contract; and I certainly would not permit any county court judge, although I am pleased to say I know some county court judges that are just judges; I know others that—well, I would rather not say——

4194. Without going on with that may I ask you this: would such a proposal as that, if it were adopted, make it not worth your while to continue business?—No, sir; it would be perfectly ruinous to the borrower, because the interest would have to be charged at such an enormous rate to cover the losses that the lender would incur by the county court judges sitting in jurisdiction, setting aside the contracts, that the lender would have to charge such an enormous interest to cover that risk; and what is the meaning of a high rate of interest?

4195. Thank you, I am very much interested, but I do not want to carry the discussion further?—It is an insurance against risk, as was said by an able judge of the High Court; insurance against risk. Then look at the enormous risk.

4196. Thank you, we will not continue the discussion further. I have got an expression of your view in reply to my question?—I do not think any man with any knowledge of the world would suggest such a thing.

Mr. *Warr*—continued.

4197. Order, Mr. Kirkwood. Have you any objection to informing the Committee what amount of money you have out on loan at this moment?—I could not tell, sir.

4198. Roughly?—Oh, I do not know; perhaps 60,000*l.*

4199. Perhaps 60,000*l.*?—Perhaps so; that is in figures; I cannot tell that. That is a rough idea; it might be more; it might be less.

4200. Do you include the working-classes among your customers?—Hardly ever.

4201. Hardly any?—No, they are too much trouble; they keep moving about from one place to another.

4202. Can you tell me on what scale you advertise?—Upon what scale?

4203. Yes. Is it a very large scale; do you advertise a great deal?—We advertise what we think to be judiciously.

4204. What does your advertising cost a year?—I really could not tell; perhaps my manager could inform you that; I really do not know.

4205. You cannot give me any idea?—No.

4206. You send out a great number of circulars, I suppose?—No, we never sent out circulars, I think, excepting once in our lives.

4207. Really?—No; we let the people come to us, and it might insult some people to send them a circular.

4208. Yes, I suppose you distinguish between the class of business you do and that which Mr. Isaac Gordon does?—I do not want to say anything against or about Mr. Isaac Gordon.

4209. But you distinguish between the class of business that you carry on and the class of business that other money lenders carry on?—I do not know, sir. I do not know what their business is; it is impossible for me to distinguish.

4210. You spoke of bogus money lenders; what constitutes a bogus money lender?—Those men who have no money to lend; who obtain fees by fraud.

4211. Do they abound?—They do; and they do us a great deal of injury.

4212. Are those the men who have been called, in the course of this evidence, "fee snatchers"?—"Fee snatchers," yes, sir; that is a very correct term.

4213. That is what you mean when you talk about a bogus money lender?—That is it, sir; and many of them have been convicted; one got five years, I think, a short time ago.

4214. I understood you to say that you were placed at the head of the poll on a county council or a town council?—I was placed at the head of the poll for three fresh Members for the borough of East Retford, and they favoured me by putting me in an arm-chair and carrying me round the market-place in great triumph; I never felt so helpless in my life.

4215. Do you hold any other public appointments?—No, sir, but I was asked even at Worthing, when a certain person (Farrow) sent that scurrilous literature, not only to my wife and daughters, but to the maids in the kitchen, the cook and housemaid, and the under-housemaid; I think

Mr. *Warr*—continued.

I think you ought to know that; in spite of that I was asked by a deputation——

Chairman.

4216. Will you be good enough to answer the question of the honourable Member for Liverpool?—In spite of all that can be done against me I let my reputation take care of itself; I am content with the opinion of those who know me.

Mr. *Warr.*

4217. You live in France now?—I do.

4218. I see in one of these pamphlets before me that you are represented as the proprietor of what is described as a "palatial establishment at Heene-terrace, Worthing"; is that so?—I think that is a poetic effusion, sir. I think if you saw my very humble establishment before I went to France, you would not call it "palatial."

4219. Do you own landed property in England?—My wife and I own very considerable house property and land in the Midland Counties.

4220. Only one other question: Did you find the Companies Acts in the case of the Southern Counties Deposit Bank inconvenient for the working of your business?—No, only it was troublesome making returns.

4221. Ah, that is it?—When we moved from Brighton (that was the Southern Counties; we traded then only in the Southern Counties) and when we opened at Bristol in the West and Leicester in the Midlands, and made our application to the Board of Trade to have our title changed to that of "The Provincial Bank," the Registrar of Joint Stock Companies told me personally that we could not adopt that, because there was a "Provincial Bank" in Ireland. Then he said: "Attach some other word, Mr. Kirkwood, and we will consider it." I attached another word, and that was the word "Union," Provincial Union Bank.

4222. But that is not registered?—No, I wanted it registered; I wanted the name changed to meet the widened circumstances of our business.

4223. That is all I want, thank you?—Because it is absurd to talk about the "Southern Counties" away up in the Midlands. Then the Registrar, sir—permit me for one moment——

4224. It is not material?—The Registrar wrote and said that the name was available, and that is the reason we adopted the name; but we did not use the word "Limited" until it was sanctioned by the Board of Trade.

Mr. *Ascroft.*

4225. You consider that the law is harsh and unjust to money lenders?—The law; very.

4226. And it would meet with your approval if the law were altered by Parliament?—If the disposition of the judges could be altered, it would meet with my approval.

4227. Never mind the "disposition of the judges" just at present; it would meet with your approval if the law was altered by Parliament in respect to the Bankruptcy Act, Section 23?—Certainly; that is a most unjust measure.

4228. And I also understand you to say that

Mr. *Ascroft*—continued.

there are at the present time an immense number of bogus money lenders carrying on trade in the country, and that they ought to be stopped?—Certainly.

4229. I suppose they injure you?—They do; they injure every respectable money lender.

4230. They do not carry on their business in the same respectable manner as you do?—They do not.

4231. They do, or they do not?—They injure us, and they injure the public by getting fees and never lending money.

4232. Not only do they injure the respectable money lenders who have money to lend, but they also prey upon the public?—They do.

4233. And you think the law ought to be made stronger, so that these people could be dealt with speedily?—Yes; I think perhaps the law is strong enough if the law were more active; that is, if the Public Prosecutor would take up cases that he ought to take up, cases that sometimes he refuses.

4234. Now we will leave that part?—If there could be a Procurator Fiscal the same as in Scotland.

4235. My examination will be pretty long, will you kindly answer my questions as shortly as you can?—I will; I will do everything to oblige you.

4236. I will not be at all offensive; if I put questions it is because it is my duty to do so?—Yes.

4237. Now you have been in business 30 years?—Over 30 years.

4238. You carried on business near Sheffield under the name of the Sheffield Deposit Bank?—In Sheffield, sir, in the heart of Sheffield.

4239. Were you driven away from there?—No, I was never driven from anywhere. I have come of a race that never flinches.

4240. Did you, in 1881, discontinue business?—Where, sir?

4241. At Sheffield?—I do not know when I discontinued; but it was a very dangerous town; we made a great many bad debts.

4242. You made a great many bad debts?—Yes, we wanted to get more into an agricultural district.

4243. Was that the only reason that you left that district?—The only reason, in the hope of getting more honest borrowers.

4244. Do you remember a coroner's inquest at Sheffield in 1881?—No, sir.

4245. Do you remember a report appearing in the "Sheffield Telegraph," on the 10th December 1881, that a coroner's inquest had been held upon the bodies of Margaret Osborne, aged 71, and Horatio Osborne, her husband, aged 75, and that they had given a bill of sale to the Sheffield Deposit Bank for 5*l.*, that the Sheffield Deposit Bank had seized their furniture and sold a portion, and within one month had put in three further executions, and the doctor stated that the trouble had hastened the death of the woman, and that the shock had caused the death of the old man, and that the coroner in summing up said that it behoved the people in that district, and wherever money lenders carried on their shameful business, to beware of them,

Mr. *Ascroft*—continued.

and to avoid, if possible, falling into their clutches; that they had shown these poor and aged people no leniency, neither would they show younger people either leniency or mercy—I never saw it.

4246. Was it after that you gave up the Sheffield Deposit Bank?—I never saw or heard of that case until you, sir, mentioned it to me on Tuesday.

4247. Though you were carrying on business in this district under the name of the Sheffield Deposit Bank?—Certainly, for years.

4248. The result of the coroner's inquest was that this paragraph appeared in the local paper, and you now tell us that you never heard a word about it?—I never heard a word about it before Tuesday.

4249. You told us on your last examination?—Pardon me, sir; I am sometimes six months not at a branch at all.

4250. I am not doubting your word or a moment?—I never heard of it, I tell you, till Tuesday.

4251. I am simply asking you the question?—Yes.

4252. You told us the other day that you had had a considerable number of testimonials as to your leniency and the way in which you carried on your business?—Yes; the Bristol manager has just given me one that he received yesterday; would you like to hear it?

4253. You read us one in which the writer stated that in the name of humanity such men as you were the salt of the commercial world?—That is in the letter, sir.

4254. That is in the letter?—Yes; have you seen the letter, sir? I handed it to the Chairman.

4255. You also referred us to some remarks made by Justice Stirling and others?—Yes; I heard the remarks myself, addressed to Mr. Neville, Q.C. and Mr. J. G. Butcher.

4256. Other people do not all take that view, do they, of the way in which you have carried on your business?—Honest people do.

4257. Honest people?—Yes.

4258. Are you aware that the editor of the "Pall Mall Gazette" devoted 10 articles to holding you up to public opprobrium?—I know that there were some very scurrilous articles.

4259. You knew that there were some very scurrilous articles?—Yes; I believe that was at the instance of——, well I will not mention his name.

4260. Did you seek the advice of your solicitors on those articles?—I mentioned it to one of the highest firms of solicitors in England.

4261. Quite right; I do not want to know their names?—They told me that no doubt I should get a verdict for libel, perhaps a farthing, on account of prejudice, and it might cost me 1,500*l.* or 1,600*l.*

4262. Exactly; the jury would value the damage at a farthing?—Owing to prejudice, and that Mr. Astor was a millionaire.

4263. Did you also submit this libel to your solicitors; I will just read it to you (you will recollect it when I read it): Mr. Kirkwood, although ostensibly a philanthropist, is "actually heartless, unprincipled, and fraudulent. Kirkwood loves extortion; he rejoices in the sight of his vast army of victims; he gloats over the success of his cunningly-devised schemes; he prides himself on having among his plucked ones the Government itself. He has robbed it of large sums for many years by the deliberate manufacture of bad debts, and by the presentation of false and fraudulent returns to the Income Tax authorities. Nothing short of imprisonment with hard labour is likely to bring such a scoundrel as Kirkwood to reason and repentance. He is not slow to have arrested upon warrants the 'valuers' who are paid to carry out his unprincipled and iniquitous schemes; men to whom instructions are given, sometimes in writing, sometimes by Kirkwood personally, to trick, deceive, and defraud intending borrowers. He boldly appears before judge and jury, and prosecutes in the capacity of a 'banker,' and the creatures who have become tarnished by contact with him are made to pay the penalty of the law in his stead," and here you are held up as "a deceiver, extortioner, and unprincipled scoundrel, and I do not hesitate to ask the press of the country to assist in the exposure of one of the most obnoxious blood-sucking leeches that ever battened on human misery." Did you bring an action for libel?—That is so grossly libellous that it is beneath contempt.

4264. That is libellous?—Yes; the "Pall Mall" is beneath my contempt.

4265. This, you say, is grossly libellous?—Grossly libellous; it carries on the face of it, lies.

4266. This is likely to injure you in the respectable business you carry on?—It did not injure me in the slightest, I believe.

4267. Is it likely to do?—It may be; but it did not injure me in the eyes of my friends nor my customers who know me personally, because they believed it was lies, scurrilous lies, abominable lies.

4268. If it was libellous and likely to injure you in your business is it a fact that you brought no action for libel against the writer?—No; acting under the advice of the eminent solicitors who told me that it might cost me 1,500*l.* or 1,600*l.*, as it cost Mr. Lewis Simmons against "Truth." He got a farthing, and it cost him 1,500*l.* or 1,600*l.*; and I believe Mr. Lewis Simmons is an honest man.

4269. I am to take it that the reason you did not bring an action against the writer of those libels was, that an eminent firm of solicitors in London told you that it might cost 1,500*l.*, and that you would get a farthing from the jury?—Yes; I treated the "Pall Mall" as a scurrilous and contemptible paper; it lives by libel, like "Truth." "Truth" had to pay 500*l.*, though, the other day, at Manchester, and costs.

4270. Now, we will go to another branch. I gave you notice to produce your books referring to the account of a Mrs. Smith?—Mrs. Smith.

4271. Yes; your Brighton books?—I do not see the name of Smith here, sir. This is your own handwriting, with that of the Chairman, I think. I do not see the name (*handing in the document*).

4272. No, you are quite right; it is not on the list; but it may not be necessary to go into the

Mr. *Ascroft*—continued.

the items?—Pardon me; may I renew my application?

Chairman.

4273. What is your application?—I hope, sir, you will agree with it; that is to set two of my officials at liberty to go home to their business. They are here in the case of Faux, sir, who gave evidence on Tuesday, and the names of Gibson and Cornish.

4274. No, I cannot interrupt the honourable Member's examination?—You told me, sir, those three cases you were going into first. You emphasised that, sir, though I do not want to take any advantage of that at all.

4275. You ought to have been ready to go into them; you were not?—You cautioned me (pardon me reminding you): "Now, Mr. Kirkwood, those three cases will be taken first on Thursday, and be prepared with your books." That was Finlay and Barrett and Faux.

4276. And you answered me this morning that you were not able to go into them when I asked the question?—I beg your pardon, sir; I am quite able to read the papers; and here the managers are waiting.

4277. You told me you knew nothing about them personally, and would prefer your manager to be examined upon them?—He is here.

4278. Very well; you are there now to go on with your examination?—Very well, sir, I bow to your decision.

Mr. *Ascroft.*

4279. Before I get to Mrs. Smith's case I just want to ask you a question about the income tax returns: you admitted the other day, in answer to a question put by me, that you had been called upon by the Income Tax Commissioners to pay two sums, one of 216*l.*, and the other of 116*l.*, in 1894, for improper returns?—I take your word, sir, for these figures being correct; I do not know whether they are correct. I know they are correct as far as you are concerned.

4280. You may take it, I believe, that they are correct?—I take your word unhesitatingly; but that was the Southern Counties Deposit Bank Limited, a most unjust and iniquitous tax.

4281. Exactly; that is on the notes, that it was an improper proceeding by the Income Tax Commissioners?—Certainly.

4282. Now I want to ask in respect to the winding up of the Southern Counties Deposit Bank, Limited; were you not also called upon to pay the sum of 334*l.* 18*s.* 9*d.* for an improper return of your income tax? Just look at that liquidators' statement. (*The document was handed to the Witness*)?—I do not know how much it was.

4283. Were you called upon to pay a sum?—Oh, I do not know. This was paid because we could not help ourselves. There is no appeal. When Income Tax Commissioners find, as a fact, we want an appeal to Her Majesty's judges upon this.

4284. Have you now in your hand a statement prepared by the liquidator in that winding up?—I do not know sir.

4285. Look at it?—I do not think this is his writing; it may be a copy; I do not know.

Mr. *Ascroft*—continued.

4286. Does that account which you now have, and which you are now looking at show that that amount was paid to the Income Tax Commissioners?—It does.

4287. Now I want to ask you whether or not in making your return to the Income Tax Commissioners, you have been in the habit of taking a large amount off for bad debts?—Yes, I am sorry to say we are compelled to do that.

4288. And, I suppose, you would be sorry to say they have not always given you credit for that?—The Income Tax Commissioners were primed by dismissed clerks and blackmailers that ought now to be on the treadmill.

4289. Exactly so: in addition to, the judges you also charge the Income Tax Commissioners?—I do not charge the judges.

4290. Oh, not the judges, only the Income Tax Commissioners, and the writers of the libels, I may take it?—Oh, I do not "charge" them; they are beneath my contempt, the "Pall Mall" and those writers.

4291. Had you a gentleman in your employ of the name of Hadfield?—Hadfield; he was with me nearly 11 years.

4292. Have you written to him lately?—No.

4293. Will you kindly give us his address?—I do not know it. I produced a letter from him which I think the Chairman has in his possession written on the back of Mr. Farrow's printed circular.

4294. Is it your intention to offer Mr. Hadfield here as a witness?—He is not required, I think.

4295. Is it your intention to offer him?—If it becomes necessary I am, if I can find him; but I do not know. There are none of these cases o Mr. Hadfield, it is so many years ago he left me.

4296. I will give you a case. Are you aware that Mr. Hadfield has made a statement to the Income Tax Commissioners that in one year you had only made a profit of 300*l.*, whilst your books showed an actual profit of 4,000*l.*?—I do not know. If Mr. Hadfield; were here then I might listen to it. When was that, sir? Would you believe a dismissed clerk, sir.

4297. Would Mr. Hadfield, from his acquaintance with the books, be in a position to make a statement of that kind?—He would if he would be at the trouble of culling out the bad debts as he ought to do; but that was my business to do.

4298. I want to ask you a question of routine: Was it your custom when you made a return to the Income Tax Commissioners in respect to your losses to take off the amount of interest that you would have received on a loan had the loan been paid at the time that it was due?—I do not quite understand you, sir.

4299. Well, assuming a loan of 30*l.* which was repayable by monthly instalments, would you, in making a return to the Income Tax Commissioners, in case a borrower became bankrupt, deduct the amount that you ought to have received for interest, and for default interest up to the day when you sent that return in?—Certainly.

4300. You would have done?—Yes; because the book was credited with the full amount of the premiums; the profit column, the p ofit column would

Mr. *Ascroft*—continued.

would be credited, sir, so I had a perfect right to do that.

4301. Is it a fact that in 1892 you sent in a statement to the Income Tax Commissioners that you had lost a sum of 860*l.* 14*s.* 1*d.* in respect of a loan made to Mrs. Smith, of Uckfield, Sussex? How much, sir.

4302. Well, 860*l.* 14*s.* 1*d.*?—I never heard of the case, sir.

4303. Will you swear you did not?—I cannot swear either way, because I never heard of the case of Mrs. Smith, of Uckfield.

4304. Is it not a fact that the sum which you had lent to Mrs. Smith on a bill of sale on the 15th June 1889 was no more than 30*l.*, of which she repaid 17*l.*?—I cannot say anything about it; I do not know anything about it.

4305. Will your books show whether or not these figures are correct or incorrect?—The books will speak for themselves.

Mr. *Ascroft*—continued.

4306. Have you got your Brighton books here for the years 1889 and 1892?—For the years 1889 and 1892; I do not know.

4307. Will you kindly look and see if you can find me that name?—We have only brought the books relating to the list that you gave us.

4308. Have you got your Brighton ledger here?—Yes, I have the Brighton ledger here.

4309. Will you kindly turn to that?—There is no such name as Smith.

4310. Will you kindly produce the book?—Do you know the initials; "Smith" is a common name.

4311. "M. J. Smith." Did you lend that party 30*l.* on 15th June 1889?—I see, Mary Jane Smith, 14th January 1889.

4312. How much?—£.30.

4313. Did she repay 17*l.*?—I cannot tell you. My manager will be able to tell you.

Mr. WILLIAM HARGRAVE GOODMAN, sworn; and Examined,:

Mr. *Ascroft.*

4314. DID "Mary Jane Smith" repay on that account 17*l.*?—On which account, sir.

4315. On the account of 30*l.*?—On which date.

4316. January 1889?—She repaid the whole of that 30*l.* with the interest.

4317. She repaid the whole of that 30*l.* and interest?—Yes.

4318. Do you say you have another account?—Then she borrowed it again, apparently.

4319. How much?—Yes, 30*l.*

4320. Thirty pounds again?—Yes.

4321. How much did she pay on account of that?—She seems to have repaid that one also.

4322. How much?—£.31 altogether in respect of that loan.

4323. Then she cleared that one off?—It was not cleared off, because it did not cover the whole of the interest; she only paid off 31*l.* in respect of that; there was a little more interest.

4324. But was not 860*l.* 14*s.* 1*d.* the balance owing on that?—I should think not; it does not appear *here.*

4325. It is not a question of what you "think." Is it possible?—I cannot tell you. No, certainly not, I should say.

4326. Kindly hand the book here?—This is the end of the account, the fag end of the account; the other is on page 303.

4327. I see this account is marked "settled" in pencil?—Yes; there appears to have been a sale, sir (I do not remember very distinctly now), or a broker took possession and a certain sum was paid.

4328. It was settled?—It was settled.

4329. Would a return to the Income Tax Commissioners of 860*l.* 14*s.* 1*d.* in respect of that particular debt be a fraud?—If there was such a return it would be incorrect, I should say, certainly.

Mr. *Ascroft*—continued.

4330. That would be a fraud?—Not a "fraud."

4331. What would you call it?—I say that I do not know anything about the return.

4332. What would you call it?—There could not possibly have been a loss of 800*l.* on that account.

4333. When the account was settled could there be any loss, sir?—Yes, there was a loss.

4334. How much was the loss?—Without calculating the interest I cannot tell you. There was a loss of interest. We accepted 5*l.*

4335. Was it 5*l.*?—We accepted 5*l.* to finish the matter.

4336. Was it 5*l.*; the loss?—I will tell you (*referring to the account*). It was more than 10*l.*

4337. Was it 20*l.*?—Not so much as 20*l.*; between 10*l.* and 20*l.*

4338. Not so much as 20*l.*?—No.

4339. Then would not the return to the Income Tax Commissioners that you had lost 860*l.* 14*s.* 1*d.* in respect of that particular debt be a fraud on the Commissioners?—I do not know that such a return was made.

4340. Would it or would it not be a fraud if it were made?—If it was made deliberately, with the intention of misleading the Commissioners, it would be a fraud.

4341. "If it were made deliberately," what do you mean by that?—If it was made deliberately; but there is no fraud without an intention to commit a fraud.

4342. Would not you presume there was an "intention" when you put down a name and amount on your books, and alleged that hundreds were owing when under 20*l.* was owing?—Yes, sir; but you do not expect me to presume anything now, do you?

Mr. JOHN KIRKWOOD, re-called; and further Examined.

Witness.] Might I ask who made that return, because, if it was made by Hadfield, he possibly made it himself?

Mr. *Ascroft.*] You will possibly have an opportunity of dealing with it before this inquiry is over; you have not heard the last of it.

Mr. *Ascroft.*

4343. Now, in 1892, did you claim from the Brighton Commissioners a reduction of 3,000*l.* for losses in your business, and did they refuse to allow you any?—I cannot tell.

4344. Will you swear you did not?—It would be impossible for me to swear that.

Chairman.

4345. Eighteen hundred and ninety-two is quite a recent date?—It would be quite impossible for me to swear that.

Mr. *Ascroft.*

4346. Have you got the correspondence between you and the Income Tax Board?—The income tax what?

4347. The Income Tax Commissioners?—No.

4348. Where is it?—I do not know.

4349. Has it been destroyed?—I have had no notice to produce that.

4350. Yes, you have; "Correspondence with board *re* names of companies; income tax correspondence"?—We have not had time to do that.

4351. Have you got it?—Not here; we have not it here.

4352. Are those letters in existence?—I cannot tell you; we will produce them if they can be found.

4353. Then I will discontinue that part of the case until the next meeting?—Yes.

4354. Now this is a case where we agreed that no names should be divulged; a Government official?—Yes, sir; before, sir, that case is gone into, may I ask that Mr. Thomas Farrow should be called and sworn; I want to ask him a few questions about that case.

Chairman.

4355. No, you have no right to do that?—I mean in the interests of justice.

4356. You are under examination yourself; you have no right to call upon any other witness or to ask the Committee to call any other witness until your examination is closed, and before we enter upon a new case we had better adjourn for luncheon?——

Adjourned for a short time.

4357. You asked before the adjournment that you should have an opportunity of examining Mr. Farrow upon the case that I believe the honourable Member for Oldham is about to raise?—Yes.

4358. I wish to inform you that at the close of your examination, if you think it necessary to

Chairman—continued.

put any questions to Mr. Farrow upon the case now about to be raised, if you will put those in writing I shall feel myself bound to ask Mr. Farrow the questions if I deem them relevant?—For that, sir, I am much obliged to you; that would defeat my purpose, and I think, sir, if you knew what I know, and what I have in my hand here, you would be of the same opinion.

4359. Very well, if you do not wish to do it?—I should like Mr. Thomas Farrow to be called now, to ask him a question upon what I now hold in my hand.

4360. No; I have made what I consider a perfectly reasonable offer; you desire to ask Mr. Farrow a question on this case; you have no right to do that at all, and we cannot permit that; but if you wish to put any questions through me to Mr. Farrow upon any case on which Mr. Farrow has given evidence I shall feel obliged to put the questions as far as I deem them relevant?—Thank you, sir; I am much obliged. May I ask the honourable Member (I think it is Mr. Ascroft) whether it is a gentleman of England who holds a very high official position under Government?

Mr. *Ascroft.*

4361. Yes; I do not think you will need to refer to the books, because I am going to take it very shortly?—With your permission I will read a telegram sent to that gentleman on Monday.

4362. We will have that after?—Pardon me, I should like to do it first.

Chairman.

4363. Please answer Mr. Ascroft's question?—I think, with all due deference, I must decline to give evidence in this case unless you permit me to read the telegram I sent to him, and his reply.

4364. Will you take your seat?—I think it is such an interference with a gentleman who has made no complaint whatever; but he is described as a "victim." I am on perfectly friendly terms with that gentleman now.

4365. Will you take your seat now?—I decline to give any evidence about that gentleman until I have permission to read these telegrams and letters; I absolutely decline it with the greatest possible respect.

Mr. *Jeffreys.*] We must report him.

Witness.] I want to go to the Bar of the House; I want the House of Commons to know what is being done in this case. It is most dastardly.

Chairman.

4366. I do not want to give you an opportunity of posing at the Bar of the House; it is not necessary?—No, I do not want to "pose" anywhere; I am too humble to do that. It is a most dastardly interference between anyone and his client. He has made no complaint whatever. I would not disclose this gentleman's name for the world.

Chairman—continued.

4367. You are not going to be asked to disclose the name.

Mr. *Ascroft.*

4368. I can, possibly, get rid of your difficulty in answering by saying that so far as I understand, this gentleman and you are perfectly friendly at the present moment?—Perfectly.

4369. That is all you wanted to tell the Committee?—I meant to tell something more.

4370. May I take it further. This gentleman considers that you have been a friend to him, and assisted him through his troubles?—Certainly, I want something more than that, sir. He has been described as "a victim" in the public press.

Chairman.

4371. Now what do you want to say?—I want to read my telegram to him on Monday, when I was utterly astounded to find that his name was in the list for me to produce the books.

4372. Have you got any answer?—I have, and I will read it, sir, with your permission.

Mr. *Ascroft.*

4373. Keep the name out?—Not for 10,000 worlds, sir, would I disclose it. "Kindly telegraph immediately whether you have made any complaint to one Thomas Farrow; strictly confidential.—*Kirkwood*, 69, Ship-street, Brighton."

4374. If you divulge the answer it will not be "strictly confidential"?—I will divulge the answer, sir, but I wanted to have Farrow sworn, because he has been described as "a victim," and that he is not a victim ——

Chairman.

4375. Order, order. Read the telegram?—Oh, but this is a serious matter, sir; "No, no, most certainly not." Then follows the name of the high official.

Mr. *Ascroft.*

4376. Now let us get to business?—Now I have a letter.

Chairman.

4377. I have given the utmost latitude?—Pardon me, sir, you are very kind, but I want a little more indulgence; you have been so indulgent to Farrow. I followed that telegram, to be quite certain, by this letter: "12th July 1897. 69, Ship-street, Brighton. Dear Sir,—I thank you very much for your promptitude in sending telegram to-day. Farrow has attempted to drag your name before the Select Committee on Money Lending, but I am determined to use all possible means to prevent this, and you may rely upon my suffering my right hand to be cut off rather than mention your name in any way. Some miscreant of a discharged employé must have given him your name, for I can account for it in no other way.—Believe me to remain yours faithfully, *John Kirkwood.*"

4378. Is that all you have?—No, sir; a little more indulgence, sir. This is a serious matter. This is a letter from him written the same day that he got the telegram: "11.45 a.m. Dear Sir,—Just received your telegram, which I answered by wire at once. I am quite sure that you cannot really suppose for one moment that I" (underlined twice) "should have done such a thing as your wire suggests, but in justice to myself I must write a line to say emphatically that I have never even mentioned to anybody either your name or the name of your company or any transactions I have had with you, nor have I in any way alluded to them to anybody at any time, and I certainly should have been the last person in the world to have done so. I have always treated everything that has passed between us as most strictly private and confidential, and I need hardly add that I shall certainly continue to do so.—I am, yours truly." Another letter, sir: "July 12th" (this is in reply to my letter). "Dear Sir,—I am most awfully sorry to hear that Farrow is trying to bring my name up in any way; except as you suggest, from some devilish informer who must at some time have been in your employ; I can't imagine how he could have got hold of it. However, I know I can rely on you to prevent my name coming out, as it would be a most awfully prejudicial thing for me. I thank you very much for your assurance that you will do your utmost to prevent this.—Yours truly." "I wrote you yesterday, and no doubt our letters crossed."

Chairman—continued.

4379. Is that all?—That is all.

4380. You are not asked to divulge the name?—You need not tell me that; I would not do that for the world.

Mr. *Ascroft.*

4381. Did you, on the 23rd December 1890, advance this gentleman a sum of 36*l.* 15*s.*?—I think, sir, this is such a sacred matter that I respectfully decline to go into it unless that gentleman goes into the chair first.

4382. You decline to answer whether you lent this gentleman——?—I decline, sir, to go into this matter.

4383. One moment; listen to my question before you answer it?—Unless that gentleman chooses to come into this chair and give evidence against me——

4384. You decline to answer the question?—I decline to give any information.

Chairman.

4385. I want to inform the witness on one point; all that this gentleman has asked you in the letters that have been read from him is that his name shall not be disclosed; the Committee desire to respect that wish of his; you also express your desire to respect it, and in face of that statement from the gentleman himself that is all that he asks shall not be done?—Oh, but he did not expect that that matter should be gone into at all, sir.

4386. That is not for him, and it is not for you; it is for the Committee.

Mr. *Ascroft.*

4387. Now, Mr. Kirkwood, I understand you decline to answer that first question; now I will put another?—I decline to go into that matter until that gentleman comes.

4388. The first question is this: Did you lend to this gentleman on 23rd December 1890 a sum of

Mr. *Ascroft*—continued.

of 36*l.* 15*s.*; I understand you decline to answer that?——

Chairman.

4389. Do you decline to answer that?—I will answer any question when that gentleman has given his evidence. This is a gross interference between two of Her Majesty's subjects.

Mr. *Ascroft.*

4390. Will you listen to my question: Did you on the 23rd December, 1890, lend this gentleman 36*l.* 15*s.* and hand him 20*l.* in cash; and did you on the 28th July 1891 lend him a further sum of 40*l.* in cash, and did you take two promissory notes for these sums; you decline to answer, I understand?—With the greatest possible respect to you, sir.

4391. Now let me ask you this: Did he repay, between 1890 and January 1893, 58*l.* 15*s.*, and have you since claimed from him, and sued him for, a sum of 689*l.* in respect of that loan? Do you decline to answer?—Most respectfully, sir.

The Committee-room was cleared. After a short time the public were re-admitted.

Chairman.] Mr. Kirkwood, the Committee have considered your refusal to answer three questions put to you by the honourable Member for Oldham. They are agreed that those questions are proper questions to be put to you as a witness on this matter. I desire that those questions shall now be repeated to you, and to remind you of the powers of a Select Committee with witnesses who decline to answer relevant questions. Mr. Ascroft will please put his questions again.

Mr. *Ascroft.*

4392. Mr. Kirkwood, in again asking you the following questions, I may inform you that neither I nor any other Member of the Committee have any desire or intention that the name of the borrower should be in any way divulged. Did you on the 23rd December 1890 advance to this gentleman a sum of 20*l.* and take a promissory note for 36*l.* 15*s.*; and did you also on the 28th July 1891 advance a further sum of 40*l.* and take a promissory note for the same; and did he, by January 1893, repay 58*l.* 15*s.*, leaving a balance of 1*l.* 5*s.*; and did you subsequently sue him for 689*l.*, and get an order for payment of that sum and costs at 7*l.* a month?—I respectfully decline to answer these questions on some of the following grounds: That it is a scandalous interference between two of Her Majesty's subjects; an interference I am quite certain that the House of Commons will not sanction; and, another ground: It is outside the limit, outside the scope, of the inquiry of this Committee, granted by Mr. Balfour as representing the Government of this country: It is an inquiry into the rate of interest which is outside the scope of Mr. Balfour's——

Chairman.

4393. That is not for you, sir, to decide upon; that is for the Committee?—Then, sir, it is an inquisition, more cruel than any Spanish inquisition ever was, in this free country of England. These are some of the reasons for which I most respectfully decline to answer.

4394. Very well, that closes the proceedings for to-day. The Committee will remain. You are not liberated from attendance?—But may I go? When shall I be at liberty?

4395. That I am not prepared to say, but you will hear from the Committee?—Am I to remain in this chair?

4396. No.—Where?

4397. You are liberated for to-day?—Oh! Then I can go home to-day?

Tuesday, 20th July 1897.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. A. K. Loyd.
Mr. Thomas Bayley.	Dr. McDonnell.
Captain Chaloner.	Mr. Price.
Mr. Garfit.	Mr. T. W. Russell.
Mr. Hazell.	Mr. Warr.
Mr. Jeffreys.	Mr. George Whiteley.

MR. T. W. RUSSELL IN THE CHAIR.

Judge WILLIAM STEVENSON OWEN, sworn; and Examined:

Chairman.

4398. I BELIEVE you are County Court Judge of Cardiff?—Cardiff is in my circuit, sir.

4399. What is the number of the circuit?—No. 24.

4400. When were you appointed?—In 1884.

4401. What does your circuit include?—It includes the whole of Monmouthshire, part of Glamorganshire, part of Breconshire, part of Herefordshire, and part of Gloucestershire.

4402. Then it is both town and country?—That is so.

4403. The towns of Cardiff and Newport, I think, are in the district?—Those are both towns in my circuit.

4404. Then you have got a mining and a manufacturing population to deal with?—That is so. In the west of Monmouthshire there is a large mining population and a large manufacturing (iron and steel and tin-plates) population.

4405. In fact, it is a mixed population?—Very much so; and I have the same class of population in the part of the Forest of Dean which is in my circuit.

4406. Now, have you had experience of these money lending cases?—I have had a great many.

4407. There was one case, I think, you desired to give to the Committee?—There was one case the particulars of which I sent to the Committee at the request of the Official Receiver at Newport. He thought it was a very bad case. It came before me afterwards in bankruptcy. It was the case of a clergyman of the name of Hustler, and the name of the money lender was Shuckburg, of Bristol.

4408. We are quite familiar with that name?—I think so. He trades under the name of the Clerical and Medical Bank. I think the facts of that case are shortly these: Mr. Hustler applied for a loan of a thousand pounds, and the clerk, a man named Stone, whose name appears in a great many proceedings, came, and he agreed to lend the money. Mr. Hustler was a gentleman who bought a good deal of old silver; he had a lot of old silver which was valued at 950*l.* or something like that, and the money was lent him on a promissory note and the security of this silver, 700*l.*, the 300*l.* being kept for (he said) the necessary future interest. He gave a promissory note for a thousand pounds. It came before me in bankruptcy. The money lender realised the silver and it only produced 450*l.* Nothing could be done unfortunately for the man, who complained very much that the silver had been sold greatly under its value. Then the money lender proved in bankruptcy before me for the balance, and upon the evidence before me I reduced the interest from what it had been to 15 per cent., which (upon the evidence before me, documentary and other) I thought a fair interest having regard to the interest Mr. Hustler had agreed to pay.

Chairman—continued.

4409. You say you reduced the interest; that is a very interesting observation; have the county court judges power to do that?—In bankrupty.

4410. In bankruptcy, that was, oh yes?—In bankruptcy I have got full powers of a judge of the High Court; I should like, if you will allow me, to call your attention to the equity jurisdiction of the county court, which I do not think is sufficient.

4411. Yes. I think you are able to show what a great deal of hardship arises out of these cases?—Oh, they are cruel cases very often, workmen having their homes broken up time after time; cases that make you very sorry for them when they come before you.

4412. I believe that you have some remedies to suggest?—When I was asked to come to this Committee by your secretary (the Committee clerk), I considered the matter.

4413. I may state that from gentlemen in your position we are more anxious to hear of remedies, for than of the abuses of the system?—I presumed that would be so, therefore I considered the remedies.

Chairman—continued.

4414. We hear a great deal of the abuses, and we look to gentlemen of your position to suggest remedies?—May I go shortly through what I have to suggest.

4415. If you please?—In the first place, I think every money lender ought to be registered, and their names and addresses given. They ought to pay an excise licence, to be granted upon the certificate of the County Council, or some local authority; and in that, I follow what is enacted in the Pawnbrokers Act of 1872, which the Committee are probably aware of. In that case a man must be registered; he must take out an excise license, which is granted, where there is a stipendiary magistrate, upon his certificate; where there is no stipendiary magistrate I believe now it is the District Council who grant it. You will find the provisions relating to this in the Pawnbrokers Act of 1872, sections 37 to 44.

4416. In regard to the licensing or registration, we have had evidence before us of the existence of a class of men who pretend to be money lenders, but who really have no money to lend; they are called, technically I believe, "fee-snatchers"?—I have had no experience of those cases; they would not come before me in the county court; it would be more a case for the stipendiary magistrate.

4417. As a matter of fact, they exist; and in regard to the registration and the licensing, you would not propose to license and register men of that stamp?—I would license everybody, if they could get the necessary certificate. If a man said he was going to carry on the business of a money lender, I do not think you could assume that he was going to be a "fee-snatcher" only.

4418. Do we license publicans in that way?—That is a matter very much of the length of the justice's foot at present.

4419. There has to be an annual certificate, has there not, that the publican has carried on his business in an orderly and peaceable manner?—I do not propose that the excise should grant licences of their own motion, but that they should only do so upon the certificate of the local authority, whichever authority Parliament thinks right.

4420. And you would allow the local authority to examine into the facts before they granted it?—I should think, if they did their duty, they would do so; and then upon that part, I should like to suggest that no man should be allowed to register his name as a "bank" or "association," or any such thing, unless it was really a company registered under the Companies Acts; because I am quite satisfied, in the case of Shuckburgh that I alluded to, a great many clergymen are taken in by the fact that this man trades under the name of the "Clerical and Medical Bank;" they think it is really a public bank, a bank of position and substance. I have had an opportunity upon this point of speaking to one or two commercial men, who are also directors of banks. I took the opportunity of asking them what they thought of this, and they said it would not interfere with legitimate business of banks, and these gentlemen tell me they would not object to that. Then I would propose that all contracts and securities taken in other than the registered name should be void *ipso facto*; and my reason for saying so is this: In several money-lending cases that have come before me I have had cases in which a promissory note is given (say) to "John Smith;" at the same time the money lender gives a card in a book form which upon the outside is endorsed: Loan of money, so much; due, perhaps, to "Jones & Co." Then the instalments are paid upon that card. Now, I see no reason, except for the purposes of fraud, why that should be done; and beyond that it is within my knowledge, though I cannot give the reference to the exact cases; that the promissory notes have been passed to alleged *bonâ fide* holders for value, and the poor unfortunate man has been sued again. Of course if I had known this was likely to come to anything, I would have taken note of the cases; but that is within my knowledge, and I can conceive no reason for taking securities in two names except for the purposes of fraud; therefore I should say that they should not be allowed to take any security or enter into any contract except in the registered name; and if the contrary is proved, the security and the contract should be *ipso facto* void. The third suggestion is, that I think receipts ought to be given in a statutory form and endorsed upon the document itself to prevent the passing of those promissory notes. You have instances of the use of a statutory form in bills of sale. Then, I think, bills of exchange and promissory notes should be in a statutory form following the precedent of bills of sale. I see no difficulty about giving full particulars, and that the promissory note (or whatever the security is) should state the money actually advanced, the money kept back for premiums and the rate of interest; and if that is not done that there should be a penalty. The words of the Bills of Sale Act are: "In accordance with the form." There has been a vast amount of litigation upon those words: but there should be a statutory form, and it should be adhered to. There is a precedent for that again in the Pawnbrokers Act; they have to take their security in a statutory form.

Mr. *A. K. Loyd.*

4421. Would you propose to extend that to all bills of exchange and all promissory notes?—Well, that is a difficult question. I do not see how anyone would be hurt by doing it. I do not see what objection there could be. Promissory notes at present are to a certain extent in a statutory form.

4422. But supposing an ordinary commercial bill of exchange drawn, as it is very often, without any reference to books or statutory forms; would not that be seriously hampering commercial transactions?—People could buy the printed forms; they would be sold by all booksellers; and there would be no difficulty in that I should think.

4423. Would you except foreign bills?—The object, I think, is to deal with money lending, and to consider whether it should be extended to this

Mr. *A. K. Loyd*—continued.

or not. I do not see myself what difficulty there would be in saying that all promissory notes should be in a statutory form. Then, I think, money lenders ought to be required, following again the Pawnbrokers Act, to keep books of account which would set out the whole nature of the transaction. Over and over again I have asked a money lender to let me see his books, and he has produced a book, which he says is the only book he keeps, and which has in it the amount due on the bill; but I have never seen any entry in any book yet showing what the money was that was actually advanced; and I think they ought to be required to keep such books. One man, I am bound to say, produced to me one day, after I had asked him several times to do it, a book, which he said contained all the entries. It was in Hebrew, and I said, "Will you be good enough to translate this book to me?" He said, "It is kept by my daughter; I cannot read or write." It was rather a crowded court, and a good many Hebrews were there; I asked if anybody would come forward and translate it to me; but I could not get anybody to do it; so I was just as wise at the beginning as I was at the end; but I have never seen a book in which they put down the nature of the transaction so that I have been able to see from the book how much money was actually advanced. Then I should suggest to the Committee that in Section 12 of the Bills of Sale Act of 1882 (that is, the second Act) the limit should be increased from 30*l.* to 50*l.* I believe that was the limit proposed in the original Bill. The 30*l.* was a compromise that was arrived at when the Bill was passing through the House of Commons; but it seems to me, after some experience, that 30*l.* is not quite sufficient, and that it would be better to have 50*l.* as the limit.

Chairman.

4424. Have you paid any attention to the evidence which has been given here?—As far as I have been able to read it in the "Times."

4425. The report has been very good; but with regard to bills of sale, we have had it from several witnesses that when a borrower asks (say) for 20*l.* the lender advises him to take 30*l.* in order that he should have a bill of sale, and we have cases where the lenders get the borrowers to return so much of the money at the time they make the advance?—I think that is more than possible; and that is one of the reasons why I would increase the limit to 50*l.*; because if they lent 20*l.* they would never take security for 50*l.* Of course, the main question is the question of the rate of interest, and it seems to me there are only two courses to take; one is, to fix it by statute, re-enacting for these cases the usury laws; the other to give a court of law power to reduce the rate of interest, when satisfied that it is exorbitant and oppressive, to what is a fair rate of interest.

4426. What is your own view?—My own view is that it is very difficult generally to fix a limit; but I do not see why it should not be done in the case of loans made at one and the same time for not more than 50*l.*; that would

Chairman—continued.

cover all the loans to workmen; and if you recollect the Pawnbrokers Act which only extends to 10*l.* fixes the rate of interest and therefore there is a precedent for doing that, and it seems to me that it would be a good thing in the case of these small loans to fix a limit, beyond which it should not be allowed.

Mr. *Ascroft.*

4427. Could not they evade that, like they do now in the case of a bill of sale, by lending a man 50*l.* and making him repay them the moment it is lent 30*l.* or 40*l.*?—I am now upon the question of interest.

4428. But you are applying the illustration you are giving to cases where the loan is under 50*l.*?—Under 50*l.*

4429. Would not the money lenders at once meet that by making all loans 50*l.*, at once drawing back a portion of it, like they do in the case of bills of sale?—I should think not.

4430. Are you aware that they do it in the case of bills of sale constantly?—Yes, I think they do. The wiles of money lenders you cannot tell; but that seems to me the only way of fixing the rate of interest by statute.

Chairman.

4431. Then you think it would be possible at all events (whether it is advisable or not is another thing) that in all these cases under 50*l.*, which would cover the loans to workmen as in the case of the Pawnbrokers Act to fix it by statute?—I think so. The Pawnbrokers Act fixes the rate of interest for loans of 10*s.* and under at one halfpenny each calendar month for each 2*s.*, which works out at 25 per cent.; between 10*s.* and 40*s.* the same; above 40*s.* and under 10*l.* (which is the limit) it is a halfpenny for the calendar month upon a half-crown, which works out at 20 per cent. That is the limit. Then as regards the general power, I should like to call attention to the equity that the Courts of Chancery have always exercised in setting aside exorbitant bargains.

4432. We shall be very glad to hear you upon that?—You are probably aware it is done in the case of expectant heirs and purchasers from reversioners. The leading authority upon that is the case of Lord Aylesford against Morris, who I daresay you recollect was a very celebrated money-lender in London. Lord Aylesford, being an expectant heir, borrowed large sums of money, and the Court of Chancery set the transaction aside upon repayment of the principal with 5 per cent. interest. That case was decided as long ago as 1873. It has been approved in a case in the House of Lords, and if any gentleman wants the reference to it it is to be found in Law Reports, 8 Appeal Cases, page 484. Then there is another heading which the Court of Equity deals with, that is to set aside extortionate bargains in the case of poor and ignorant persons who have no independent legal advice. There was the case of Fry *v.* Lewis, decided by the late Lord Justice Kay, when Vice Chancellor, in 1888, and that is reported in 40 Chancery Division, page 312. If these heads

were

Chairman—continued.

were made statutable and extended they would cover a great deal of the ground the Committee are considering; but if that is not done, if the Committee do not see their way to recommend that, then I think the equity jurisdiction of the county court ought to be extended. The equitable jurisdiction of the county court is now embodied in section 67 of the County Court Act of 1888, which was a Consolidating Act and sub-section 4 (I have written it down if I may read it to you) is this.

4433. Certainly?—"For specific performance of or for the reforming, delivering up or cancelling of any agreement for sale, purchase or lease of any property where in the case of a sale or purchase the purchase money, or in the case of a lease the value of the property, shall not exceed the sum of five hundred pounds"; so that the Committee will see at once that only extends to agreements; it does not touch mortgages or agreements for mortgages; and it is just as difficult for a county court judge to set aside a deed as an agreement. It is done upon exactly the same evidence, and now-a-days an agreement is almost as binding, except in a few cases, as a deed; and, therefore, I would suggest that the equity jurisdiction should be amended by giving power to deal with all deeds and all agreements and all documents; and even if there is no alteration of the law that would give power to put an end to a good many of these cases.

4434. Then your proposal as it stands amounts to what the money lenders in the chair called "power to revise the contracts"?—That is so, sir; but, of course, if there is no alteration of the law the county court judge exercising that jurisdiction could only do it in cases where the Court of Chancery has done it in the case of exorbitant bargains. The only two cases that I am aware of I have pointed out to the Committee.

4435. But a county court judge has some power in regard to payment by instalments, has he not?—That is when it comes before him on a judgment summons; then he has got absolute control of it; I should like to say something about that.

4436. Just proceed in your own way?—The county court judge can make any order he pleases; but he must satisfy his conscience that it is a right order to make. The County Court Act in 1888 was amended (the equitable jurisdiction) by Sub-section 8 which gave power to give relief in actions for relief against fraud or mistake where the damages do not exceed 500*l.*; but as you will see, sir, that does not cover all cases. It is a jurisdiction under which I have set aside deeds, but I must have a clear case of fraud or mistake before I can do it, and it is a very limited jurisdiction. If the full jurisdiction were given to deal with all deeds then a county court judge would have greater control of the matter.

Mr. *A. K. Loyd.*

4437. May I ask you a question on this Sub-section 8; it is "Action for relief against fraud or mistake in which the damage sustained, or the estate or fund in respect of which relief is sought shall not exceed in amount or value the sum of five hundred pounds." In your judgment would the expression "fund" extend to a loan, or does that mean some fund in trust?—"The estate or fund." "The estate" are very large words.

4438. Or "the fund"?—I think so.

4439. Assuming that section would extend to the relief in question, you have no doubt about loans being within it, but in that case you must prove fraud or mistake?—I would give a general jurisdiction like the Court of Chancery has. The equitable jurisdiction of the county court is confined in all cases to 500*l.*

Mr. *Ascroft.*

4440. You say the words "fraud or mistake" are too limited a nature?—I think so; they are not large enough. I had a case only a week ago, a case of duress, that is executing an agreement under pressure. Under the circumstances I had to adjourn the case to allow them to produce further evidence. They said they could prove a case of fraud, and I adjourned it for that purpose, duress not being sufficient to come within the words, unless it was such duress as amounted to fraud; which is, of course, carrying it rather far.

Mr. *A. K. Loyd.*

4441. That Sub-section 8 was a new departure, was it not?—Sub-section 8 was a new departure.

4442. You were already then a county court judge; may I ask were the county court judges consulted at that time?—Not a word; the county court judges as a body are never consulted about any Act of Parliament, or even about the orders of the county court that came before us. There is a rule committee of county court judges who settle all these matters; but we are never consulted.

4443. You do not know whether or not that committee was consulted about this jurisdiction?—I cannot tell.

Mr. *Ascroft.*

4444. Is not that the general rule in this country in making an alteration in the law, that nobody who knows anything about the subject is consulted?—You are a legislator, and know all about it; I know in the old days when there were any alterations contemplated in the Orders in Chancery, the (I was at the Chancery Bar) proposed alterations were sent round to the Chancery judges and leaders of the Bar, and they were consulted, but now I do not think any Committee ever consults anybody except themselves.

Mr. *A. K. Loyd.*

4445. I do not know or wish to provoke any criticism of that sort, I wanted to know whether you could direct our attention to any discussion of this subject as to legislation?—I think the alteration was made when the Bill was before the House of Commons Committee upon Law. It was brought in first as a Consolidation Act, and a gentleman who is known to all of you very well (Sir Henry Fowler) took a great deal of interest in it, and I had some communication with

Mr. *A. K. Loyd*—continued.

with him about it at that time. He took a great deal of interest in it, and I think some of the alterations that were made were made at his suggestion, but they were made by the Committee on Law of your own House.

Chairman.

4446. Very well. Now, will you proceed, please?—Then, sir, on the Paper I had the honour to send in to you I put "Order 14"; it ought to be "Order 13." That is an order under which, certain cases, a man can issue a writ against anybody, and upon an affidavit that he has served the writ he then gets immediate judgment. Then it is often sent to the county court judge to enforce upon a judgment summons; and in several cases I have had defendants come into the box and swear that they have never been served with that writ at all. In some money-lending cases, and in some cases of buyers of book debts of a certain class, and if I have been satisfied about it, I have always allowed the case to be adjourned to allow the defendants to apply to the Supreme Court to set it aside. In some cases it has been done. A master of the High Court has been satisfied that the man has not been served with the writ, and he has set the judgment aside. In other cases the parties have not been able to raise the money to do it. The fees come to a considerable amount; and I have been told afterwards they had not the money to do it. Now, I do not think that summary remedy is at all applicable where there is not a solicitor on each side, and it is not applicable at all to men who do not know anything about a writ. The commoner people understand the county court practice; they have been brought up to it; it has been going on for more than 50 years; but they really do not understand that process. They get a document which they do not understand, they have to employ a solicitor, and the district registry town may be 20 miles, 30, 40, or 50 miles away from them, and they know nothing about the fact that that ought to be done or that this ought to be done. I think that the county courts ought to have power when it comes before them on a judgment summons to grant a new trial in a proper case. At present, the parties have to apply to the High Court. That is an expensive process, and a process which involves employing a solicitor. I think a good deal of substantial justice would be done if I could grant a new trial upon the facts being proved like I can in the ordinary county court jurisdiction.

Mr. *A. K. Loyd.*

4447. I am anxious to follow this; is this a default summons?—It is under Order 13 of the Supreme Court. The writs are issued, and when judgment is obtained in the district registry, the district registry often send it to the county court on a judgment summons to enforce it. As I say, I have known cases set aside, and cases that ought to have been set aside, but that the people have not been able to do it for want of means.

4448. Suppose there is a miscarriage of justice under the default summons procedure, the county court judge has authority to order a new trial of his own notion, has he not?—If it is a default summons in the county court he has power to grant a new trial in every case tried before him, but he has no power to grant a new trial in any case tried by a judge of Her Majesty's High Court, or in which judgment has been obtained in the High Court.

Mr. *A. K. Loyd*—continued.

4449. Then it merely comes before the county court under Order 13?—The only way it can come before it is on a judgment summons to enforce the judgment. Then, sir, I think the court, if there is no general power given, ought to have power to relieve in cases where the money is repayable by instalments. As soon as one instalment is unpaid the whole debt becomes payable and they go in and seize; and similar powers, the Committee know, are given in the case of the forfeiture of leases. The court can relieve in those cases, and I think there ought to be power to a man to apply summarily to the county court. If he pays his money within a certain time, and the money lender really gets the money, there ought to be some power to grant relief, because these people are perhaps one day only overdue with their instalment.

Chairman.

4450. I understand by that, when the payment is overdue one or two days, in such cases we have had evidence of their enforcing the whole claim?—They do it the very next day, sir. In Monmouthshire, particularly amongst the colliers, they only get their wages once every fortnight; and my judgment upon a judgment summons is always "10 days, suspended for 14," to let them have a pay-day, to give them an opportunity of paying. The workmen do not save much money, and if they do pay the money within a reasonable time, I think there ought to be some power given to relieve them from that. I say when the man really pays his money within a reasonable time, he ought to be relieved from that which practically comes to a forfeiture, and in which the courts have power, in cases of leases, to relieve from. That power is given by the Conveyancing Act, 1881, Section 14.

Mr. *Ascroft.*

4451. Is it not also a fact that, in addition to suing for the balance of the money owing, they also sue for default interest at a halfpenny in the shilling up to the day when they get judgment?—I do not know that I recollect any case in which I have ever seen anything of that kind; I have only seen cases in which one instalment becoming due the whole became due; I do not recollect a case of default interest; it is not present to my mind at any rate.

Chairman.

4452. As a matter of fact we have had the promissory notes before us?—Very likely, sir; but I do not pretend to know all the wiles of money lenders.

Mr. *A. K. Loyd.*

4453. The more stringent the default clause the more strongly your reasoning would apply, would it not?—Certainly. If the money lender really gets paid his money at all, why should not

Mr. *A. K. Loyd*—continued.

not the man be put in the position he was in before? Then, sir, I think Section 23 of the Bankruptcy Act, 1890, ought be amended. The Committee will recollect that that is this: that when a proof is made for money lent not more than 5 per cent. interest should be paid until the other creditors are paid in full.

Chairman.

4454. They get behind that?—I want to get behind that, sir; I think at present the effect of that has been got rid of. I would let them not recover anything more than their principal and 5 per cent from the very first. At present they have got the right to get more. This is very commonly done, I am told, by the official receivers; as soon as a man gets into difficulties, or is supposed to be getting into difficulties, the money lenders go to him and say; You must give me a new promissory note. Then the whole of the back interest is made capital, it is capitalised, and the official receivers say you cannot go behind that according to the decisions, and I think the law wants strengthening in that respect.

Mr. *Warr.*

4455. Would you allow the court under Section 23 of the Bankruptcy Act to have power to go any number of years back, to the beginning of the transaction?—I do not see why it should not if it is a continuing transaction. If the transaction is closed and the man is paid off you cannot go behind it, but I think in any transaction which is a continued running transaction in which money is paid and received on either side of the account, you ought to be allowed to go into that.

4456. Of course you would agree that in dealing with any of these matters by legislation we should have to be very careful not to interfere with legitimate commercial transactions?—Oh, certainly, sir; but I do not think that would interfere with commercial transactions. Parliament has already enacted the principle, and I fancy the intention of the Bankruptcy Act was to extend it as far as I should like to see it extended. It has been like a good many other things, whittled down by decisions. It is only this, that they are not to get more than 5 per cent. interest competing with the other creditors; if there is a surplus of the estate they are to be paid in full.

4457. I should rather be afraid if you carried that out; I do not think it would be popular with bankers, for instance?—I do not know.

4458. That is a consideration?—I do not know that. Really, in the case of big bankers, their customers do not often go into bankruptcy.

4459. Oh?—I am afraid that they would not confirm that view.

4460. I am sure that that would have to be borne in mind in legislating upon a question of this kind?—Perhaps so.

4461. In connection with that has your Honour considered whether there would be any difficulty in defining "money lenders"?—That is a great difficulty, sir. I have thought about that, and I do not know how that is to be done. There is a class of money lending that I do not think the

Mr. *Warr*—continued.

Committee would think much of; that is, solicitors financing builders. That is done in the country to a very great extent, and done in London, and I do not know that it is a very good thing for solicitors; a great many cases are in my recollection.

Mr. *Ascroft.*

4462. Four per cent., 5 per cent., 6 per cent.?—I had a case not long ago in the Newport County Court of a solicitor financing a builder, and the rate of interest was 230 per cent.

Mr. *Warr.*

4463. You are not prepared now to suggest to the Committee a definition of "money lenders"; we should be very glad to hear it if you are?—No; that is more for the Parliamentary draughtsmen. It is a very difficult thing to do that.

4464. Do many transactions arising out of bills of sale come before you?—A great many, but I do not think money lenders nowadays use bills of sale so much as they used to do. It is my experience that they do not; and the law about bills of sale is pretty well settled now by an immense amount of litigation.

4465. Have you formed an opinion that borrowers sign these documents without knowledge of their contents?—Oh, yes, certainly; men get into trouble, men get into difficulty, and they will sign any mortal thing.

4466. And I suppose that is a suggestion that is often made in court?—Oh, yes; and not only that, but I had a case the other day. I tried it once myself, and I tried it again with a jury. The allegation was that the man's name had been forged; and the jury found that the money lender had done so.

4467. It has come before us that the practice of at least one money lender on a very extensive scale is to require the borrower either to write out himself or to sign a document written out by the money lender admitting that he thoroughly understands the transaction, and I think also it has come out that the money lender is in the habit of giving him copies of the documents which he has signed?—I never knew them give copies of the documents. I had two cases of clergymen who borrowed money from Shuckburgh—the Clerical and Medical Bank—and in both cases he required them to write out a document acknowledging that they fully understood the matter; and not only had one of the clergymen to write out the document, it was not sufficient and he made him write out another at his dictation. That was proved before me in a case in the Ross County Court in Herefordshire.

4468. I think it is just to Mr. Kirkwood, whose name has been very much before the public, to say that his practice appears to be to send copies of the documents which have been signed to the borrowers?—I have asked borrowers sometimes if they have ever had copies. The only thing the money lenders give is that document I have mentioned to you—the book in which the instalments are put down.

4469. Do you, I gather you would not, attach very much weight to the practice one way or the other,

Mr. *Warr*—continued.

other, whether this document that is demanded is signed or not?—Not at all; if the one transaction is *bonâ fide* the other is; if it is fraudulent the fraud extends to both, because the people do not know the effect of it when they sign their names to it.

4470. May I ask your Honour whether you think bills of sale as securites for money serve any useful purpose?—I do not know; I really cannot tell; I have not considered that matter; it is a very large question.

4471. It is a large question?—I say this, bills of sale in my experience are not used nearly as much as they used to be, and as regards money lenders, they are not much used now.

4472. You would not be prepared to tell us what you think the effect would be if bills of sale as securities for money were abolished?—No, I have not considered the matter, and I do not think I have got any means of forming an opinion upon it.

4473. Do cases come before you of borrowing on the security of army pensions?—I have never had a case. I am quite aware of the regulations of the Army Act which make it illegal; I have never had a case, at least not in my recollection.

4474. You would not be afraid of what would practically be re-enacting the usury laws?—Not in small cases, 50*l.*; I do not see any difficulty about putting a limit, and I only suggest that because the Legislature has adopted the principle in the case of the Pawnbrokers Act, and I do not know that that works badly.

4475. You do not think that does work badly?—I have never known it work badly, but of course my knowledge is limited; I am Chairman of Quarter Sessions, but I never act as a local magistrate, and therefore cannot tell. Those cases always come before the local magistrate.

4476. You do not think it is likely that such a law as that would be at once evaded?—I cannot tell how far they would evade it.

4477. I think I am right in saying that the usury laws were virtually repealed by commercial men long before they were repealed by statute?—No doubt about that. The effect of fixing a limit would be this: he could not recover more than the limit at any rate, so that it would have that good effect whether it was evaded or not. A good many of the borrowers are very shrewd, and if they found that that was so they would defend their cases and they would come into court and the court would say, No, you cannot have more interest than that, and that is all you will get judgment for.

4478. I do not know whether we might ask your Honour to give that question of a definition of "money lenders" some further consideration and to give us your views upon it?—I shall be very happy to do it, and if you will allow me I will send it to the Chairman, if I can see my way to do it. I did look at the Pawnbrokers Act to see what the definition was there. "Pawnbrokers" is very simple, but I had very great difficulty in defining what "money lender" would be, a great deal of difficulty, and whoever has to

Mr. *Warr*—continued

draft any legislation following the Committee's report I think will have a very tough job.

4479. The Committee would be very much indebted to you if you would do that?—I will give it the best consideration I can.

Mr. *A. K. Loyd.*

4480. As you are kind enough to undertake that for us may I suggest that it would be worth while to look at the Hawkers Act 1888, 51 and 52 Vict. c. 33, Sections 1, 3, 5, and 6, where the trade of a "hawker" is defined and described with exemptions, so as to get another precedent?—I am much obliged to you, sir, I will do it. A "hawker" is more easily defined than a "money lender."

4481. You will find it is done with a good deal of particularity?—"Pawnbrokers" is rather a loose definition and there is not much trouble about that.

4482. The definition of the Act of Parliament defines a "banker" as "carrying on the business of banking"; we do not want anything of that sort in this case?—No.

4483. I think "hawker" is rather material to the question?—I am much obliged to you, sir, for the reference to that.

Mr. *Ascroft.*

4484. You say you have had a great number of these cases?—I have had a considerable number at Cardiff and Newport, and a few among the mining population of what is called in Monmouthshire "the hills."

4485. From your experience you consider that there are great grievances which require in some way to be remedied?—Indeed, I do, sir.

4486. You think the time has come when Parliament should step in and deal with this question?—I think so. Parliament has stepped in in the case of bills of sale and I do not think the necessity was as great in the case of bills of sale as in money lending and pawnbrokers.

4487. In the case of bills of sale, and pawnbrokers, and infants?—I am confining my attention in answering your question to cases where money lending is involved; bills of sale and pawnbrokers are, as far as I recollect, the only cases in which money lending arises. There are numerous cases, infants and a great many other cases (I might give a string of cases), where Parliament has interfered.

4488. Your experience is that there is a certain class of money lending carried on to a large extent which is really an injury to the country?—It is, indeed; especially as regards the lower class of workmen.

4489. When you refer to "the wills of the money lenders" you do not consider them "the salt of the commercial world"?—No, certainly not.

4490. You have followed the evidence in the "Times"?—I have read the evidence, I think, pretty steadily.

4491. You will have noticed that we have had the heads of three large money lending establishments before us?—Yes.

4492. The first one said that he was quite agreeable that the law should fix a reasonable interest;

Mr. *Ascroft*—continued.

interest; the second one that he would at once put his shutters up and give up business, unless he could make all he wanted; and the third one, that it would be a gross interference with the liberty of British subjects if any such Act was passed?—Yes.

4493. Notwithstanding all these opinions, you still think that some law should be passed to enable courts to deal with those cases?—I do, sir; in the case where the interest is, in the opinion of the court that it comes before, oppressive and exorbitant, that the man's necessities are taken advantage of and the poor wretched man has to sign this document, regardless of the rate of interest and what will be the consequence to stave off, perhaps, an execution.

4494. And do you, from your legal experience, think that an Act of Parliament could be so worded as to meet these improper cases, and at the same time not interfere with legitimate banking and money lending of a commercial nature?—I think so, because no respectable bank ever acts oppressively or takes an exorbitant rate of interest; that is confined entirely, in my experience, to money lenders.

4495. Is it not the intention of the Bankruptcy Act that when a debtor is in a state of insolvency, he should at once call his creditors together?—He ought to do it.

4496. Is not that the intention of the Act?—He ought to do it, but he does not.

4497. You are not quite following me. Is not that the intention, and is it not an offence, if being in that condition, he goes on trading?—Certainly.

4498. That is what I want to get at?—Of course, I have to deal with a great number of applications for discharge, and I think I have hardly ever had an application for discharge in which the Official Receiver has not reported that the man has gone on trading, knowing himself to be insolvent; it is common form; it is always done.

4499. Are you aware that this borrowing at high rates of interest tends to defeat that Act, and prevent men when they are involvent calling their creditors together?—There is no doubt about that, sir; I think there is no doubt about that. Take the case of a grocer: his wholesale houses press him; he gets into difficulties and to stave off bankruptcy, hoping something will turn up, he goes to a money-lender, and the first state of that man is very much better than the last.

4500. Having thought out this question and the remedy, are you of opinion that if a law such as you suggest were passed it would not in any way intefere with the commerce of the country?—I do not see why it should, sir, confining the loans to 50*l.*, and a general relief from cases of oppressive and exorbitant rates of interest.

4501. Have you from your experience an impression that blackmailing is resorted to by these money-lenders?—I do not know. I cannot tell; but I know this, I am sorry to say, that some of the county courts' lower officials have been proved to be in the pay of some of these men. Human nature is very weak and I have had to deal with

Mr. *Ascroft*—continued.

one or two of such cases. I am speaking of what is within my own knowledge.

4502. In respect to cases which come before you as judge of a county court in an undefended action you give judgment for the amount at once, I believe?—That is done before the Registrar; it does not come before the judge. The Registrar has the debt proved unless it is under Section 86; that is where the man makes a special affidavit and it is a special form of summons, and if the defendant does not appear, or if he does not give notice to defend, then judgment is signed at once; that may be done at any time, but the Registrar who does his work properly, as I think most of them do, always requires evidence in proof of the debt; that is to say he calls the man and says: What is this debt for? When was it contracted? Has the man ever disputed it? And asks him some common form questions, and upon that he gives judgment.

4503. Having done that he gives judgment for payment of the amount?—For payment of the amount.

4504. It is not usual, I believe, that he shall make it payable by instalments?—It is usual I think.

4505. It is?—Yes.

4506. Without any request on the part of the defendant?—The Registrar asks the plaintiff: How can the man pay? and the man says: Well, he is so-and-so. Then the Registrar determines what instalments shall be paid. As a rule, I should say the Registrar in nine cases out of 10 gives judgment in undefended cases for payment by instalments.

4507. Have you notice the practice in a great many of the courts in the country in respect to making very small instalments payable for usurious interest, or interest in the nature of fines and penalties?—Yes, I think most county court judges make the order; when the principal has been paid and reasonable interest as small as they can in their conscience make it. A very well known money-lender, by name Isaac Gordon, had a case before me the other day, and I made an order which I thought a sufficient order for sixpence a month, and he will have to wait for his money.

4508. Did you see a case the other day where a judge in one of the metropolitan courts made an order for payment at a penny a month, saying it would take 140 years to clear off the amount?—No, sir, I did not. I had a remitted action once in which one of these men who bought a book debt for 90*l.*, got judgment under Order 13. It was a case I tried to set aside; the man had not got a brass farthing to pay, and the order I made was that he should pay a shilling a month; and I said I hope you will live until you pay it; and the plaintiff complained of me to the Lord Chancellor for being ribald in court.

4509. Would it be satisfactory to you and answer your object if money-lenders took out a licence before a magistrate in the same way as bankers, pawnbrokers, and game dealers used to do?—No, because with great respect to the magistrates that means the magistrate's clerk.

4510. You think the responsibility would fall

Mr. *Ascroft*—continued.

upon the magistrate's clerk?—Entirely upon the magistrate's clerk, who might be all that is right, and who might not. Duties of that kind I think are better done by a body of more importance, like in the case of pawnbrokers, by the stipendiary magistrates, or the District Council. I suggest the County Council.

4511. Of course you would have a fee for that certificate?—The certificate fee may be very small. I propose an excise licence to be granted upon the certificate of the county authority or local authority.

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4513. May I ask would he obtain the certificate as a matter of course?—No, only if the County Council think he is a proper man to do it, and there is nothing against him.

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4517. Yes?—That is a different thing.

4518. Or they act as commission agents for somebody else; they simply take up another money lender?—You might require a deposit to be made; that is a matter for further consideration.

Mr. *Ascroft.*

4519. Would you recommend that he should be deprived of that certificate in case of gross fraud being proved against him?—Certainly I would. I would do it in this way: He should not have to go before justices to do it; but in any court the judge, upon the fact being proved, should have power to cancel it at once. There is such a power in the case of bailiffs for distress for rent. A county court judge has the power to do it there; and it is my habit never to give men of that kind a second chance. I cancel it at once. I am quite satisfied that for every one of such cases that comes before me there are fifty in which the man has acted improperly that have not come before me, and I think there ought to be a summary power to do it at once.

Mr. *A. K. Loyd.*

4520. Have you at all read the discussion which took place at the time of the abolition of the usury laws?—It is a long time ago, sir; I do not recollect it.

4521. Have you looked at the reports of Committees or Debates of Parliament?—No, living in the country I have no means of doing so.

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4522. Are you able to say from your general information whether those laws were abolished more from high commercial policy than the limit of the rate of interest?—That certainly is my recollection of the reason of it.

4523. And without reference to the smaller transactions with which we have been dealing this morning?—I do not think in those days when the usury laws were repealed, which is a great number of years ago now, all these small money lending cases ever existed.

4524. You think the repeal of the usury laws may have led to the introduction of this sort of money lending?—It is quite possible; but I do not think these money-lending cases were ever as rife then as now.

4525. On the other hand usury has been extremely unpopular in this country for many centuries?—That is so; and the money lenders were always in a much larger way of business than these small men who now infest so many places. That is my recollection of it.

4256. Does not the fact that the usury laws were abolished without reference to these smaller transactions rather point to the impression having existed that the law could deal with cases of undue influence or taking undue advantage of a man?—It might be so, but I think it was simply because at that time there was a cry for freedom of contract, and the usury laws certainly did interfere with the freedom of contract of lending money, and I think that was one of the great grounds on which the usury laws were repealed.

4527. The persons on whose opinions the usury laws were repealed were more the class of large financiers, conveyancers, and men connected with large transactions?—I should say so, undoubtedly, from my recollection of it.

4528. I notice, speaking of the jurisdiction which the courts already have to protect persons who are in pecuniary straits, or poor or ignorant or young and inexperienced, you mentioned two cases as leading cases; one was the case of the Earl of Aylesford against Morris?—And Fry *v.* Lane.

4529. And Fry *v.* Lane?—Those two cases show the principles upon which relief from unconscionable bargains is granted by the Court of Chancery.

4530. In the Aylesford case it was an expectant heir; in the other it was an extortionate bargain; a poor and ignorant person I think you said?—That was the second case; the case of Fry *v.* Lane was a case of a purchase. There the man was poor and ignorant; the price paid was grossly insufficient; and he had no separate independent legal advice.

4531. In your opinion, if that power which is possessed by the Court of Chancery in those two cases is also possessed by you as a county court judge, do you consider that you are armed with sufficient powers to deal with these cases?—No; there would be cases which would not be included in those; but it would be a great help in dealing with those cases.

4532. I noticed that in your very valuable evidence about the equitable jurisdiction of the court you said, If the power is not already possessed by the county court, you would wish the power granted?—Certainly.

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4533. Does that indicate a doubt in your mind as to whether the power does exist?—No; I meant to say this: if Parliament does not grant fresh powers, then I should think, as an alternative to that, the county court jurisdiction ought to be enlarged so that the county court could exercise all the jurisdiction that the Court of Chancery, or rather the Chancery Division can do now.

4534. Cannot the county court already exercise every power that the Court of Chancery can exercise within its jurisdiction?—No.

4535. Within the limits of its jurisdiction?—No, sir, because you cannot rectify or cancel or set aside anything but agreements for the sale and purchase of land or property. You cannot set aside a deed at all except upon the ground of fraud or mistake.

4536. You refer to the powers given under the County Court Act of 1888, Section 67?—That was a Consolidation Act which consolidated the very numerous County Court Acts from the very first.

4537. You referred to Sub-section 4, the specific performance section?—Yes.

4538. And Sub-section 8 which gives power to rectify or set aside?—To grant any relief whatever in equity actions in case of fraud or mistake.

4539. In case of fraud or mistake have you seen Pitt Lewis's note upon that Sub-section 8?—Yes.

4540. Might I read it to you to refresh your recollection; it is not with a view to teach you law, but merely to call your attention to it?—I understand perfectly well.

4541. "In all cases within its jurisdiction, however, a county court certainly now possesses extensive general powers of granting relief against fraud or mistake?"—Yes.

4542. Then he goes on to say that this is a new jurisdiction, and that no judicial decision has yet taken place upon it; you accept that?—Yes, certainly. As I ventured to point out, I had a case the other day in which they claimed to set aside a deed on the ground of duress which I could not deal with.

4543. Do you say you could not deal with that because duress is neither mistake nor fraud?—Yes.

4544. Did you consider you were limited by that 8th sub-section?—Certainly. The only power to cancel deeds is upon the ground of fraud or mistake.

4545. This is just what I am anxious to get information upon from a good authority; you remember when the Judicature Act of 1873 came into force?—Yes.

4546. When what we know as "the fusion of law and equity" took place?—Certainly.

4547. You may remember that Section 89 of that Act of 1873 said, "Every inferior court which now has or which may after the passing of this Act have jurisdiction in equity, or at law and in equity and in Admiralty respectively, shall as regards all causes of action within its jurisdiction for the time being have power to grant, and shall grant, in any proceeding before such court, such relief, redress or remedy, or combination of remedies, either absolute or conditional, and shall in every such proceeding give such and the like effect to every ground of defence or counter claim equitable or legal (subject to the provision next hereinafter contained), in as full and ample a manner as might and ought to be done in the like case by the High Court of Justice"?—Yes, but, unfortunately, the controlling words of that section are "in any case within its jurisdiction"; so that that does not extend the jurisdiction in any way at all. The jurisdiction of the county court is in every respect a statutory jurisdiction.

4548. Yes, I want to go by steps; but there is the general direction to you to consider yourself an equity judge in all matters within your jurisdiction?—Yes.

4549. Then Section 91 says: "The several rules of law enacted and declared by this Act shall be in force and receive effect in all courts whatsoever in England, so far as the matters to which such rules relate shall be respectively cognisable by such courts." That was a supplementary section. Now, the rules of law which are referred to there as being enacted are those which are contained in Section 24 of the Act—a well known section?—Yes.

4550. There it is laid down that "In every civil cause or matter commenced in the High Court of Justice, law and equity shall be administered by the High Court of Justice and the Court of Appeal respectively, according to the Rules following." Then the first sub-section says the plaintiff's equitable claims are to be recognised by the Common Law Division as if in the Court of Chancery. The second sub-section says: "If any defendant claims to be entitled to any equitable estate, or right, or to relief upon any equitable ground against any deed, instrument, or contract, or against any right, title, or claim, asserted by any plaintiff," and so forth, "or alleges any ground of equitable defence to any claim of the plaintiff, or petitioner in such matter, the said courts respectively, and every judge thereof, shall give to every equitable estate, right, or ground of relief so claimed, and to every equitable defence so alleged, such, and the same effect by way of defence against the claim of such plaintiff, or petitioner, as the Court of Chancery ought to have given." That you recollect?—Yes, sir.

4551. Now the third sub-section says, "The said courts respectively and every judge thereof shall also have power to grant to any defendant in respect of any equitable estate or right, or other matter of equity, and also in respect of any legal estate, right, or title claimed or asserted by him all such relief against any plaintiff or petitioner as such defendant shall have properly claimed by his pleading," and so forth; and the fourth sub-section enlarges upon it in the same direction. I do not want to weary you with this?—I think I am quite aware of it, sir.

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Mr. *A. K. Loyd*—continued.

our equity jurisdiction beyond that section to which I called your attention in the Act of 1888. If any attempt is made by a county court judge to go beyond that there is a prohibition against him at once.

4553. Do you mean that a county court judge is not entitled to give effect to that?—A court of law has always held that the county court judge only has the equitable jurisdiction given by Section 67 of the Act of 1888. Any attempt beyond that has always been stopped, because it has been held that the express power controls the general power. Having regard to the fact that the equitable jurisdiction was to a certain extent enlarged in 1888, and re-enacted then, they have held that there is nothing in the Judicature Act which helps them.

4554. Can you give me a reference to any of the cases in which the High Court has restrained the county court?—I am afraid I cannot.

4555. I will take it from you for you can give it me; it is only for my own information. Then that is really where the check comes in?—I can give you the facts about one case which was sent to me from the High Court to set aside a deed. I called the attention of the counsel, a Queen's counsel (one who is a Member of the House now) to the fact; he admitted it was so, and I declined jurisdiction. I said I had no jurisdiction. It went back to the Court of Chancery, and the Court of Chancery admitted that they had made a mistake in sending it to me to deal with. That was for the rectification of a deed.

4556. I quite understand the position explained by you, that it is by virtue of the express powers contained in the Act of 1888 that you are limited as to the general and much wider words of the Judicature Act?—That is what I understand to be the law.

4557. You have no such thing as venue in the county court?—No; that is, the cause of action must arise in the district within which the defendant is summoned; it is either that the defendant must live in the county court district diction, or that the cause of action or some part of the cause of action must arise within the district of that particular court.

4558. Suppose that is not observed by the plaintiff, have you power to change the venue?—I strike it out, and (if objection is taken on the ground of want of jurisdiction), with costs. The High Court has said "any part of the cause of action" means anything which is necessary to make out the plaintiff's case. That is to say, if a letter, for instance, is posted from Cardiff to London, and received in London, that would give jurisdiction to a metropolitan court upon that principle.

4559. Do you find that any case of hardship arises, by a plaintiff wilfully suing a defendant in some place where he is not likely to give proper attention to the case?—I think so. In that particular matter of writing letters, people have been summoned to my knowledge to the North of England, to go and have their case heard there.

4560. To a county court there?—Yes; and if you recollect, there were some new rules sent out, which were to come into operation on the 1st May, new county court rules, dealing with that point. There was great objection taken to them, and the Lord Chancellor afterwards suspended and annulled them, and they are still under the consideration of the Rules Committee of Her Majesty's judges; so that the matter is now under consideration to stop that.

4561. In your opinion, there is a real grievance in that matter?—Certainly. I have known cases in which men have come into court on judgment summonses at the instance of a plaintiff. I have said to them: Why did not you defend? And the reply has been: I was summoned to go to Newcastle (or some other distant place), and it was more than the thing was worth.

4562. If that was brought before the registrar even by letter, I suppose the judge would change the venue or transfer the action?—I do not know; the registrars are paid to a certain extent by fees.

4563. We will not go too much into these mysteries in this case?—I do not think they can do it. If the man is entitled to it by law he is entitled to sue where he pleases.

4564. One word about the proposal to put promissory notes and bills of exchange into statutory form; would it not tend to limit mercantile transactions?—I do not see why it should. The form might be very simple and if part of it did not apply it might be struck out. I do not see why promissory notes should not always be in statutory form. It might be done as in the case of bills of sale, and also that the promissory note should be void if the consideration were not truly stated. That is a question that often comes up upon a bill of sale. All bills of sale are void under the statute if the consideration is not truly stated.

4565. Do not you think it would be going backwards if you put trammels upon these instruments unless it were limited to illegitimate transactions?—It might be in a very simple form and I do not know that that is going back.

Mr. *Thomas Bayley.*

4566. You have given an opinion that these money lenders should be registered; would not you rather go a step further and say that all firms who are trading in other than their own names and are not limited companies should be registered?—You see a great many firms are carried on under the reputation of the old firm, and if that is *bonâ fide* I do not see why it should be interfered with. A firm gets a reputation under the name of "Jones & Co."; there may have been no "Jones" in the business for 50 years, but they have got the reputation in that name and I think it would be rather hard upon them.

4567. But registering the names of the responsible people of that firm, of course it is a wider thing and the greater would include the smaller?—You see when you come to enforce a judgment against a partnership you must have an affidavit of whom the partners consist before you can enforce it against them.

4568. It would be easy to get to know if the solicitor could go at once to the Registry?—It would be easy, but I think that would interfere with

Mr. *Thomas Bayley*—continued.

with legitimate trade, and I do not see any good object in it. It is to only let the money lender trade in one name, to prevent the fraud I have called attention to in having securities in two names.

4569. I think the law unfortunately allows the secret appropriation of interest and declares that the whole of it may become payable immediately on default, and that that is a lawful mode of procedure?—I should say that is so.

4570. But from a business man's point of view that seems to be exceedingly hard. Here is a money lender who has a promissory note, and immediately there is default in payment, even to the extent of one day, he can come on the whole note with interest three years in advance, which is not due, and claim the repayment of that three years' interest in advance, which at the time he is claiming is not due?—He can do a great deal more than that, sir; he can issue a writ in the district registry, and if an appearance is not put in within the limited time he can get judgment upon that and he can issue execution.

4571. For the payment three years in advance of the whole of the interest?—Certainly. It is a debt immediately payable under the promissory note such as you have a copy of before you. The whole becomes payable and the law allows him to go in and issue execution for the whole amount as soon as he gets a judgment; and that is what I want to be enabled to relieve the debtors from.

4572. Then what you would do in relief of that would be this: you would compel the money lender to put his principal first and his interest after?—I would compel the money lender to put upon his promissory note how much cash is advanced, what is the amount of the expenses, and what is the rate of interest charged.

4573. Per annum?—Or per month, if you like. Of course a great many of these men (the working men) go and ask, "What is the rate of interest?" "Oh, a shilling in the pound," is the reply; and the man forgets that he is never told it is a shilling in the pound a month, which is 60 per cent. instead of being 5 per cent. I have had that constantly told me. I have said, "Why were you foolish enough not to ask whether that was for a year or a month?" and the man has said, "It never occurred to me. I thought it was 5 per cent."

4574. I have one advertisement here where I have no doubt it is 5 per cent. per month, but this is the wording of it. It says, "At 5 per cent. for one month, two to fourteen years." If a man borrowed money on that, would not he naturally think that that was 5 per cent. per month?—Yes; but I think that advertisement is a great deal more definite than many I have seen. I have seen advertisements "Money lent at 5 per cent." without anything about a month. There is something in that advertisement to call attention to the fact of its being "a month;" but in many advertisements I have seen it is "5 per cent;" nobody has a right to assume that it is 5 per cent. per annum.

Mr. *Garfit.*

4575. You say you think that you would recommend a license to be granted, and that you would rather recommend that it should be granted by a county council, or a district council?—I think, sir, the more important the body the better it would be.

4576. As a matter of fact, you say the magistrates leave it to their clerks; would not the county council often leave it first to their general purposes committee, and then to their clerk?—I have never been a member of a county council; I have been a magistrate.

Chairman.

4577. I think you may take that as certain?—I have never been a member of a county council.

Mr. *Garfit.*

4578. Do not you think, to a certain extent, it is a judicial function?—I think it ought to be a judicial function. You can leave it to the county court judge or to the registrar of the district, who has a more intimate knowledge of the inhabitants of the district than any other man.

4579. Is not that rather an argument against granting it by the county council?—Well, sir, the county court judge exercises a jurisdiction by appointing the bailiffs under the Distress Amendment Act.

4580. The district council or county council is hardly a judicial body?—I only suggested them as being a local authority; I am not at all wedded to that. Of course, in granting certificates for bailiffs (I have to sign them and grant them), I always say to the registrar, "I know nothing about this man; have you made inquiries, and are you satisfied that he is a proper man?" and I act upon his information.

4581. We are very glad to receive any ideas from a gentleman of large experience like you, only we have to put it in working order afterwards. That is why we ask these questions?—If you please, sir.

4582. You recommend two things; one is to give greater power to the court, for which you have given several good reasons already, and the other is, that possibly for certain small debts a fixed rate of interest might be arrived at; do not you think it would be exceedingly difficult to fix such a rate, or is there anything that could guide the Committee as to what sort of rate it should ne?—Well, sir, I do not know that the rate under the Pawnbrokers Act is not a very fair one; it is 25 per cent. on small sums and 20 per cent. on larger ones.

4583. Is not there a great difference between the case of pawnbrokers, where they are secured for the whole amount, and the other case, where they have generally no security at all?—That may be so; but if a man cannot carry on business by getting 25 per cent. for his money he might put his shutters up. I think that is a very good rate of interest. The rate of interest has gone down of late years very much.

4584. If 25 per cent. is fair on a perfectly secure debt, is it a fair rate for the debt that is not so secured?—If Parliament was passing a

Mr. *Garfit*—continued.

Pawnbrokers Act now, do you think they would fix the rate of interest as high as that?

4585. That I cannot say?—The Pawnbrokers Act goes back 25 years, 1872; that was a consolidation Act, and there has been no dealing with the Act since 1872, 25 years ago.

4586. I am rather putting this view in argument: what the lenders say is, that they are often asked for short loans, 7 or 14 days, and that sort of thing, in cases of urgency, and in such cases they sell their money; the rate of interest suggested, they say, for a few days could not pay the risk of such a loan; you would, therefore, render such a loan impossible?—They need not lend the money.

4587. You would wish to render such loans impossible?—Certainly. A man had better get money elsewhere than do that. It is only staving off the evil day and bringing trouble upon himself.

4588. In the case of a man wanting to get clothes to get a situation, or something like that?—If the man is a decent man there is always somebody who will do that for him. If he is a man who wants to go into domestic service there is always somebody who will make some advance to him, I think, and the worst thing a man of that class can do is to get into the hands of a money lender. My experience is that when he once gets into them he never gets out of them again.

Mr. *Jeffreys*.

4589. With regard to the registration certificate, which I think a most excellent suggestion, I suggest to you whether it would not be a very disagreeable duty for the county council to have to grant that certificate?—Well, sir, I am not concerned about that. The county council cannot have all the honour and glory without a little trouble.

4590. I suggest to you whether it would not be much more in keeping with the actual circumstances that the justices should grant the certificate?—I think the man who knows most of the country is the registrar of the county court; he has a very intimate knowledge of everybody, and he knows all these men; he has a more intimate knowledge of the people who want to borrow money than anybody else. Then the registrar might do it upon payment of a small fee for the certificate.

4591. I understand you to say that a man should be registered in his true name, but might be registered at different addresses or only one address?—I suggest he should have a fresh registration for every place he carries on business at.

4592. In his true name?—In his true name; and I would not allow him to carry on business under any name but his true name, and I would not allow him to mislead the public or people who borrow money by calling himself a bank, an association, a financial association, or any of the numerous names they do trade under.

4593. In those cases where there are solicitors who advance money as you mentioned, should they be registered also?—I do not see why they should not. It is not part of the legitimate business of a solicitor. I believe most solicitors

Mr. *Jeffreys*—continued.

would be very glad if something were done to put an end to it. It is within the knowledge of members of the Committee that some of the big firms in London who have gone wrong (where there have been cases of misappropriation of trust funds) have generally gone wrong from that. I could give you several instances of big firms in London.

4594. You mentioned something to the effect that lesser county court officials were in the pay, I think you said, of the money lender?—That is so, I am afraid, sometimes.

4595. Are there not severe penalties for that?—No, I do not think there is any penalty about it. As soon as the high bailiff knows anything about it the men are immediately discharged.

4596. That is a very serious thing?—It is not a criminal offence, and it is very difficult to make it an offence. In county court officials from the county court judge down there is a great deal of human nature, and you know there will always be people who do not do rightly if there are men to tempt them; there will always be officials who will be tempted, especially the lower classes. I do not think it exists to any great extent, but within my own knowledge it has existed.

4597. With regard to the order for repayment of money, do I understand you to say that if a money lender sues a man in a county court and succeeds in his suit the county court judge can order the repayment of the money in any small sums he likes?—Not unless the case is heard by the judge or it comes before him on a judgment summons.

4598. Do you mean in bankruptcy?—No, on a judgment summons; the jurisdiction of the county court by which they enforce their order. They have power to send a man on a judgment summons to prison for 42 days. You will recollect two or three years ago Lord Cross had a Committee in the other House to consider the working of the Debtors Act. A great many county court judges have been greatly in favour of the abolition of the system; I am one of them.

4599. A county court judge has great power in his hands on the judgment summons?—Certainly.

4600. That is a great safeguard?—It is a great safeguard, but you must recollect if I get a man before me, even in a money lender's case, and am satisfied that the man has got means to pay and will not pay, I am bound to enforce payment.

4601. Even when he has charged extortionate interest?—The present Attorney General stated in the House of Commons the other day, upon the question of collecting book debts (the late Attorney General, Sir Robert Reid, brought the question forward, and Sir Charles Dilke took some interest in it), that county court judges refused to send people to prison where the plaintiff was the buyer of a book debt. I am satisfied that if I refused to send a man to prison on the mere ground that the plaintiff was a buyer of book debts there would be an application for a mandamus against me very soon, and it would be granted. It is only in cases where you are doubtful that you refuse to commit. In certain cases I give one class the benefit of the doubt always; but there is no exception by statute; you are bound to administer the same law.

4602. I should

Mr. *Hazell.*

4602. I should like to ask you one or two questions: you have spoken of the lower class of county court officials being possibly bribeable; but is there not an Act specially dealing with the bribery of public officials?—I do not know that it is bribery. It is more like giving them something to keep them more in their pay that those things are done. I do not think it exists to any great extent. I only mention it in one instance; I do not think it exists to any great extent; I only mentioned it in answer to one question; and I am quite satisfied that to the higher officials, the registrar and high bailiff (where there is a high bailiff, and I very much regret there is not a high bailiff everywhere), it does not apply. I think it is a great pity that everything is in the hands of one official, however anxious he may be to do right. Two sets of officials tend to keep one another in order.

4603. You spoke of making an order of such small payments as a shilling a month on a debt of 90*l.*?—Yes.

4604. That, no doubt, was an extreme case; do I understand you would make an order of such a small payment as that on the ground of poverty?—On the ground of poverty.

4605. Not on the ground of the hardness of the bargain?—Oh, no; the man was a man over 70. I recollect the case perfectly well, because there was a complaint made of what I said. The man was earning about 15*s.* a week; and when a man is only earning 15*s.* a week, and is an old man like that who could not work all his time, really a shilling a month is as much as he can pay.

4606. Then you could not relieve these debtors in the same way if they are able to pay?—No, there is no power to do it; you must administer the same law to everybody.

4607. Then have you found that in many cases people sign documents the nature of which they do not understand, because they are ignorant or because they are nervous?—I have heard them say so, and sometimes I believe them and sometimes I do not.

4608. Are you aware that evidence to that effect has come before this Committee?—Yes, I have been satisfied in some cases before me that they did not understand the documents they signed; in other cases I think probably they were not telling me the truth.

4609. You are no doubt aware that they do not understand these documents, in spite of the fact that they are printed in very clear type?—Certainly. I had the same thing in court the other day about a bill of sale. Very few people, even lawyers, understand bills of sale. I never determine the legal question in court upon a bill of sale without looking at a great many authorities because you can find every kind of authority.

4610. Then you would consider it a reasonable safeguard against inexperienced borrowers if any document they had to sign, for example, like a bill of sale, should be signed in the presence of a witness, such as the registrar of the county court?—Well, sir, I have considered that matter and I think it is impracticable. Occasionally money is wanted in a great hurry; sometimes the registrar only attends at his office certain hours; it may be wanted after certain hours and the whole opportunity might go by, otherwise I think it would be a very good thing.

Mr. *Hazell*—continued.

4611. Would it be practicable to put it on some other official?—I do not know any other official that would be better, for the reason I have explained before the registrar of the county court knows more of the local men than anybody else. There is very great difficulty in it; and, if you recollect in the original Bills of Sale Act it was provided that the bill of sale was to be attested by a solicitor. That was found not to work at all well, and that was given up. I think there are great difficulties about it.

4612. Desirable, but hardly practicable, you think?—I think it would be a very good thing if it could be done, but I am afraid the practical difficulties would be so great that it would not work.

Captain *Chaloner.*

4613. I think I understand you to say that none of these money lenders should be allowed to carry on business except under their own name?—That is so, and their address.

4614. That fact being registered?—That is so.

4615. Say that Isaac Gordon carries on business in his own name at Bristol; you would not allow him to be a working partner in a body of men called a bank, or whatever you like to call it, in another town?—Oh, yes, I would; but he should be required to be registered again and under the name of Isaac Gordon, and not one of his numerous aliases.

4616. The point is this: Suppose he registers as "Isaac Gordon" in Bristol, and is a working partner in "The Union Bank" at Sheffield, because he is registered as Isaac Gordon at Bristol, ——, would you debar him from being a working partner in "The Union Bank" at Sheffield?—What I ventured to submit to the Committee was this,—he should not be allowed to carry on business under the name of a bank at all unless it was really a registered company, registered under the Companies' Act. If he was a partner in a firm at Sheffield and registered there, and got his certificate as "Isaac Gordon," I do not see why he should not do it.

4617. What I want to ask is this: Do not you think in that case you would go further and insist when he registered himself as Isaac Gordon that he should state clearly all other money-lending firms to which he belonged?—I think I considered that and thought the authority, whoever granted the certificate, would inquire about it and ask him: Where do you carry on business? And then inquire what his reputation was at those places.

4618. You would not make him put on all his prospectuses and circulars that he is connected with a business at so-and-so, and so-and-so?—I do not see any advantage in that; I do not at present see any advantage in that.

4619. My object in asking is this: We have had evidence here that when a borrower once gets into the hands of these money lenders they endeavour to pass him on to another of their own firms in another part of the country?—That I think is very likely; but you see there is no legislation about prospectuses; it would be very difficult

Captain *Chaloner*—continued.

difficult to do it. That would be introducing a new principle which has never been acted upon; that they should in their prospectuses state all the places of business as I understand where they carry on business.

4620. Similar businesses, money lending?—I think upon their application to the local authority to grant the certificate they should be required to do it, and I should think any local authority would ask that question, and then make inquiries of the local authority of the place where he already carried on business, as to what the man's character was.

Mr. *Warr.*

4621. Have you found in your experience that what is called the hire-purchase system is used as a method of giving security to money lenders? Oh, yes.

Mr. *Warr*—continued.

4622. Have you any observations or suggestions to make with regard to that?—No, because it is not so much money lenders; the hire purchase system applies to sale and purchase. There have been cases in which there has been a fictitious sale to the money lender, and then he has let to the borrower again, but I think the court has sufficient power to deal with those cases.

4623. You think so?—I do; under the decisions; but I do not think that is very much done by the money lender.

Adjourned for a short time.

Judge LUMLEY SMITH, Q.C., sworn; and Examined, as follows:

Chairman.

4624. I BELIEVE you are Judge of the Westminster County Court?—Yes, sir, I have been Judge of that Court since 1893. If I may give the extent of the district, it goes broadly from the Thames to New Oxford-street, and from Temple Bar to Buckingham Palace, so that it takes in a great deal of what may be called the West-end of London, but very little of what I may call the poorer parts of London.

4625. Have you had judicial experience of this money-lending business?—Well, to a certain extent. Of individual money lenders, that is to say of individuals who carry on the business, I have not had a great deal. I have had some isolated cases, but I do not know of any that are sufficiently important to trouble the Committee with. I have had cases, for example, where the borrower said that he signed a document thinking it was a receipt for the money, and it turned out to be a bill of sale, or to be a promissory note; something of that kind; but I have not looked up the cases, and I do not know with regard to them (the ordinary individual money lender) that I can add at all to the information the Committee have already got with regard to them.

4626. Have you had experience of limited companies keeping loan offices?—With regard to them there is a great deal of business passes through my court in connection with loan offices kept by limited companies: they are all, I think, within half-a-mile of Charing Cross. The names that occur to me at the moment are: The London and Westminster Loan and Discount Company, which is immediately opposite my court, in St. Martin's-lane; there is the Central Advance in Charing Cross-road (No. 84); the Mutual Loan Fund Association, in Lancaster-place; and the London and County Advance and Discount Company, in Chancery-lane; and all of them (if I may use the word) pass a good deal of work through my court, and as that may continue perhaps the Committee will allow me to quiet their apprehension by saying that I have not volunteered any criticism on their conduct to-day; I have come in consequence of the desire of the Committee; I do not want the Committee to think I am taking up any hostile attitude with regard to them; they do a good deal of business.

Chairman—continued.

4627. What is your general opinion of the way in which the loan offices conduct their business?—Allow me to take an example; I have taken one of them, which is the London and Westminster Loan and Discount Company. I thought perhaps the Committee might like to know to what extent these companies do depend (if I may so call it) upon the assistance of the court; therefore, with regard to one of them, which I think does most business at my court (the London and Westminster Loan and Discount Company), I have had taken out some information with regard to what they have done in the course of one year.

Mr. *Warr.*

4628. Is that a limited company?—Yes, it is a limited company; but I do not know to what extent, or whether the number of the shareholders is numerous. I expect in most of these limited companies that one or two individuals are the holders of the bulk of the shares (I expect so), if not the whole of them. I will hand in to you, sir, if you will allow me, a statement of the work done in 1895 by the London and Westminster Loan and Discount Company. Now the number of plaints that they issued in that year was as many as 649; that is the number of plaints they issued. (This has been got out for me by my registrars and their clerks.) I do not pledge myself to absolute accuracy, but they tell me that there were in that year 649 plaints issued by this one particular loan office. Well, I do not think that represents the number of actions that were at any particular moment still alive in the court; because, supposing a plaint is issued and judgment obtained, and an order for payment by instalments is made, that action goes on (still alive) a good deal more than a year; an order for instalments such as the people can pay is made, 4*s.* or 5*s.* a month or more; it drags on, and I am told that although 649 might be the number of plaints first issued in that year there would be something over a couple of thousand actions

Mr. *Warr*—continued.

actions still alive at one moment at the suit of that particular office. Judgment would be obtained in the ordinary course in those cases; there are very few defences.

4629. Two thousand do you say? — Over 2,000 actions which I may call alive.

Mr. *Ascroft.*

4630. In progress?—In progress.

Mr. *Warr.*

4631. Of that particular institution?—Of that particular institution.

4632. At any one time?—At any one time. It seems a large number.

4633. It does?—It would be very laborious to trace that out, but in one year 649 plaints were first issued; so that, assuming that many of those would drag on for more than a year before payment was obtained, it would be soon seen that the number was very considerable; but it does seem a large number. I thought the next step would be to see how many judgment summonses there were in a year; because, as the Committee are aware, in the ordinary course a plaint is issued; generally it is what is called a default summons, which gives the debtor notice that, unless he gives notice to defend, judgment will go against him without anything more. That is a convenient form adopted in county court practice. He very often gives notice that he has got a defence, because that gives him another fortnight probably. If he says he is going to defend, then a day is fixed for hearing, but when the day comes for hearing he does not, as a rule, appear, and so judgment goes by default. After that, when they have tried their best to get paid, the next step is to take out a judgment summons and apply to the judge to commit the debtor to prison, on the ground that he could pay and that he would not. In most cases, payment being ordered by instalments, they come and say: This man is getting his 30*s.* or 40*s.* a week, and can pay his 4*s.* a month, or whatever it is, and ask the judge to commit. The number of judgment summonses this one office took in 1895 amounted to 836; 836 applications to the court to commit to prison. Those are heard by a judge; and the difficulty the judge always is in, is that the people do not come. As judge, I have to do my best in seeing whether they satisfy me that the man can pay; and the number of orders of commitment made out of that 836 only amounted to 136. Then, it is interesting to see what that resulted in. Out of that 136, the number of warrants that issued was 107. Well, that means that the man not having paid, a warrant is issued to arrest him. That generally brings about some new arrangement between the debtor and his creditors, and the number of arrests made in that year were only seven. Only seven men were arrested, and out of those five paid. Very often the debtors have got the money, or means of getting it, or when they get to prison their friends come and pay. Five paid out of that number, and only two remained in prison and served their time.

4634. What is the extent of their time?—The ordinary practice of my court is to give 12 days.

Mr. *Warr*—continued.

It varies very much in different places, but I am bound to say that in money-lending cases I only make it a week; I do not know why, but I always put it rather less than anything else. At this particular time (1895) I had not then been very long at the court, and, I think, in those two cases they were in prison 12 days. I have referred back, and I am quite satisfied that in those two particular cases, on the evidence given before me, the men could have paid. Very often a man, whose time is not valuable, does not mind going to prison; he is pretty well taken care of, and gets rid of any further liability.

4635. He does not extinguish the debt?—He does not extinguish the debt, but he cannot be re-arrested.

Mr. *Ascroft.*

4636. For the same instalment? — For the same instalment; the amount for which he is committed.

4637. If the debt is payable by instalments? —Later on he could be re-arrested for subsequent instalments.

4638. You could keep sending him to prison in respect of subsequent instalments?—Yes, that would be so. The result is this, that out of that large number of plaints and judgment summonses only two men were arrested and went to prison. The only other item that the Committee might like to hear something about is the warrant against the goods when a judgment has been obtained and execution put in. There were 394 of those, but there were only two sales made. The explanation of that is, that either the people find the money, or it turns out that there is nothing there over what you may call the 5*l.* protection (they have protection up to 5*l.*), so that only two sales were made. That is how the matter stands; and the only further figure with which I will trouble the Committee is this: I thought the Committee would like to know how much the court collected for the loan office in that year. The total amount paid out of court during the year to these plaintiffs was 4,210*l.* 8*s.* 7*d.*; so to that extent the business among the poorer classes, the poorer borrowers, depends a good deal upon the assistance and the working of the aid of the county court. I may add that the amount sued for would range generally between 5*l.* and 25*l.*, but there would be several between 25*l.* and 50*l.*

4639. Fifty pounds being the limit of the county court system?—Yes. It does not follow the original loan. That would be the balance. Very few of those cases come before the judge; they are all called on before the registrar, and unless there is a real dispute it does not come before the judge; and I find that during that year only six disputed cases came before the judge. Of these, two resulted in judgments for the defendant. In about 12 others the claims were disputed before the registrar on the ground that fines were deducted from payments made, and the plaintiffs thereupon agreed to the claim being reduced by the amount so deducted. I must say they know my views pretty well with regard to fines (my registrar shares them); and whenever a case

Mr. *Ascroft*—continued.

comes before me (or the registrar), and the debtor comes up and disputes it they give that up. What their rights are I do not say, but they give that up.

4640. Do they always sue for the full amount, including the fines claimable upon the promissory note or other document?—Yes.

4641. They sue for the full amount?—They sue for the full amount—yes; and that I shall have to say a word about presently. When we come to see the real amount of interest charged, the form of the promissory note becomes rather important. You were asking me, sir, what my general opinion was with regard to the way in which they conduct their business. Of course, the evidence which has been given before this committee, which is familiar to one, from what one sees in the papers, shows that with regard to individuals there is a very great deal of trickery, and that sort of thing; but with regard to these loan offices I must say there really are some favourable features. The work is done systematically. I think the people are all treated very much alike. It is a machine that grinds, and the people who go into it are all ground equally; but I do not think there is any individual manipulation of extremely sensitive or nervous people that you find with the money-lenders. So far as I can judge from the proceedings of this Committee, when the man is a borrower and is an exceptionally sensitive or frightened man, a man who can be easily squeezed, the ordinary money-lender seems to squeeze him, and he adapts his procedure to that particular customer; but so far as I have been able to see of these loan offices, they go on a system, and as far as I have been able to judge (it is of course rather difficult to get at the bottom), I do not fancy they vary that with regard to individuals. Of course, when they are inviting a man to renewal, or something of that kind, they may find one man more amenable to persuasion than another, but I do not think there is anything quite of the kind which has been disclosed before this Committee. It is a limited company, and it is trusted very much to clerks, and I think they treat everybody very much alike. Another thing is this, that whenever their books have been presented before me they all seemed well kept. They bring their big ledgers, and the account shows every step of the transaction, as far as I have been able to judge. If the Committee wish to pursue that any further, they have only to ask one of the managers of one of these companies to come and bring one of his current ledgers, and anyone familiar with figures can run his eye over half-a-dozen of these accounts and see how the thing is done; but it all seems above board; the renewals are all entered, and the payments are all entered, and it is carried out rather more like what you would expect in a bank business, they generally call themselves "banks"; there is not much in that, but they keep their books very well.

Chairman.

4642. Are there many charges of fraud?—Very few. I do not think, looking back at it, that I can remember any charge of fraud.

Mr. *Warr.*

4643. Do the books enable you to see at a glance what is principal and what is interest?—I think so; and they even show the fines.

Mr. *Ascroft.*

4644. And default interest as well?—Yes. It goes down a long column, and you want to look it through to see what it comes to; I think the history of the transaction is all on it. Speaking from memory, I think the fines are shown; I think they have got a separate column for fines. To that extent I think the business is carried on above board, if I may call it so. There are minor complaints. When these people come and there is an application made to commit them, very often the wife comes and says the man is at his business. The difficulty the judge is always in is that men do not like to lose a day's work to come and fight over an old debt, and the wife sometimes comes. Then there are complaints which I think almost always arise: it is part of the misery that results from borrowing money; they complain that inquiries have been made at their employer's place. The wife says: "You know my husband lost his last berth because you went up and inquired at his place; you served him with a notice there, and you threatened that if he did not tell you what he was making, or did not pay, you would subpœna the employer to come and prove what he was paying him." Well, it is extremely difficult to see how far that is a justifiable ground. What the loan office clerk always says on the other side is this: "These people constantly change their addresses, and we have to follow them, and we cannot trace them; and then when we cannot trace them we go to where we know they are employed. It is not our fault; if we could serve the summons at their private house we would do it." The summonses are obliged to be served personally, and so they go to the business place, and I have no doubt that when the employer finds a person in his employment is in the hands of a loan office (perhaps he is not a very deserving person), it does cause a deal of misery.

Mr. *Warr.*

4645. Are these all from the working classes?—Yes, officials in railway companies and all the poor working classes, men making their 30*s.* and 40*s.* a week.

4646. Clerks?—Clerks; I am sorry to say a good many Government officials, a good many postmen, a good many policemen. I am bound to say the policemen do not go to the loan office much; I do not think they like them there. They are all working people. Then another complaint is: The sureties are let in because they can pay. The surety says: The principal could pay, only you do not press him; you let him go free and squeeze us. The answer is: The principal has borrowed the money; he is a ne'er-do-well person and has disappeared and we cannot find him, so we naturally go to the sureties. So far, as I have said, the business is all above-board. Then, on the other side there are, of course, unfavourable features, which, I suppose, necessarily result in all money-lending business: one is that the interest is bound to be kept high to cover the risk of losses. There can be no doubt

Mr. *Warr*—continued.

doubt that these offices are cheated very often. A great many people who have no means come and state what money they are getting, and the offices get losses, and I have no doubt they have a very large number of bad debts (I am only speaking from what I rather anticipate), so the interest has to be kept high in order to make it remunerative and to cover all the losses they sustain, so it is found to be high; but then it really is higher than the debtor expects or appreciates.

Mr. *Ascroft.*

4647. Or believes?—Or believes; yes. Now, I will take that same company I have mentioned; I cut out of to-day's "Telegraph" their advertisement, which states that the advances are made on certain terms which are there stated. I found lying about in my room one of their prospectuses (I suppose it has been handed in during some proceedings), and there I find that they state that the directors have decided on advancing sums of money from 10*l.* to 2,000*l.*, without any deductions, at the rate of 10 per cent., which sounds moderate. Then, when you turn over leaf, you see what the terms are on which the interest is payable. I will hand that in, if the Chairman will allow me, so that he may follow me. I may say, that with regard to that prospectus, it is possible it is an old one, it looks rather dirty; I found it lying in one of my drawers; but if you take one hundred pounds, which is the easiest one, the weekly payment for a hundred pounds borrowed for a year, I think you will see, sir, is 2*l.* 2*s.* 4*d.* Do you follow that, sir?

Chairman.

4648. Yes?—Well, if you multiply 2*l.* 2*s.* 4*d.* by 52 it works out at 110*l.* 1*s.* 4*d.* Well, disregarding the 1*s.* 4*d.*, that is, in a sense, 10*l.* for a hundred pounds for a year; but then, when you come to consider that it is based on the assumption that 2*l.* is paid off every week, it comes to a vast sum more than 10*l.* I have not calculated it. It is quite clear that if you are to pay 10*l.* per cent. per annum for the hundred pounds you are to have the hundred pounds for the whole year; but here you have only the hundred pounds, less 2*l.* 2*s.* 4*d.* paid off every week; so that, in that sense, the debtor does not appreciate what he is about. I am bound to say, that in the advertisement which I see in the paper every day, nothing is said about 10 per cent., and it is very possible they may have withdrawn that; it is very possible that that is an old prospectus. It certainly is one which, within the last four years, has been used in my court; so that in that way the debtor does not know what he is paying. It is not quite like the individual money lender who says he lends money at five per cent., and then it turns out it is five per cent. per month instead of five per cent. per year; still it does work out at more. I have not worked out the other items. If you take the quarterly payment of 3*l.* 15*s.*, and multiply that by four, which makes 15*l.*, it works out at rather more than 10 per cent.; it is 15 per cent. So much for that. Now, another thing that makes the interest higher than is expected is this: that the debtor has to sign a promissory note; and the way the promissory note is arrived at is this: They take the principal (say it is a hundred pounds) then they take the interest for a year; add those together and make it payable by monthly instalments although the monthly interest would have been 1*l.* –*s.* 10*d.*, multiplying that by the 12 months gives 12*l.* 10*s.*, so that the promissory note is given for 112*l.* 10*s.* Well, if the payments were all made in the ordinary course then there would be no great hardship; but in point of fact they never are. Now the result of that would be that supposing default is made in payment of the very first monthly instalment the whole sum becomes due at once, so that the creditor becomes entitled to his year's interest at the end of a month, say at 10 per cent. Supposing it took him another month to get judgment, so that he did not get the judgment for two months, still he would be getting for two months a year's interest, which would bring it up to 60 per cent., six times ten, so that in that way it is very much more, and very often illiterate and reckless men do not appreciate that. The result of that is that it leads to renewal; and, as the Committee have heard said by other people, it is the constant renewals that exhaust the debtor, they break his back. The moment they have got the promissory note, or the moment they have got their judgment against the man, then he is in their hands, and then he is tempted to have a renewal. Well, when they get the renewal from him they add in all the costs and all the interest, and the whole thing starts again with compound interest, so that, although one cannot say there is any fraud about the thing, people know what it is nevertheless. It is a thing as to which, when they are once in they never get out, as far as my experience goes. Those are the chief features of the way in which the loan office companies do their work. I believe they have got a system which is, perhaps, necessary to make it pay, but I do not think there is fraud in the sense that there is in many of the others.

Chairman—continued.

4649. Would you say that these offices are a real help to a large section of the poor?—What I have often heard said is that we in the county courts only see a very small fraction of the cases, and we only see the cases which are the unsatisfactory cases, and that there is a very large amount of real good business done. I expect a great deal of money is borrowed for gambling or to pay debts and so on, and a great deal is done by thriftless men, of perhaps attractive manners, who borrow money for themselves and induce respectable men to become sureties. That is where a great deal of mischief is done. A man tells his fellow workman: "I will pay it, you know; it is only a form," and so on; then he disappears, and then the poor sureties have to pay it.

Mr. *Warr.*

4650. Do you see much of bills of sale?—Not a great deal. The bills of sale in many instances are above £50; you cannot have one under 30*l.*; the law will not allow it under 30*l.* If a man has got a bill of sale he has a right to seize, and so he does not come into court; and now

Mr. *Warr*—continued.

that the Bills of Sale Act is tolerably understood, there is not so much litigation over them; but that there is a vast deal of misery resulting from bills of sale I am convinced. It is tempered, perhaps, by this, that the moment a man knows the bill of sale is going to be enforced by the money-lender, he goes and tells his landlord who promptly distrains for the rent; so that they do not always get the money.

Chairman.

4651. We have heard a great deal of evidence in regard to the evils of the system. The Committee are very much interested, or rather would be very much interested, in hearing from you any evidence you could give as to remedies for this hardship?—I will come to that in a moment. Will you allow me to say there are two more evils that I think have to be considered before we get to the remedies. The first one is breaking up the home.

Mr. *Ascroft.*

4652. Before you go on to the next two points (I have followed you pretty carefully in reference to these promissory notes, the renewal includes the whole of the interest, principal, and costs); you say if there is a renewal it includes all those?—They put them all together and start afresh.

4653. You told us previously that you disallowed in your Court interest in the nature of fines?—Well, it is hardly called "interest in the nature of fines."

4654. Renewal interest, default interest rather: would it not be a fact that in many cases before the action was commenced that would have been included in the renewal?—Yes, certainly.

4655. And would not come before you officially?—Oh no; and suppose the defendant does not appear, and the plaintiffs get their judgment, then if no attention is drawn to it they are entitled to the amount that they ask for without any investigation, and I have no doubt then that fines and everything are all charged. Now, with regard to the breaking up of the home, I do not know that is so grievous a thing as might be thought. Of course, when a home is broken up by the acting of a bill of sale holder, it is not judicial business, but in the figures that I gave at the beginning, of this particular office, out of the 394 warrants against goods, only two sales were made; so that they do not seem to break up the homes much; and I tried at one time to protect them to a certain extent; I put in force the powers of Section 149 of the County Court Act, and under that, if a debt is payable by instalments, why then, if there is default, the execution goes for the whole amount, and not for the instalments, unless the judge otherwise orders. In these money cases I said: Well, supposing there is 10*s.* due, or something of that kind, if they put in an execution for the full amount of the debt, that may be 14*l.* or 15*l.*, the people cannot possibly pay it, and the home will be broken up; I shall order that the execution shall go for the smaller amount, because they might be in a position to pay it. But after trying that for some time I came to the conclusion that it was not any great benefit to the people, for this reason, the costs of the execution are so much in the £. (I think it is 2*s.* in the £.), so that when an execution is put in for 8*s.*, there are 2*s.* for the costs of the execution. The result was that the number of executions was tripled; it jumped from 340 to over 1,000, and the people complained that they were constantly having the brokers in, and they complained that the extra fees, and so on, made it too much for them; and, what is more, I found that the loan offices liked it because they did not have to risk so much in putting in an execution. If a man puts in an execution for 10*l.* he risks ten times 2*s.*, or he risks 1*l.*, and very often gets nothing; but if he is only putting in an execution for 8*s.* it is a small sum, so it tempted more executions, and on the whole I found it was not a boon at all to the debtor.

Mr. *Ascroft*—continued.

4656. Could you tell us whether that plan is universally adopted by other judges in the county court?—No, I think, as a rule, if the money is payable by instalments and an execution issues, as a rule, it goes in for the full amount, and I think, perhaps, that it is better, because if the home is going to be broken up it had better be done once for all, and it does not tempt so many of these things. Now, with regard to imprisonment for debt: of course, as I have said, the difficulty is that the people do not come, and statistics show that they do not send the man to prison much; they use it as an engine for bringing him to terms.

Mr. *Warr.*

4657. It seems to be a very effective engine from these figures?—I think so, yes. You were good enough to ask me, sir, the remedy I suggest. It is very difficult, as everyone says. What I think might be tried would be this: I daresay the Committee are aware that the Court of Chancery have exercised for a long time the right to relieve against certain hard and unconscionable bargains. They have done that ever since the time of Lord Hardwicke, and they do it in cases where there has been dealing with what has been called expectant heirs and sales of reversions. A young man in the lifetime of his father wants to borrow money; he borrows money on his expectations, or he wants to sell a reversion. With regard to this the powers are based upon this ground, that the parties are not upon even terms. It is said that the one man (the usurer) is strong and has the other in his power. I cannot see why that should not be extended to the cases of money lenders and people who borrow. It is the only way out of it that I can see. It has been confined to cases where a man has got an expectation. If any of the Committee are interested in going further I would refer them to a great judgment of Lord Chancellor Selborne in the case of the Earl of Aylesford *v.* Morris, which is reported in Law Reports 8, Chancery Appeals 484. That was a case in which a young nobleman——

4658. If

Mr. *Ascroft.*

4658. If you will pardon me we had that this morning from Judge Owen of Cardiff.—I daresay. It is a well-known judgment.

4659. I have a note of that case?—Then he cites with approbation the great judgment of Lord Hardwicke in the case of the Earl of Chesterfield against Janson, where he says: "There is always fraud presumed or inferred from the circumstances or conditions of the parties contracting, weakness on one side, usury on the other, or extortion, or advantage taken of that weakness. There has been always an appearance of fraud from the nature of the bargain." That is what Lord Hardwicke laid down in 1750, and Lord Selborne says in 1873 (he cites it also): it was "wisely established to prevent taking surreptitious advantage of the weakness or necessity of another." Now those cases are not set aside on the ground that they are fraudulent cases. If there was any fraud they would, of course, be set aside like other cases, but the Court of Equity has said: In cases where you are dealing with a person selling his reversion or his expectancy public policy entitles us to say that we will upset these bargains unless the creditor satisfies us that they are fair; and in a later case that came before the late Master of the Rolls, Beynon *v.* Cook, 10 Chancery Appeals, 389, he goes out of his way to say that fraud has nothing to do with it. He says: "The point to be considered is was this a hard bargain? The doctrine has nothing to do with fraud."

Chairman.

4660. That is Sir George Jessel?—Yes.

Mr. *A. K. Loyd.*

4661. Does the doctrine of fraud on the family come in at all?—There is a good deal of eloquent discussion about the injury that is done to a family by a father thinking he is making his will and leaving his money to his son when in reality he is leaving it to the usurers. There is a good deal of that; but what will be seen if these cases are read through is this, that they are all based on the fact that the one party is strong and powerful and that the other is weak, without assistance and without protection. As one of the judges says, "he is in the dark without protection." All that seems to me to apply equally to a man in the hands of the money lenders. I think legislation will be necessary. I do not think the Court of Chancery will say that they will extend the power; but in old days they have assumed this right to go into it; and if it has been assumed in that case I do not see why it should not be followed in a case where there are the same evils, although perhaps no injury to the family because the people have no property. One judge did extend that doctrine (that was Mr. Justice Denman) in 1880. He was sitting I think for Mr. Justice Fry (as he was then) who had gone on circuit; he took an Equity Court and gave judgment in the case of Neville *v.* Snelling, 15 Chancery Division 679. That was the case of a young man who had got no expectations in the sense that he was only the third son of a nobleman. money had been lent

Mr. *A. K. Loyd*—continued.

to him and the judge there thought that although there was no legal expectation—he was not the heir and he was not the eldest son, nevertheless there was the probable expectation that a younger son always has from a parent, and he held there that the doctrine of the Court of Chancery might well be extended to that case; and he pointed out, what I am venturing to suggest to this Committee, that all the reasons that have been given for the Court of Chancery interfering in cases of expectant heirs applied equally to the cases of people who had got no real heirship and were not selling a reversion. He said he could see no difference in the morality of the thing at all, and that it ought to be extended to that. Still, nevertheless, I think legislation will be necessary, because I do not think that any equity lawyer will tell you that at this present moment they think they have got a power to interfere in all these cases.

Mr. *Warr.*

4662. Should you feel a difficulty in defining a money lender for the purpose of that question?—Perhaps I should.

4663. It must not interfere with ordinary commercial transactions?—Oh, no; I think that would need careful drafting, and I do not think it would be wise merely to extend to these cases the practice of the Court of Chancery in reference to other cases. That would always lead to discussion as to what the practice was. Still, I think it could be done, and that seems to me the only possible broad mode of having a remedy if you are satisfied that a remedy is necessary.

Mr. *A. K. Loyd.*

4664. You could extend the jurisdiction of the Court of Chancery with regard to unconscionable bargains without defining the money lender?—Yes. I do not know whether that would be thought rather vague. Of course you have to consider what strong measure you can pass through Parliament; the wider you make it the more difficulties you invoke; still, in principle, I conceive if it is established that some remedy is necessary, I do not know of anything better than allowing the courts to examine into it and see whether it is a hard and unconscionable bargain; you have to consider each party, and go through the whole history of the transaction, and when I say "the courts," I mean all courts; county courts have at present only a very limited jurisdiction, so it must extend to all courts. If it is thought that the Court of Chancery already has sufficient power, then all I can say is, what ever power they have got extend it to the county courts. I can see no reason, as a great number of these cases do come into county courts, why any power the high court has got in this matter should not go to the county court. I should say extend the powers to all of them.

4665. May I put this one consideration to you before you leave that point. The inequality of conditions between the borrower and the lender would be made more analogous if you took into consideration the poverty and the distress induced by pecuniary need as against the recklessness produced by the possession of wealth in

Mr. *A. K. Loyd*—continued.

the case of the expectant heir?—Yes; I think that might make the lender more apt to lend.

4666. There is an inequality of condition?—Oh, yes. There is a case, I think, in which a young man who was in great distress (that was the sale of a reversion), sold his reversion, and, although he was a man of over 26, I think, and although a solicitor's clerk, nevertheless the Court of Chancery assisted him.

4667. I mean there is a recklessness that comes from poverty, as well as a recklessness that comes from wealth?—Yes, no doubt. That is the main remedy, I would suggest. There are one or two smaller remedies, which may as well be on the note. There is power in the Bills of Sale Act, 1882, Section 7, where goods are seized under a bill of sale for nonpayment of an instalment for the court to say that further sales should be stopped if the instalment is paid; and, I think that might well be extended to county courts. I cannot see why county courts should not have that power. I am only speaking of money lending cases; I am not dealing with the general case of the county courts. Then there is power in the county court, if the judgment is for a sum under 20*l.*, to order payment by instalments; but if over 20*l.* and under 50*l.*, it can only be done with the consent of the creditor, and I think in money lending cases it would be useful if it were extended to the full amount of the jurisdiction. I do not say it ought to be done always. I have read of judges who gave judgment for the amount of claim and ordered it to be paid at the rate of 6*d.* a month, which would take over 20 years. I am not sure that that ought to be made a regular precedent; still the power to order payment by instalments is good. Then there is another thing, a small matter, perhaps; I find that these people never know what they have signed; therefore, I think a copy of every document that is signed by a borrower or by his sureties ought to be given to the surety; he ought to have something by him that he can see; because these people sign a promissory note and forget all about it and do not know what it contains, and if there is any legislation, I think they ought to have a copy of everything.

Mr. *Ascroft.*

4668. Would you go further and say, not only have a copy given, but one supplied at any time on the same being required?—Yes; I think that would be right. Of course, the loan offices say: We are always ready to give any information, and so on; but still people are not always eager to go again into a loan office; they never know what they may be persuaded to do. Then there is another. You cannot help renewals that are done by the parties out of court; but when they have come to the court and got their judgment, I find they have renewals which mean borrowing a little fresh money to get rid of the judgment by means of a renewal, and I think that might be stopped. I think after there has been a judgment (I might put it in this way) that no transaction should be valid between judgment debtor and judgment creditor so long as the judgment remains unsatisfied, not even though entered into ostensibly for the purpose of

Mr. *Ascroft*—continued.

satisfying the judgment. They use the judgment as a mode of forcing the people into a fresh start, and I think it might be stopped. They might say: When you come to the court there must be an end of it; the judgment must be enforced; it cannot be settled by any fresh transaction. That is all I have got to suggest to the Committee except one big question, and that is whether you would abolish imprisonment for debt in money lending cases. That is a very large question. Of course, Lord Cross's Committee inquired into the question of imprisonment for debt in 1893, and after a very long inquiry they came to the conclusion (which I think was thoroughly justified, if I may humbly say so) that to do away with imprisonment for debt would deprive the poor of all opportunity of getting credit in times when they were out of work and times of strike, because in those days when a man is out of work he gets credit from a little local shopkeeper for his bread and so on. Well, I do not see why if a man is to repay debts that he has incurred: why supposing he borrowed half a sovereign to go and buy food, he should not be made liable to pay it just the same; so that it would be necessary, I think, if any change is made in the law to restrict it to what I may call money lending with a view to gain. It must be where money is lent at interest. It would want a little care. But if you abolished imprisonment for debt in all money-lending cases, it would practically abolish all loans on personal security and loans to people who have got no goods or anything, or it would drive up the price to such a height that people would have to charge extra for the risk.

4669. The object would be to limit it to such cases as were oppressive and unfair?—Of course, with regard to oppressive and unfair cases, I should take power as I have already said to set them straight, and in those cases one would reduce the interest to 5*l.* per cent., just the same as the Court of Chancery does. You see the court has no opportunity after judgment has been obtained when a summons is taken out, but to send the man to prison; he cannot go behind the judgment. There is the judgment which the man has allowed to go by default, and it is extremely rarely you have an opportunity of seeing whether it is a fair case or not. That is a matter, no doubt, the Committee will consider, as to whether they will abolish imprisonment for debt. I do not see myself why it should not be done; there might be a set rate of interest charged.

4670. I may say it was suggested this morning that the judge should have the power of inquiring into the original transaction where the judgment was removed?—Of course, then he would have to appoint a day, he would have to re-try the case.

Mr. *Warr.*

4671. Do I understand your view to be that imprisonment for debt should not be abolished?—I think in cases of this sort (it would be interfering with the present law), unless the Committee are satisfied that these money lenders do satisfy a public want, it might be done. I think the less money-lending that exists the better, that

Mr. *Warr*—continued.

is my opinion. They may very well take it with the risk of not being able to arrest their debtor. Still it might have the effect of driving up the price. The only thing that occurs to me is treating all these cases as you treat the unconscionable bargains that the Court of Chancery have inquired into, and thought relief ought to be given.

4672. Do you desire to express any opinion as to whether bills of sale as securities for money serve a useful purpose?—At present they serve a useful purpose for the lawyers, because they are in four different Acts of Parliament, and I think it is extremely difficult to deal with these cases. I think the whole of that law ought to be codified and put into a fresh condition.

Mr. *Ascroft.*

4673. That applies to a good many subjects, does not it?—People who have got property may occasionally want loans, and, you see, mortgages are required in all classes of society, and there is no reason why if a man may mortgage his estate people should not mortgage their other property by bill of sale.

Mr. *Warr.*

4674. Scotland goes on without it, does it not?—One of your witnesses said they are a frugal nation; that may be the reason. There is no doubt a deal of misery is caused through bills of sale.

4675. You think that is clear from your experience?—I think there is a deal of misery caused by them. Then, of course, we only see the cases where they have worked unsuccessfully.

4676. Credit is immediately ruined once a bill of sale is registered, we have understood?—Oh yes, a deal of misery is caused by the hire-purchase system, although I suppose it is found to be a very useful system among the inferior tradesmen; they let out their goods payable by instalments, and when the thing is nearly paid off, they seize the whole thing and take it back again.

4677. Is that used by the money lender?—I do not think so.

Mr. *A. K. Loyd.*

4678. There was a proposal to abolish it in the Bills of Sale Consolidation and Amendment Bill about two or three Sessions ago, and that was withdrawn in the House of Lords because it was so contentious?—Yes, and I suppose a vast quantity of goods are paid for on the hire-purchase system.

4679. The fact that the discussion on the usury laws turned mostly upon large mercantile dealings would seem to point to the fact that unconscionable bargains and abuses of usury were left to the ordinary law to deal with?—Yes.

4680. Is that your opinion?—And they led to underhand transactions. It is very possible the law could not be so easily defeated now as it was then, but there is no doubt that, as long as usurious transactions were illegal, the people who dealt in them were of a very low class; the terms were higher, and probably there was more roguery.

Mr. *A. K. Loyd*—continued.

4681. The class you have been telling us about who suffer from these transactions seems to have been left out of consideration altogether in the discussion on the usury laws?—Yes, I think so.

4682. Does that rather point to the fact that these hardships were looked upon as more a subject for a remedy by the equitable jurisdiction of the courts?—I suppose at that time the commercial view of it was an important thing. It was considered that money was wanted for commerce, and you ought not to fetter the amount a man would pay for it; and probably it was thought that the mischief done by these laws to commerce was greater than the protection given to the poor or younger people by usury. Of course I am not a politician, but I do not think you will ever get the usury laws back again. If you are interested in it, there is a very interesting chapter in Montesquieu's "Esprit des Lois," book xxii, chapters 21 and 22. He describes how the old usury laws in the days of the old Roman Empire had a very mischievous effect, and caused what were very good laws to turn out extremely badly; by making people so very good they prevented any real advantage.

4683. Did you ever happen to see the Bill that was drafted by the late Mr. Justice Byles proposing that 10 per cent. only should be legally recoverable without prejudice to what the man had voluntarily paid or might afterwards voluntarily pay?—No, I do not think I did.

4684. That is to be found in his little book on the usury laws. What do you think of that proposal?—Well, that would leave all above 10 per cent. a sort of debt of honour.

4685. Yes?—I do not know how that would answer in cases where large sums are frequently borrowed. When railways are being made, and Bills being brought before Parliament, a large sum of money has to be deposited which, very often, is deposited upon the terms that a considerable sum shall be paid for it, and I do not know how business could be carried on if you could not insist upon anything of that kind.

4686. Among persons who are perfectly solvent, or who could give security, there would be no hardship, no evasion of the original contract, would there?—If the original contract is that you pay 10 per cent., and so much more if you feel disposed (which is what it comes to), I cannot force you to do it, but it is an honourable understanding; I am afraid if it came to matters with money-lenders that honourable understanding would not be much use, because if you make them all debts of honour I do not think there is any public feeling which would blame the man who refused to pay the money lender.

4687. The usury law made the whole contract void; if the rate of interest was above the legal interest, which was then 5 per cent., the lender could not recover even that which was within the legal interest?—Yes.

4688. This is not a return to those laws, the proposal to make it 10 per cent. that can be recovered where the lender has recourse to a court of law?—I should think 10 per cent. was enough for all ordinary transactions that we lawyers come in contact with; but what the people in the City would like I cannot tell.

Mr. *A. K. Loyd*—continued.

4689. They enter into large mercantile transactions on their own credit one with the other, and on other considerations which would not apply to a poor borrower?—No doubt. I think you may take it for granted that if a man has got good security to offer he can always borrow on reasonable terms. The only people who pay 60 per cent. are the people who have no security.

4690. You were saying that, in your opinion, there were many instances in which the interest was very much higher than the borrower expected, appreciated, or believed?—Yes.

4691. Do you believe that result is intentionally produced by the way the interest is mentioned in the document containing the contract?—There was a case tried some time ago in the Birmingham County Court which got into the London papers where a man said he lent money at 5 per cent., and it turned out it was very much more, and there the people came and said they had no idea they were paying as much, and the court said it was the duty of the lender to explain to them he was charging more. I think that was the case of Gordon *v.* Williams, which was in the "Times" of 3rd May 1894.

4692. That was of course on the ground that 5 per cent. is *primâ facie* 5 per cent. per annum and no more?—Yes; in that particular case I mentioned to-day I do not think the 10 per cent. was mentioned with any view to deceive the debtor.

4693. I have in my hand a form handed in by Mr. Kirkwood in which the default interest clause is underlined and perfectly plainly printed, but it is in these terms, that in case of default in anyone of the instalments the whole amount remaining unpaid shall become due and payable forthwith, together with interest at the rate of a halfpenny, in the shilling per week from the date of such default on the aggregate amount of instalments then remaining unpaid till actual payment thereof. Now, in your opinion, would putting in the halfpenny in the shilling per week "to a great extent nullify the effect of the underlining it"?—I think it would. I do not think the borrower would appreciate what that means. It is like the case which Lord Hardwicke says in that great case of catching bargains; the man who sold the horse for a barleycorn for the first nail doubling it, and so on, and there were 32 nails claimed 500 quarters of barley. That is the well-known case of James *v.* Morgan, 1st Levinz, and the judge there ordered the jury to give the value of the horse, which was 8*l.* That was relieved from on the ground that the man did not know what he was doing; that it did not convey to his mind any right idea of the price he would have to pay for the horse; so that in this case of the halfpenny in the shilling per week they would say, "It is only a halfpenny." They would have no idea of the extent to which that would mount up when they came to calculate the interest, and I think equity might relieve there, or even a court of law, on the ground that the parties did not know what they were about; did not appreciate what it meant.

4694. If an illiterate or not very skilful person came and swore that he did not know what that meant at the time you would not be indisposed to believe him?—I should certainly believe him. I think it is put in that form to make it seem moderate when it is in reality a very high scale.

4695. In point of fact, it is 216¾ per cent. per annum?—I daresay.

4696. If that were put in——?—Then people would not borrow; they would think twice; certainly they would go to another lender. It seems moderate on the face of it, and they do not understand it.

4697. If I am not detaining you too long I want just to ask you this question: You are aware of the very wide terms in which the equitable jurisdiction was given to the Common Law Courts by the Judicature Act of 1873?—Yes.

4698. And you remember the Section 24 which laid down certain equitable doctrines which were to be applied?—Yes.

4699. And you remember that that was extended to inferior courts within the limit of their jurisdiction by Section 89 (I think it is) of the same Act?—The equitable jurisdiction of the county courts is very strictly limited. In the County Court Act of 1888 you will find the exact equitable jurisdiction that is given. We have not got that wide general equitable jurisdiction.

4700. I may tell you we had it from Judge Owen that the reason why the county courts had not assumed to apply the whole of the equitable jurisdiction possessed by the Court of Chancery within the limits of 500*l.* was that they considered, or that the High Court considered that the express powers given by that codifying Act limited them?—Yes; Section 67 is the section of the Act. We have only certain limited jurisdiction, and that excludes our having general jurisdiction. I think that that has been adopted as the usual understanding.

Mr. *Thomas Bayley.*

4701. I understand that in your court you say fines are not pressed; I suppose the reason is, that they know you have given a judgment against the fines, or perhaps two or three?—The reason is that I always disallowed them, and so they give them up.

4702. Do you consider the ½*d.* in the 1*s.* as a fine?—No; I suppose that is agreed interest. It is not a fine; it is agreed interest I think.

4703. You would not consider that in the decision?—Oh, no. Where the thing is thoroughly understood by both parties, and a high rate of interest is agreed to, it is very difficult to help them.

4704. That is, practically, a fine for not carrying out the contract he makes?—Yes.

Chairman.

4705. A fine is a penalty?—Yes, a fine is a penalty. They say, If you bring the money a week late, we must make you pay two or three pence or something of that sort. I am not prepared to say that fines are illegal if the parties thoroughly agree to that mode of doing business; they generally say they did not understand it, and that is the reason for disallowing the fines.

4706. We

Mr. *Thomas Bayley.*

4706. We have had your opinion that when they do not understand it you will assist them?—If possible, subject to what I have already stated.

Mr. *Hazell.*

4707. What interest is mostly charged by loan offices that come to your court?—I think they profess to charge about 13 or 14 per cent.

4708. Per annum?—Yes. I think 13 or 14 per cent. per annum. It is not very extravagant; it is the systematic renewals which make it so much higher.

4709. Do you find that many of these borrowers are really in the dark as to the engagement they are entering into because they are ignorant?—I think so. In many cases there are sureties. The surety is asked to go down and write his name for his friend who borrows the money. He tells him it is allright and he goes down; he does not know much about it; he knows he has to sign something, only as surety. They most of them know that being surety they are as liable as the principal.

Mr. *Hazell*—continued.

4710. Would you think it desirable for the loan to be completed before your own registrar so that he might explain the document to the borrower, and so that there might be no concealment in the transaction?—No; judging by the number of cases which come before me, which are only the disputed ones, I expect the number of loans are enormous; I do not think any registrar could do it in each particular case. The transactions are very numerous.

Tuesday, 27th July 1897.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. A. K. Loyd.
Mr. Thomas Bayley.	Dr. McDonnell.
Mr. Garfit.	Mr. T. W. Russell.
Mr. Jeffreys.	Mr. Warr.

MR. T. W. RUSSELL, IN THE CHAIR.

Mr. JOHN KIRKWOOD and Mr. WILLIAM HARGRAVE GOODMAN are re-called; and further Examined:

Chairman.] MR. KIRKWOOD, you are aware that the House of Commons directed that the questions put to you by the honourable Member for Oldham should be answered. I now ask Mr. Ascroft to resume his examination.

Mr. *Ascroft.*

4711. I will submit to you the same question, Mr. Kirkwood?—(Mr. *Kirkwood.*) Pardon me, gentlemen, for one moment; you, sir, were good enough to give me an extension of time for the correction of the proof of my first day's evidence owing to my illness, for which I am deeply grateful. I now ask you, sir, to be good enough to grant me the same indulgence in respect of my second day's evidence which I have here, and which has not been opened, as you see, Dr. Furner strictly forbidding my attending to business of any kind or worrying myself about any matter.

Chairman.

4712. That is all right?—Will you kindly do so?

4713. Yes?—I am much obliged to you.

Mr. *Ascroft.*

4714. Now kindly answer this question?—Pardon me.

4715. Will you kindly answer this question?—But I have something of great importance to say.

4716. Will you kindly answer the question, which you were ordered to answer by the House of Commons?—Yes; but I think this ought to precede that. This is of the greatest importance. It is a matter affecting your honour, sir; it is affecting the honour of this Committee.

Chairman.

4717. Nothing can take precedence of the Order of the House of Commons itself; will you proceed now to answer Mr. Ascroft's questions?—Will you permit me to bring this matter forward immediately after answering the questions?

4718. Yes?—It is of the greatest importance to your own honour.

4719. You must answer the questions; then you may read the statement if you wish, if it is

Chairman—continued.

relevant; but you must obey the Order of the House?—I have come here to obey the Order of the House for my own sake, and in the interests of justice and truth, I desire to say something more.

Mr. *Ascroft.*

4720. Did you, on the 23rd December 1890, advance to this gentleman a sum of 20*l.* and take a promissory note for 36*l.* 15*s.*, did you?—Pardon me, sir.

4721. Will you get your ledger, sir?—I wish you would ask that question again, sir.

4722. Will you get your ledger, or Mr. Goodman will get your ledger?—(Mr. *Kirkwood.*) If you will put the question, sir, I will answer it.

4723. I will repeat the question when you have got your ledger to refer to it?—I think I can answer that without the ledger, if you will put the question, sir.

4724. Will you kindly turn to the page of the ledger which contains the account of this gentleman with yourself?—If you will put the question, sir, I can manage without the book. I have come here to answer the questions which I have hitherto refused to make an answer to.

Chairman.

4725. That question has already been twice put to you, Mr. Kirkwood, and we are waiting for your reply?—Did you say 20*l.*, sir.

Mr. *Ascroft.*

4726. Did you, on the 23rd December 1890, advance to this gentleman a sum of 20*l.* and take a promissory not for 36*l.* 15*s.*?—No; it is a lie.

Chairman.

4727. A what?—A lie.

Mr. *Ascroft.*

4728. And did you also on the 28th July 1891, advance a further sum of 40*l.* and take promissory note for the same?—No; that is also a lie.

4729. And did he by January 1893, repay 58*l.* 15*s.*, leaving a balance of 1*l.* 5*s.* on the cash actually

Mr. *Ascroft*—continued.

actually advanced?—I do not know as to the amount repaid; but, as to leaving a balance of 1*l.* 5*s.*, that is altogether wrong.

4730. And did you subsequently sue him for 689*l.*, and get judgment for that sum and costs?—Yes; I believe those were the figures.

4731. Now will you turn to the ledger?—But I want to explain that.

Chairman.

4732. Turn to your ledger for a moment?—You will permit me to explain why judgment was signed?

4733. Certainly; turn to the ledger first of all and satisfy the Member for Oldham as to the facts?——

Mr. *Ascroft.*

4734. I will give you every opportunity of explaining these figures, and I will assist you considerably?—I am obliged to you, sir; I am obliged for any little kindness from this Committee.

4735. On what page of your ledger is it entered? Try page 744; is that 744 you have before you?—(Mr. *Goodman.*) That is so.

4736. What is that book called?—A ledger.

4737. Is there an entry there of 23rd December 1890, promissory note repayable?—(Mr. *Kirkwood.*) Will you permit Mr. Goodman to answer, because he knows far more about the books than I do?

Chairman.] He has been sworn; he can assist you and give any evidence as to the books that is necessary.

Mr. *Ascroft.*

4738. Is there an entry there of a promissory note for 36*l.* 15*s.*?—(Mr. *Goodman.*) Yes.

4739. Is there an entry of 20*l.* cash being advanced?—No, that does not appear here.

4740. Kindly produce your cash-book? What sum is there entered there as advanced to this gentleman on 23rd December 1890?—It is 24th December here, 25*l.*

4741. Is that the sum which is represented by the promissory note given for 36*l.* 15*s.*?—Yes.

Chairman.

4742. Is that what you meant by stating that it was "a lie" Mr. Kirkwood?—(Mr. *Kirkwood.*) Yes, because ——

4743. That will do?—Because Farrow—Farrow's figures go up——

Mr. *Ascroft.*

4744. Never mind that, please?—They go up when he is calculating the money lenders' interest from 59 per cent. to 5,000 per cent., but it comes down marvellously in these mistakes.

Chairman.

4745. What you represent as "a lie" is the difference between 20*l.* and 25*l.*?—Yes; it is a lie, and makes a great difference in the rate of interest.

Chairman.] Quite so.

Mr. *Ascroft.*

4746. Now will you look at your ledger?—Because it would indicate that we charge interest at a higher rate than we do, which is malicious.

Mr. *Ascroft*—continued.

4747. Now will you look at your ledger under date, 28th July 1891—(Mr. *Goodman.*) Yes, sir, I have that entry; I have that date here.

4748. You are going to answer as to the books. Now, Mr. Goodman, do you there find this gentleman charged with default interest, 28*l.* 17*s.* 6*d.* in respect of that promissory note for 36*l.* 15*s.*?—Yes.

4749. Will you now turn to an entry under the date of 21st January?—In the cash-book?

4750. Is there no entry in that ledger of cash received?—Yes, there is some cash received.

4751. Just hand me the ledger a minute, will you (*the ledger was handed to the honourable Member*). Is there an entry of five guineas (5*l.* 5*s.*) received on the 21st January?—Five guineas, but on a different date, 27th and 28th January.

4752. Is there a balance then struck of 60*l.* 7*s.* 6*d.*?—Yes, sir.

4753. So that on this cash advanced of 25*l.* on the 23rd December 1890, after payment of 5*l.* 5*s.* you made him out to be a debtor on 28th July 1891 for 60*l.* 7*s.* 6*d.*?—Yes.

4754. Have you an entry on 28th July 1891 of a promissory note for 204*l.*?—Yes, it is entered here, sir.

4755. Turn to your cash-book and tell me what cash you gave him?—I am afraid I have not got that cash-book here.

4756. Why have you not got it here?—I did not know that there would be any reference to that cash-book.

4757. Well, is it not the fact?—(Mr. *Kirkwood.*) We got no notice to produce books, sir. (Mr. *Goodman.*) I think I can give you some particulars about it.

Chairman.

4758. What is that?—(Mr. *Kirkwood.*) I have my summons here; there is no notice whatever to produce books.

4759. Mr. Kirkwood when you were first summoned here you pleaded that you had not had time to produce the books that we called for; and your evidence was adjourned to another day in order that those books should be produced. That summons holds good?—And the books were produced.

4760. That summons holds good during the whole time you are in the chair?—That I did not know.

Mr. *Ascroft.*

4761. Will you swear, sir, that the sum advanced ——?—We had every book here not only from Brighton, but from Leicester, Bristol, and Ipswich, and you, sir, told me emphatically, and repeated it, that you would take three cases. I came prepared to go into those three cases first and understood they would be taken first; you only took one of those cases.

Chairman.

4762. Now, Mr. Kirkwood, I am not going to bandy words with you. You are here by Order of the House to answer the questions of the Member for Oldham, and you must do it?—I know that without being told, sir.

Mr. *Ascroft.*

4763. Are you prepared to swear that the consideration for that promissory note of 204*l.* was not a balance of 60*l.* 7*s.* 6*d.*, and the further advance of 40*l.* in cash?—(Mr. *Goodman.*) Ye, sir; it did not consist of that; it was not made up in that way.

4764. Are you prepared to swear that the actual cash advanced was not 40*l.*?—Yes.

4765. You swear that?—Yes.

4766. How can you recollect?—Because I know that 204*l.* note was made up of certain balances of which the 60*l.* 7*s.* 6*d.* is one.

4767. What are the others?—There were many prior notes.

4768. Find them?—They are here. (Mr *Kirkwood.*) The informant to the Committee has miscited this page.

4769. Bring me the book. (*The book was handed to the honourable Member.*) Now kindly point me out the balances?—(Mr. *Goodman.*) I will find them.

4770. Now, will you kindly show me by that book any cash advanced over and above those two sums of 25*l.* and 40*l.* Will you kindly tell me what sums in cash were actually advanced?—On the 5th March 1890, 25*l.* was advanced.

4771. Right; go on?—On the 16th April 1890, 20*l.*

4772. Now then, show me your cash book with that entry. (*The cash book is handed to the honourable Member.*) What page in the ledger is that?—666.

4773. Right. Next?—On the 30th July 1890, 15*l.*

4774. Yes. The cash book, please, for that. (*The cash book is handed to the honourable Member.*) How is it you get to page 342 in the ledger account; we are now dealing with 666?—That is the page of the cash book; it is put in by mistake, I presume.

4775. Why did not you put the ledger account folio?—It ought to be; it must be the mistake of the book-keeper.

4776. Will you kindly turn to page 342 of your ledger, and see if you have not another account there?—No, there is no account here with that gentleman.

4777. Let me look at it. (*The book was handed to the honourable Member.*) That is a mistake of your book-keeper?—That is a mistake of the book-keeper, I presume; he put the cash book folio instead of the ledger folio.

4778. Now, the next?—On the 22nd August, 10*l.*

4779. 1890?—1890, yes.

4780. The cash book for that. That will be in the next one, will it?—That is folio 357 of the cash book.

4781. Right. Next?—On the 7th November 1890, 20*l.*

4782. Yes?—Do you want to see the cash book?

4783. Oh yes, let me see everything. (*The book is handed to the honourable Member*). Right. Next one?—The next one is the note for 20*l.* that you spoke about first, for which a note for 36*l.* 15*s.* was taken, an advance of 20*l.*

4784. What?—The next note is the note for which 20*l.* was advanced, 36*l.* 15*s.*?—(Mr. *Kirkwood.*) 25*l.* (Mr. *Goodman.*) I beg your pardon, 25*l.*, not 20*l.*

Mr. *Ascroft*—continued.

4785. You have already given me that?—£25 is the correct amount.

4786. Are all those the cash advances that were made to this gentleman?—Those are all.

4787. That is 25*l.*, 20*l.*, 15*l.*, 10*l.*, 20*l.* Is that correct?—And 25*l.* again.

4788. When?—On the 23rd December 1890,

4789. On the 23rd December 1890?—1890.

4790. Show me the book. (*The ledger was handed to the honourable Member.*) Cash book. (*The cash book was handed to the honourable Member*)?—Oh, that cash book I have not got.

4791. Which is the entry you pointed out; this one?—Yes.

4792. But that is not cash advanced?—Yes, there is cash advanced, 25*l.*

4793. That is a note?—25*l.* was advanced in respect of it.

4794. No, no, sir, you have given us that at the commencement?—Yes.

4795. Why do you give it us twice?—There are two advances of 25*l.*

4796. This is a separate promissory note altogether a separate transaction?—Yes, quite so.

4797. That is in respect of the 30*l.* transaction; I am asking you in respect of a 36*l.* 15*s.* transaction on 23rd December 1890?—What do you ask me, sir?

4798. I am asking you these particulars in respect of that and not in respect of this, which is an entirely different one (*pointing to the book*). Now add up those figures again: 5th March 1890, 25*l.*?—£25, 16th April 1890——

4799. Twenty pounds?—£20.

4800. 30th July 1890?—£15.

4801. Fifteen pounds; 22nd August 1890, 10*l.*?—£10.

4802. 7th November 1890, 20*l.*?—£20.

4803. 25th December 1890, 25*l.*?—23rd December.

4804. 23rd December; that comes up to 115*l.*?—£115.

4805. Do you say that those sums were the consideration for the promissory note given on 28th July 1891 for 204*l.*?—The balances that were due in respect of those notes formed part of the consideration.

4806. The balances due in respect of this?—Yes.

4807. Can you tell me what the balance was, of cash. I do not want your default interest and your compound interest?—(Mr. *Kirkwood.*) We have no compound interest.

4808. I will deal with that afterwards, Mr. Kirkwood.—(Mr. *Goodman.*) I think I can, if you will allow me to get another paper which I have in my bag.

4809. Is that an extract from your books?—It is an old memorandum which I found when I was looking up the figures.

4810. Will you let me look at it before you refer to it. (*The paper was handed to the honourable Member.*) The only entry on that sheet is the last one which refers to this transaction?—That is so.

4811. That is exactly as I have got it, is it not; that on a promissory note for 36*l.* 15*s.* on 23rd December 1890, there was default interest owing of 28*l.* 17*s.* 6*d.*?—That is quite correct; but

Mr. *Ascroft*—continued.

but the note of 204*l.* was made up of all these amounts.

4812. Of all these amounts?—All these amounts were included in the consideration for that note.

4813. How much had been paid off on account of these amounts?—How much?

4814. On account of these amounts how much had been paid off?—Nothing had been paid on account of these amounts.

4815. No, no, my good sir; you know perfectly well I have already told you that there is only one item there that refers to what I am cross-examining you on?—I can give you the amount that was paid up to December 1890, in respect of all these notes. They were all muddled together in one account; I do not know why.

4816. They are what? You have muddled them together?—No, I did not do it; but all the cash this gentlemen paid during the year 1890 was put in one account and all the notes were put into one account.

4817. That is 5*l.* 5*s.*, is it?—No, I am speaking of 1890.

4818. So am I. Oh, in 1890?—In 1890.

4819. Well, we will leave 1890 and we will go to 1891, please?—Very well, sir.

4820. You have already told us he paid five guineas?—No, more than that; I did not tell you that.

4821. Five guineas on January 21st?—And more subsequently.

4822. I know; but I will deal with that afterwards. Now then, having told us that all these items are included in a note for 204*l.*, will you turn to an entry of September 17th, 1891?—I have it here.

4823. Do you there charge him with 25*l.* 10*s.* default interest?—That appears to be charged.

4824. Did you on 21st March 1892 charge him 219*l.* 18*s.* 9*d.* for default interest?—Yes.

4825. Did you on April 8th charge him 25*l.* 10*s.* for default interest?—Yes.

4826. And is there also an entry of Mr. Kirkwood's railway expenses when he went to visit his friend of 2*l.* 11*s.* 3*d.*?—No, there is no entry to that effect. (Mr. *Kirkwood.*) Yes, yes, it is so. (Mr. *Goodman.*) Allow me; there is nothing about your "railway expenses."

4827. Is there an entry of 2*l.* 11*s.* 3*d.*?—There is.

4828. Is that for a journey to London; read the entry?—"For managing director's expenses on a journey to London as agreed."

4829. Who was your managing director?—Mr. Kirkwood.

4830. Then Mr. Kirkwood, when he went to visit his bosom friend, charged him 2*l.* 11*s.* 3*d.* for railway expenses?—No.

4831. What did he charge?—He did not go to see "his bosom friend."

4832. Whom did he go to see?—He went to see this gentleman.

4833. Has not he already told us that this gentleman has described him as his good friend who assisted him in time of need?—I did not hear that. (Mr. *Kirkwood.*) That was your description.

4834. Did you ever hear Mr. Kirkwood say, in answer to Question 4001, that the travelling and other expenses had "to come out of whatever interest is obtained"?—(Mr. *Goodman.*) Yes.

4835. You heard him say that?—Yes.

4836. Then, notwithstanding his having said that, there is an entry in the book for railway expenses, for which you charge this gentleman?—I do not understand the "notwithstanding." There is an entry here.

4837. There is an entry?—"Notwithstanding"; this money came out of the money which this gentleman paid, and the answer was quite correct.

4838. Quite right; only it is rather inconsistent (I do not know whether you perceive it) that Mr. Kirkwood should tell us that the expenses come out of the interest, and that they should be again charged?—They come out of what is paid for the interest, of course.

4839. I know; but you charge him interest in addition?—They come out of what is paid.

4840. Did you receive 8*l.* 10*s.* cash from him on 17th September 1891?—Yes.

4841. Did you receive 5*l.*?—Yes.

4842. Did that leave a balance of 464*l.*?—Yes.

4843. Did you take another promissory note on 3rd April 1892?—Yes; 8th April.

4844. Was there any cash advanced?—No.

4845. Did you charge him, on 26th January 1893, 265*l.* for default interest?—Yes.

4846. Did he in the meantime pay you 40*l.* off in cash?—Yes.

4847. That is how you made up your balance of 689*l.*, is it?—Yes.

4848. Will you turn now to the account of this gentleman since you have got judgment?—Yes, I have it here.

4849. How much have you received?—£. 175.

4850. Since?—£. 175.

Mr. *Thomas Bayley.*

4851. What was the date of the judgment?—The date of the judgment is the 3rd February 1893.

Mr. *Ascroft.*

4852. Fourth February 1893?—I have a letter from our solicitor saying it is 3rd February, and that is what I am relying upon.

4853. That is sufficiently near?—(Mr. *Kirkwood.*) Does it make much difference, a day?

Mr. *Thomas Bayley.*

4854. How much has he paid out of that?—(Mr. *Goodman.*) £. 175 altogether.

Mr. *Ascroft.*

4855. Can you give me any idea how many thousand per cent. the rate of interest would be, calculating your fines and default interest along with the ordinary interest of 60 per cent.?—The fines would come out at 216 per cent.

4856. The fines would come out at 216 per cent.; but you charge fines on fines, do not you?—When the note is due.

4857. Do you charge fines on fines?—No, sir.

4858. Do you charge interest on interest?—No.

Mr. *Ascroft*—continued.

4859. Not from each time when you make a stop?—If a note is due it becomes liable for the payment of default interest.

4860. When the note is due you begin to charge him interest, not only on the principal, but on the balance of fines and interest due on that note?—On the balance of the note.

4861. That is on the balance of fines and interest, is it not?—In cases where the note includes interest.

4862. These notes do include interest, do not they?—This one did.

4863. So that each time when you have taken a new note you have, first of all, added the fines and the interest that was owing on it?—That seems to have been done in this case.

4864. Do you say that that only works out to 216 per cent.?—Upon the amount due.

4865. Upon the amount due?—It is impossible to calculate upon the original cash advances; I do not know if you mean that.

4866. You sued the gentleman under the Bills of Exchange Act, did not you?—I do not know.

4867. You do not know?—I do not know; I have not had anything to do with it.

4868. Who had to do with it?—Mr. Kirkwood.

4869. Did you, Mr. Kirkwood, sue this gentleman under the Bills of Exchange Act?—(Mr. *Kirkwood.*) I do not know.

4870. You cannot remember? — No; if I could I would tell you. It would not make the slightest difference.

4871. Were you aware you could make him bankrupt?—You can always make a man bankrupt for a judgment above 50*l.* I think, as a solicitor or a barrister, you will know that.

4872. Do not tell me the law; I daresay I know it as well as you do?—I am sorry I have been "sending coals to Newcastle," sir.

4873. You are also aware that you could make this gentleman a bankrupt?—Have I done so?

4874. Did you know that if you did it he would lose his post, and you would not get your money?—I would do nothing of the kind.

4875. Did you know that if you did make him bankrupt he would lose his post?—I do not know.

4876. You do not know that?—No, I do not know.

4877. Was not that the reason why he allowed you to get judgment?—No, I am coming to that. I have an explanation all about that when the time comes.

4878. You have?—Certainly.

4879. You are also claiming interest, now are you not, at the rate of a halfpenny in the shilling until this debt is paid?—(Mr. *Goodman.*) No. (Mr. *Kirkwood.*) No, it is ridiculous.

4880. Just listen to this, will you: "The plaintiff's claim is against the defendant as the makers of a promissory note for 464*l.*, dated the 8th April 1892, payable by monthly instalments of 8*l.* each on the 16th day of May following, and the 16th day in each and every succeeding month until the whole of the 464*l.* is fully paid." The note provides that in case default is made in payment of any one of the said instalments the whole amount remaining unpaid shall become due and payable forthwith, together

Mr. *Ascroft*—continued.

with interest thereon at the rate of a halfpenny in the shilling per week from the date of such default on the aggregate amount of the instalment then remaining unpaid until the actual payment thereof." Now, will you kindly show me your book where you have carried forward this gentleman's account?—(Mr. *Goodman.*) Yes (*placing same before the honourable Member*).

4881. Is this the last entry, on 1st January 1897, of how the account stood?—I think he has made a payment since then, sir.

4882. He has made a payment since then?—(Mr. *Kirkwood.*) He has paid 10*l.* this year.

4883. On the 1st January 1897 he was still owing you 524*l.*?—(Mr. *Goodman.*) That was the balance at that time.

4884. Now, I think, Mr. Kirkwood, you have also been a "good friend" to other members of this family?—(Mr. *Kirkwood.*) Pardon me; I want to deal with one case at a time; I want to obey the Order of the House of Commons.

4885. You have obeyed that in respect to that question?—I wish to make the explanation which the Chairman was kind enough to promise me I might make.

4886. In respect to this account?—Yes.

Chairman.

4887. Very well; if you have any explanation now to make let us have it?—I have a most important one.

Mr. *Ascroft.*

4888. On that particular account?—Yes.

4889. I have finished with that particular case?—May I take it, sir, that you have no more questions to put in respect of it, so that I may be able to deal with it *en bloc?*

Chairman.

4890. I may tell you that, whilst Mr. Ascroft may have no more questions to put on this account, other Members of the Committee may have?—Oh, I shall be very pleased to answer.

Mr. *Ascroft.*

4891. There is one question I want to ask both you and the cashier, that is this, whether or not, in giving me these figures of money advanced you have not mixed up two accounts?—There are 11 accounts altogether, I think; 11 notes. (Mr. *Goodman.*) They were all mixed up in the transaction.

4892. Is it not a fact that you have, in giving me these figures, mixed up two lots of promissory notes on purpose to increase the amount?—They were mixed up when the note was taken; I have given you the figures of what exists.

4893. Have you not in doing that given me figures of cash advanced which he has been paying back on different promissory notes?—I have given you all the cash advanced.

4894. Is that so, or not?—That is so.

Chairman.

4895. Now, Mr. Kirkwood, what is it you wish to explain?—(Mr. *Kirkwood.*) My sole object in signing judgment for that large amount was to defeat the unjust and iniquitous Bankruptcy Act of 1890 (a scandal to the statute book), so that, after having signed judgment, the official

Chairman—continued.

official receiver, in the event of this gentleman drifting into bankruptcy, could not then go behind the judgment, and only allow us interest at the rate of 5 per cent. per annum on the actual sums advanced to that gentleman, and even if we only got one shilling in the pound that would be something. In order to prevent the possibility of that gentleman's name being divulged in London, or to the Government in any way, I instructed my Brighton solicitor to issue the writ from the Brighton district registry, which was accordingly done; and in order to prevent the possibility of anything leaking out from the service of the writ by any solicitor's clerk or London agent's clerk I undertook the service of the writ myself, and I accordingly served the writ upon that gentleman, and as he had paid nothing for a long time he received a copy of the writ in a perfectly friendly manner. I told him that the amount sued for was the legal amount due, but I said, You have known me long enough to know that when you have paid what I consider a fair and equitable amount I will give you a receipt in full settlement and satisfaction of our claim against you. He at once agreed to it, and agreed that judgment should be signed for the full amount sued for, which was accordingly done; and I then asked him how much a month he could pay, not to embarrass him. He said he thought he could pay 7*l.* a month, without inconvenience to him. I accepted that, and he made not the slightest opposition, but fully agreed to judgment being signed for the full amount, as he had known me for a long time. If I had been the scoundrel so graphically delineated by the scurrilous and libellous "Pall Mall Gazette" I should have rushed off and issued execution against that gentleman for the full amount upon the very first default he had made in payment of the monthly instalments of 7*l.* each, and taken possession and sold up his very beautiful home. Now judgment was signed on the 3rd February 1893, 3½ years ago. The amount was repayable monthly, and the first payment he made was 7*l.* on the 17th July 1893, 5½ months after judgment was signed.

Mr. *Ascroft.*

4896. But that does not refer to this case?—It does.

4897. 1893?—It does, or I am not in my senses.

Chairman.

4898. Go on, Mr. Kirkwood?—The judgment was signed; I think, sir, you said the 4th February 1893; Mr. Goodman says the 3rd.

4899. Go on?—I do not think it makes very much difference; a day 3½ years ago; and the first payment he made was 7*l.* on the 17th July 1893, 5½ months after judgment was signed. That gentleman did not pay a single farthing in the meantime. He has paid most irregularly, and as a matter of fact he has only paid 10*l.* during the whole of this year, but his home remains untouched by the wicked Kirkwood the money lender. As a matter of fact, he has only paid 175*l.* on account of 689*l.*, which leaves a balance now of 514*l.*, not speaking of interest at the rate of 4 per cent. per annum which the

Chairman—continued.

judgment carries by law, and which amounts to 27*l.* 11*s.* 2*d.* per annum; but if that gentleman, or the philanthropic Mr. Yerburgh the Member for the City of Chester, or any other philanthropic Member of this Committee, will pay me to-day or to-morrow, or any day on or before next Monday, the sum of 25*l.* to make up 200*l.*, in satisfaction of my judgment for 689*l.* and interest at 4 per cent. thereon, I shall be perfectly satisfied, and will give a receipt in full discharge and satisfaction of our claim against that gentleman, notwithstanding the fact that the judgment carries with it what is called "legal" interest at the rate of 4 per cent. per annum, not a farthing of which that gentleman has paid, and of course not a farthing of which I ever expected him to pay. The Chairman has been good enough to give me an extension of time, owing to my illness, for the correction of the proof of my first day's evidence, for which I am grateful. I now ask him to be good enough to grant me the same indulgence in respect of my second day's evidence which I have here, and which has not been opened, as you see, Dr. Furner strictly forbidding my attending to business of any kind, or worrying myself about any matter. I have come here in considerable pain and great weakness, not only to obey the order of the House of Commons, but for my own sake and in the interests of justice and truth. I say this, for this Committee has absolved or released me of my promise to the Speaker of the House of Commons to answer the questions to which I have hitherto refused to make a reply, for notwithstanding the assurance given to me and the assurance given to the Government that the name of the gentleman in question would not be divulged, they have divulged his name in the most flagrant manner.

4900. Who has?—The Committee.

4901. I do not know it?—Then by your agent, sir.

4902. Mr. Kirkwood, withdraw that; I have no "agent" in this matter?—By Farrow.

4903. I have no "agent." Withdraw that, please, before you proceed another step?—But he is your instructor.

4904. Withdraw that. The Committee have no agent whatever?—Then he is your instructor.

4905. Mr. Farrow is a witness?—He has given the honourable Member for Oldham all these particulars.

4906. You said my "agent"?—The Committee's agent.

4907. That is as bad; the Committee have no "agent"?—Very well, Farrow; the Right Honourable Thomas Farrow. The assurance was given that the name of the gentleman in question would not be divulged; I will not use it; I will not hurt the feelings of any member of this Committee; Farrow has divulged his name in the most flagrant manner.

4908. We have nothing to do with that?—By sending down a person to Brighton on Monday the 19th inst. to get up evidence in respect of the case in question; and to our certain knowledge that person divulged the name to at least two people in Brighton, and not only mentioned that gentleman's name in full, but actually showed one person a copy of the writ served by us upon that gentleman. This is damnable, and playing

Chairman—continued.

fast-and-loose with the House of Commons itself, for that venerable assembly would never have made the order they did had they known that the name of that gentleman was going to be so maliciously divulged and practically laid open to the world.

Mr. *Ascroft.*

4909. I was asking you whether you had also been a "friend" of another member of his family?—Excuse me, sir.

4910. Yes or no?—(to the *Chairman.*) I ask you, sir, to redeem your promise to me by calling Thomas Farrow; I have a few questions to put to him.

Chairman.

4911. Mr. Kirkwood?—You promised me that, sir.

4912. I said to you that if, when your examination was closed, you desired any questions to be put to Mr. Farrow, if I considered those questions relevant questions I would put them. You have no right to call any witness or to examine any witness. You are here to answer questions put by the Committee?—May I ask you, sir, to call Thomas Farrow now?

4913. I shall do that if the Committee deem it right after your examination is finished?—I should think for your own sake and the sake of the Committee——

4914. Never mind "the Committee"; we shall take care of our own honour in the matter?——

Mr. *Ascroft.*

4915. Did you recently sue another gentleman, a member of this family, for 1,260*l.*?—A member of this family?

4916. Yes. Let your book-keeper come here and I will show him the name (*the name was shown to Mr. Goodman*)?—(Mr. *Goodman*). There is no such account in these books.

4917. Come, come now; do be careful, please; did you recently sue a gentleman, bearing the same surname as the one we have been inquiring into, for 1,260*l.*?—(Mr. *Kirkwood.*) I do not know. I know nothing about it.

4918. Do you mean to say you have forgotten; did not you sue him out of the same court that you sued the other one?—I do not know, sir.

4919. Hand me your ledger, please; first of all, give me the ledger for 1888?—(Mr. *Goodman.*) I do not think this goes back so far as that.

4920. Where is your ledger for 1888?—I have not brought it with me; I did not think it would be wanted.

4921. Give me the ledger for 1889, then?—This contains some accounts for 1889.

4922. You know perfectly well what account I am referring to?—No, I do not; I have only been associated with Mr. Kirkwood for about seven years.

4923. This ledger begins with 1892; I asked you for the 1888 ledger?—I told you I had not got the 1888 one. I said I thought there were some accounts for 1889 in that one.

4924. I asked you for 1888?—I have not got it.

4925. Is there a ledger for 1888 in existence?—Certainly.

Mr. *Ascroft*—continued.

4926. Where is it?—It is at Brighton.

4927. And that will contain the accounts of money advanced in 1888 to your customers?—To whom?

4928. That 1888 ledger will contain the account of money advanced to your customers?—Certainly.

4929. Then that I shall require later on; you cannot give me any information at present as to that particular account, can you?—(Mr. *Kirkwood.*) We have not been asked. You have not asked us. You give us a whole list of names and books.

4930. Then I will ask you this: Did you take a promissory note on the 6th February 1888 for 648*l.*; did you receive 175*l.* 10*s.* cash, leaving a balance of 472*l.* 10*s.*; did you charge interest from the 20th September 1888 to the 27th June 1889 to the amount of 787*l.* 10*s.*, and did you then issue a writ and obtain judgment for 1,260*l.*?—I know no more about these questions that you are asking than the man in the moon would.

4931. Then when next you appear I shall require those books produced?—Certainly; give us notice; we will produce every book.

Chairman.

4932. Mr. Kirkwood, we shall ask no further questions upon that just now; this case was not in the list we provided you with?—We will produce the books in every case we have, and any Member of this Committee can come down to Brighton, and to Leicester, or to Ipswich, and look at all the accounts.

Mr. *Ascroft.*

4933. Is that so?—Yes; I shall be very pleased to see any Member of this Committee.

4934. You had notice to produce a book called the "Suspense Account"; have you got it?—Suspense Account?

4935. Yes?—We have no notice to produce that book. But, pardon me, I expected I was only going to be examined about this one case.

Chairman.

4936. You are entirely wrong?—This is the first time I have heard of that.

Mr. *Ascroft.*

4937. You have a book called the Suspense Account book, have you not?—I think there is such a book at each branch.

4938. And that book is at Brighton?—There is a book at each branch.

4939. I want the one in connection with the Southern Counties Bank and your present bank; are those books at Brighton?—The books of the Southern Counties Deposit Bank, Limited, are at Brighton, and Bristol, and Leicester.

4940. Then I shall want the books of the Southern Counties?—The whole of the books?

4941. The Suspense Account; I shall want them produced at your next examination?—I should like to know, Mr. Chairman, who is going to pay for bringing all these cart-loads of books. That is a serious matter.

Chairman.

4942. Mr. Ascroft will hand in, at the close of this day's examination, a list of any books he may require, and you shall have an order to produce them before you leave?—He did that before, and I obeyed his request.

4943. And he has a right to do it to-day?—I dare say he has.

Mr. *Ascroft.*

4944. Can you give the Committee any idea?—Will you pardon me, I have a personal explanation here.

4945. In connection with something that has gone on?—Pardon me, sir, I have a most important personal matter. During the first sitting of this Committee the Chairman stated that any person who had been maligned here (I think I have been maligned) would have an opportunity of being heard before the Committee. Relying upon that promise, I wish to make a personal explanation of the most serious character. When I last had the honour of appearing before this Committee, the honourable Member for Oldham——

Chairman.

4946. I am quite willing to let you make any explanation that may be necessary, but we cannot have the examination interrupted by these recurring explanations. You will please answer the questions put to you by Mr. Ascroft, and I shall receive your explanation after that is over. Any explanation you desire to make will be received?—You will do that?

4947. Certainly?—I accept that; I am much obliged to you.

Mr. *Ascroft.*

4948. Can you give the Committee any idea of the number of your customers who have committed suicide when you have been taking proceedings against them?—That is the very matter I was going to speak about, particularly the vile accusation against me, the unfounded accusation.

Mr. *Thomas Bayley.*

4949. There has been no accusation made against you?—There was.

Mr. *Ascroft.*

4950. Can you give the Committee any idea of the number?—I shall not answer that question, and I shall report this Committee to the House; I shall report that scoundrel Farrow to the House, your jackal.

Chairman.

4951. You have no right to use these expressions?—A living proof of the Darwinian theory, that is what he is. Look at him.

Mr. *Ascroft.*

4952. Will you kindly turn to the account of one Thomas Mitchell who committed suicide the last week but one?—I am coming to that. (Mr. *Goodman.*) I have brought a copy of that ledger account with me.

4953. Very well, I will take your copy?—(Mr. *Kirkwood.*) An unfounded charge, that Sheffield case, nothing to do with our bank. (Mr. *Goodman.*) I have a copy of the account here.

Mr. *Ascroft*—continued.

4954. Was James Mitchell one of your customers?—He was.

4955. Did you sue him?—We did.

4956. You did not, I think, sue him for default interest?—No. (Mr. *Kirkwood.*) Because he did not go to Farrow.

Chairman.

4957. Order, order!—If he had gone to Farrow we should have sued him for the full amount, the scoundrel.

Mr. *Ascroft.*

4958. I think the court refused to issue process for default interest inasmuch as you do not stamp the promissory note with a sixpenny stamp?—All our notes are stamped.

4959. With a stamp of sixpence?—Yes; and this one was stamped with the sixpence, certainly.

4960. Oh, look here (*exhibiting a note to the Witness*)?—That is stamped with sixpence.

4961. Recently?—Recently.

4962. It is a recent alteration of your business arrangement?—It has been done a great many years. (Mr. *Goodman.*) Ever since I have known Mr. Kirkwood it has been done.

4963. I may tell you that I have a number of your notes here which have not been stamped with the sixpenny stamp. Is it not this, that default interest is in the nature of a penalty, and therefore there must be an agreement to pay it which requires a sixpenny stamp?—I only know that the notes have always been stamped since I have known Mr. Kirkwood, and this of Mitchell's was.

4964. You sued him for the balance?—We sued him for the balance without default interest.

4965. Did you also write him this letter on the 2nd April: "Sir,—In consequence of the sum due and payable on the 5th day of February 1897, in accordance with the terms and conditions of the note made, and given by you to us, and dated the 5th June 1896, not having been paid, you are aware that the whole amount remaining unpaid is now due and payable forthwith, together with interest at the rate of a halfpenny in the shilling per week from the date of default in payment of the said sum on the full amount remaining unpaid, or on the aggregate amount of the instalments then remaining unpaid, until the actual payment thereof. We hereby give you notice that unless you immediately pay to us the whole amount remaining unpaid, together with the interest secured by the above-mentioned note, we shall at once instruct our solicitors to take such legal proceedings against you as counsel may advise." That letter was signed by W. H. Goodman as manager of the Southern Counties Deposit Bank, Limited, and a note added to it stated that the amount of principal unpaid was 36*l.*, default interest to date 12*l.* Did you send that letter?—I sent him a printed notice which you have read in those words.

4966. You sent it?—I presume I did.

4967. Have you read the account, Mr. Goodman, of the inquest on this man's body the week before last?—No, sir; but I read the statement that he had committed suicide. I have not read a report of the inquest

Mr. *Ascroft*—continued.

4968. Have you heard that the harsh proceeding that you took in respect to this default interest was the cause of this man's committing suicide?—It was stated so in the papers, but I have his letters before me which contradict that report.

4969. Have you heard that the coroner's jury considered that these facts should be laid before this Committee?—I did not read the report of the inquest.

4970. Is that the only man who has committed suicide when you have been taking proceedings?—If you will allow me, I will read this man's letters.

4971. What date?—One is the 12th June and the other the 8th July. I should like also to read my answers to them; they are very brief.

4972. Surely?—On the 12th June 1897 he wrote to me: "Sir,—I received your note this morning, and I am very sorry I have not been able to keep my instalments paid, but my business has entirely failed, and I have been in ill-health all the winter. If you will send me word the smallest amount you can take monthly, you will greatly oblige,—Yours truly, *James Mitchell.*" That was in answer to my letter of the 10th June.

Mr. *Warr.*

4973. What was his station in life?—He was a farmer and carman; he used to do carting and hauling. That was in answer to my letter of the 10th June, which I ought to have read first, "We have not heard anything from you since January last——"

Mr. *Thomas Bayley.*

4974. What reply did you make to that letter?—I ought to have read my letter first, to which that was a reply: "We have not heard anything from you since January last. The whole balance of your note, amounting to 36*l.*, is now, therefore, long overdue, together with considerable amount of interest. Please let us hear from you by return of post what you propose to do, or we shall be reluctantly compelled to put the matter into the hands of our solicitor." Then he wrote me that letter. On the 12th June he replied: "I received your note this morning, and I am very sorry I have not been able to keep my instalments paid; but my business has entirely failed, and I have been in ill-health all the winter. If you will send me word the smallest amount you can take monthly, you will greatly oblige." That letter I put on one side, intending to send someone to call upon him; but did not do so. On the 7th July I wrote him: "Dear Sir,—I have been hoping to call and see you, or to send one of our officials to call upon you, with reference to your letter received 12th ultimo. I do not understand from what you say what has happened or what is your present position, and I shall be obliged if you will kindly let me have these particulars in order that I may see what can be done." On the 8th July he replied: "I received yours today (the 8th). I have been waiting a reply to my last letter, in which I told you I had had bad health the greater part of the winter; I could do scarcely any work, and on that account

Mr. *Thomas Bayley*—continued.

I have had no money coming in, and my income is not sufficient to pay 3*l.* monthly, which I would gladly pay if I were able. On the 1st of July I had a personal visit of a summons of the amount I owe you, 36*l.* As I could not pay it I returned the forms, inquiring the date the county court was to be held, and I received a letter to say it will be on the 16th of July. Trusting you will be able to settle the affair without taking it into court, and let me know by return the smallest amount you can take monthly you will greatly oblige."

Mr. *Ascroft.*

4975. What was your answer to that?—By that time the summons had been issued. It had been included in a batch of ten others and sent round to the solicitor, so that the action was in progress.

4976. You did not sue him for the default interest?—No.

4977. Is it a fact that the Registrar of the Brighton County Court refuses to issue summonses for your default interest?—No, sir, it is not a fact.

4978. You say that that is not so?—I swear that is not so.

4979. Do you remember selling up a man of the name of Tuck, of Brighton, and his committing suicide when your man was in possession?—(Mr. *Kirkwood.*) When are we going to have done with it? Surely I cannot be responsible for one of the thousands of our customers committing suicide. This man, according to his own letters, failed in business.

4980. Did he cut his throat when your man was in possession, Mr. Tuck, the wine merchant?—Tuck obtained our money by fraud.

4981. Did he cut his throat?—Tuck obtained money by fraud, and he was afraid of being sent into penal servitude.

4982. Then to evade penal servitude he cut his throat?—How can I answer that; I am not a divine being, and cannot see what is in a man's mind. If you presume that——

Mr. *Thomas Bayley.*

4983. It is for you to answer?—Very well.

Mr. *Ascroft.*

4984. Were you selling him up at the time under a bill of sale?—No.

4985. Were your men in possession?—I cannot tell.

4986. Will you swear they were not in possession?—The wife claimed the goods, and proved the goods were hers. We were swindled out of our money, and he knew perfectly well he was committing a serious fraud.

4987. Would you prefer not to answer the question?—What.

4988. Whether or not your men were in possession?—I cannot tell; it is a very long while ago.

4989. Have you a book called the "suicide book?"—The "suicide book." Do not insult me.

4990. Have you a book, sir, called the suicide book; yes or no?—I never heard of such a book.

4991. Have you a book in which you enter all the

Mr. *Ascroft*—continued.

the deaths of your customers that owe you money?—Certainly not; I never heard of such a thing. (Mr. *Goodman*) Certainly I never heard of such a book.

4992. Do not you enter in your suspense account book the actions, the judgments, the seizures, the sales, and the deaths of all your customers?—If you address me, sir, I say no, certainly not. (Mr. *Kirkwood.*) I do not go into these details.

4993. Are there none of these things entered?—(Mr. *Goodman.*) Nothing is entered in the suspense account. (Mr. *Kirkwood.*) I do not know what Mr. Balfour will say about this; he will know about it. (Mr. *Goodman.*) I think there are not three in the whole of the books; speaking of seven years' knowledge of the books, I do not know of more than three, of which Mitchell is one and Tuck is another.

4994. I am very glad to hear that?—You talk as if every other man was a suicide.

4995. No, I ask you how many suicides there have been. Now as to the statement you made the other day, that actions were brought against you improperly?—(Mr. *Kirkwood.*) Oh, actions!

4996. You follow me?—Certainly most of the actions are improper.

4997. "Grossly unjust and iniquitous lawsuits brought against" money lenders "which they are bound to defend at great expense?—Yes.

4998. Have you had such actions brought against you?—They are all such. All actions that are brought against us are brought by unscrupulous and infamous solicitors, as a rule.

4999. Wait a minute?—As a rule, when a customer of ours goes to a respectable solicitor, there is hardly ever an action brought against us.

5000. Do you find that many complaints——?—When they go to solicitors who go in for fees and costs; those men that get struck off the rolls sometimes; then, of course, we suffer.

5001. Do you find that there are many complaints that you get people to sign bills of sale when they do not know that they are bills of sale?—Everyone who wants to wriggle out of his contract says so, but I am proud to say we have some honest customers who will come to this Committee, if you want, and tell you how we treat them.

5002. Do you find that improper allegations of that kind are made by people against you?—That is a usual thing against every money lender.

5003. And do you find that judges and juries occasionally believe it?—The judges, some of the judges, I am sorry to say, are as prejudiced as some of the juries.

5004. Exactly?—And are not fit to try a money-lending case. If I went before certain judges I should fear nothing.

5005. Do you remember a gentleman of the name of Van Hoboken?—Van Hoboken, a great scoundrel. Pardon me, sir, as you are on that.

5006. Did he bring an action against you?—Well, pardon me——

[*Chairman.*] Answer the question first.

Mr. *Ascroft.*

5007. Did he bring an action against you, which came before Mr. Justice Grantham?—Oh, yes; Grantham! oh, yes.

5008. And did he claim that you had obtained a bill of sale from him by means of fraud?—One of the most eminent Queen's counsel said that if we had been before Mr. Justice Charles, in whose list the action was the day before, we should have won, but going before Grantham it was a foregone conclusion.

Chairman.

5009. If you will not treat the Committee with respect, I must ask you to treat Her Majesty's judges with respect, at all events?—I do those that command my respect; he does not.

5010. Here, at all events, you will treat them with respect?—Well, sir, I think you must leave me to answer in my own way.

5011. No, not in that matter. A Member in the House of Commons would not be allowed to use that language towards Her Majesty's judges?—I am a privileged person here; you told me I could say what I liked.

5012. I never did; I should be very sorry to say anything of the kind?—You told me I was protected, and I am protected by the funds of the Treasury, I take it, if any action is brought against me.

5013. Any Member of the House of Commons who referred to one of Her Majesty's judges in the language in which you have referred to Mr. Justice Grantham would be stopped and called to order, and I shall give you no further privilege than a Member of the House would have?——

Mr. *Ascroft.*

5014. Did the judge, in leaving the case to the jury, say to them that if they believed that Hoboken had been misled and never told that it was a bill of sale, or that the interest was 60 per cent., or that it was gained by you through fraud, then Hoboken was entitled to have the document set aside?—Very likely.

5015. I am reading from the shorthand notes of the trial?—I am not surprised after what Mr. Justice Grantham said.

5016. Did the jury set the bill of sale aside and make you pay 500*l.* damages?—Yes.

5017. Then you gave notice of appeal?—That is an additional reason for this Committee. That is an additional reason of our high rate of interest, because we cannot get justice in the courts.

5018. You cannot get justice in the courts?—No.

5019. I should think not, judging from this. Do you remember a gentleman of the name of Gibson?—Gibson?

5020. Frederick Gibson?—I remember a blacksmith.

5021. You may look at that bill of sale (*handing same to witness*)?—I never saw Gibson in my life.

5022. Frederick Gibson brought an action against you also in the High Court, did not he?—At the instance of Farrow.

5023. Never mind. Did he claim that the bill of sale should be set aside and that you had obtained it by fraud?—I never obtained it at all.

Mr. *Ascroft*—continued.

5024. Did he claim that the bill of sale had been obtained by fraud and ask for it to be set aside?—I will cut it short for you. He got a verdict for 40*s.*, and he had to pay our counter-claim and the costs of our counter-claim, so I do not think he was much in pocket by going to Farrow.

5025. Did he get the bill of sale set aside?—Set aside?

5026. Yes?—After he paid it.

5027. Did the judge set it aside or a jury; I can give you the judgment if you want it?—Oh, yes; I will save you the trouble.

5028. Had you to pay 40*s.* damages?—Yes, 40*s.* damages.

5029. It is only a small thing?—For the registration of the bill of sale against a blacksmith.

5030. Do you remember a Mr. Roberts charging you with obtaining a bill of sale by means of fraud?—Roberts; I never saw him.

5031. David Roberts, farmer?—I never saw him.

5032. Did he bring an action against you in the High Court?—Very likely. It is not at all unlikely, when they are encouraged to wriggle out of their contracts by Farrow.

5033. Was that bill of sale set aside also?—It is too tempting; they cannot resist it. Why do not you have some of our honest customers here to tell you about our treatment, in justice to ourselves? Then, of course, you could send in a fair and impartial report to the Government.

5034. Do you find much difficulty in getting a judgment from the judges of the different courts?—Difficulty?

5035. Yes, difficulty?—Well, you see I do not sue people: I have nothing to do with it.

5036. Did you within the last six months bring an action against Francis and Priscilla Nash on a promissory note?—Those thieves! They have never paid me a farthing of the money, principal, or interest. Why do not you have them here, and place them in this chair?

5037. Did the judge order that the default interest should be paid at the rate of 1*d.* per month, which would take 140 years to clear off?—I cannot tell, but surely when they have power to do that you do not want to give them any more power. Is not that enough power for county court judges? If I remain in the business, and everybody else remains in the business, the interest will go up if the county court judges have power to review.

5038. You have notice to produce your books in connection with the account of a lady whose name we agreed should not be divulged?—Quite so.

5039. And you told the Committee the other day that you called the attention of all your borrowers to the fact that they had to pay default interest, and underlined the note?—Certainly.

5040. And you handed a number of notes in?—Certainly. Yes, we have done that.

5041. Will you kindly look at those notes issued in 1890, 1891, 1891, and 1891, and tell me how it is those were not underlined?

Mr. *Warr.*

5042. That is six years ago?—It is a pleasure there is one gentleman on this Committee who is fair; that is Mr. Warr.

Chairman.

5043. Order; you have no right to say that?—I would risk my life to save that man's life; it is so refreshing coming from this Committee.

5044. I hope Mr. Warr feels complimented?—Did the Government grant this Committee to hold people up to ridicule and to bully them. Mr. Warr put the most searching questions to me, and far more calculated ——

Mr. *Ascroft.*

5045. Will you kindly answer my question. The notes which I have handed to you and which are issued between 1890 and 1892 were not underlined?—That is in 1890.

5046. Look at 1891?—It is so; but excuse me. If those notes relate to that lady, I took the notes myself, and I insist upon every customer, and I instruct my managers and my clerks to insist upon every customer, reading the document for himself or herself before they sign, and that lady did.

Chairman.

5047. Have you altered the procedure since 1890 in regard to these notes?—I should think very likely that some of the smaller notes were underlined at that time because of the contract; you see that is 2*s.* 6*d.*; 2*s.* for the note, and 6*d.* for the agreement; so this might have been an old note.

Mr. *Ascroft.*

5048. What I want to get at is this: You have within the last few years thought it necessary to call the attention of borrowers, by those lines, to the terms of the note?—In order to preclude ——

5049. In order to protect yourself?—In order to preclude ——

5050. The wicked men trying to get out of what they owe?—Exactly. Now you understand it.

5051. We understand one another thoroughly?—Yes.

5052. Now, will you kindly turn to the ledger account of this lady?—When I can get the book.

Adjourned for a short time.

Chairman.] Mr. Ascroft desires to postpone any further examination of the witness until the books that he requires are produced, which will be on Thursday next.

Mr. *Thomas Bayley.*

5053. Mr. Kirkwood, are you also trading as the Provincial Union Bank?—I am only trading as the Provincial Union Bank.

5054. In an advertisement which you put in different papers, you begin by saying that you have 250,000*l.* to lend. Is that so?—Yes, and far more when it is wanted; far more at my command when it is wanted. I have not got 250,000*l.* in my pocket here.

5055. Of course not; but you could lend 250,000*l.* on good security (or rather the Provincial

Mr. *Thomas Bayley*—continued.

vincial Union Bank), if you were satisfied with the security?—Yes, far more.

5056. Should you have to apply for financial aid from other sources?—Well, sir, I do not think that has anything to do with this inquiry.

5057. You say "on note of hand and other securities at a few hours' notice. The business of this bank was originally started in 1863"?—Yes.

5058. That is so, is it?—Yes. Everything that I state is true in that advertisement.

5059. "And has grown to be the largest in the kingdom"?—Yes, of the kind.

5060. And everything you state in this advertisement is true. Then you go on, "owing to the honourable and straightforward manner in which it has been conducted, the uniform courtesy and prompt attention of its officials have inspired the confidence and recommendation of its numerous customers." That is true?—Yes, very much so.

5061. "And the public are cautioned against those loan offices and money lenders whose only object is to obtain fees"?—Yes.

5062. You strongly object to all fees?—I think that the public cannot be too much cautioned against those bogus money lenders who have no capital, and who live upon plunder by getting fees from the public and never advancing any money.

5063. I think your opinion and the Committee's are one on that, of course. "If desired, an official from the bank will attend at applicant's residence with cash, and carry out the advance without delay"?—Yes; they always take the cash with them, Bank of England notes.

5064. After an application?—When they visit the applicant's house. We do not pay by cheque, because that would be an exposure that borrowers would not like.

5065. Then you really do not object to what Mr. Farrow says when he calls you, "The king of money lenders"?—He has called me a great many things.

5066. I mean to say that is not objectionable?—I am not "the king." I should think one of the Rothschilds would have a greater claim to that title.

5067. No doubt?—I think so. I suppose they would be called upon to take a license if the Committee got their suggestions carried out.

5068. When the borrower applies for an advance, do you send a lithographic form or circular assuring the borrower that the bank is of the highest reputation?—I believe so.

5069. You send out the circular?—Well, I do not send them out myself, but my officials do.

5070. You have a very large business; we all understand that; but have you got a copy of one of those circulars?—No, sir, I do not think we have.

5071. I suppose you find by sending out that circular and the advertisement you give a sort of confidence to the people that they are dealing with a very highly respectable banking concern?—A great deal of our business is done through the recommendation of others, as hundreds of letters I have in this bag will prove, recommendations of our old customers.

5072. I suppose that circular is sent out for the purpose of giving people who are dealing with you a feeling of confidence that they are dealing with a very highly respectable banking firm?—My modesty, of course, forbids my admitting that.

5073. I mean that is your reason?—That they know they are dealing with a respectable firm who will treat them fairly and honourably.

5074. Who will treat them fairly and honourably, and which has 250,000*l.* at its disposal to lend?—If you like, sir.

5075. I mean that is your reason for doing it?—Yes.

5076. In the letter which you put in from a clergyman, where he calls you, I think, "the salt of the earth"?—No, no, not so comprehensive as that.

Mr. *Ascroft.*

5077. "The salt of the commercial world"?—"The salt of the commercial world."

Mr. *Thomas Bayley.*

5078. We will not discuss that?—"The salt of the commercial world," that was his opinion. You have seen his original letter; that is from his experience.

5079. He speaks from experience?—He speaks from experience; he speaks of "the gentleness of Mr. Coles," you remember; he mentions one of our valuers at Bristol.

5080. Then when he has finished that sentence, he asks you a favour, to reduce his interest?—Oh, well, if you are going to analyse that reverend gentleman's letter ——

5081. Does he or does he not; he does ask for a favour, does he not?—I do not know.

5082. In the letter he says so?—Very likely.

5083. Did you accede to his request?—I do not know.

5084. You cannot remember?—I know nothing about it. That letter was sent on with hundreds of others from Bristol. I know nothing about that reverend gentleman; I never saw him.

5085. But you know from the letter you put in that he did ask for the reduction of interest?—If you have the letter before you it is no use asking me that question.

5086. "When I remember the gentleness of your Mr. Coles" (that is your Bristol valuer) "and your own dealings, all I can say, in the name of humanity, is that such men are the salt of the commercial world. And so I should be glad to know whether some time next month you would be disposed to grant me a substantial reduction, if I were to pay off the balance." Did you grant him a substantial reduction?—I do not know; I know nothing about the account. How can I be at Bristol and Leicester and Ipswich and Brighton, and sometimes at home with my wife and children in France? How can I be at Bristol all along? I do not know anything about it; you know as much about it as I do.

5087. No, excuse me; I am asking you the question?—Excuse me, you know as much as I do, sir; I am sorry I cannot give you information about it. The gentleman from Bristol was here last Thursday, and he could have told you all about it; the manager.

5088. You cannot tell us (perhaps you could tell me the next time we meet) whether you did gran

Mr. *Thomas Bayley*—continued.

grant this clergyman a substantial reduction?—If you think it is your duty, sir, to inquire into that I will inquire of the Bristol manager; if you think it is the duty of this Committee.

Mr. *A. K. Loyd.*

5089. You remember you produced a couple of letters on the day of your first examination as to persons who expressed themselves satisfied with your mode of dealing with them?—An Eastbourne letter was it?

5090. One was the Eastbourne letter?—One was from this very clergyman that this gentleman has been inquiring about. Those are the only two that were put in, because the Chairman stopped me. Do you want to see them?

5091. I gave them back to you at your request?—I think you took the name and address.

5092. Yes, I took the name and address?—I hope you have written to them, sir.

5093. No, I had no intention of doing that?—I thought you did it with that intention.

5094. You say those were the only two that you put in, because you were stopped?—Yes.

5095. Why are those two selected to begin with?—Well, they are representative letters.

5096. And, I presume, strong letters?—Well, that is for you to judge, sir. I will not sit in judgment upon the letters.

5097. Have you got them?—If you have copies ——

5098. No, I have not copies. I gave them back to you at your request?—Here they are (*producing the same*). There are three; two from the clergyman and one from the lady at Eastbourne (*handing the letters to the honourable Member*).

5099. I notice both these letters are from persons who are, in those very letters, asking you for further indulgence?—I do not know. I do not know what the second is; but I do not call it an "indulgence." If a person offers to pay off a note of hand before it is due we often meet them; we often take less than is covered by the note. I do not call that an "indulgence" at all, because he gives a *quid pro quo*. That clergyman is offering to pay off before the note is due. I do not call that an "indulgence" at all.

5100. "Supposing I might wish next month to pay off the remainder in one sum, could you give me a substantial reduction"?—Certainly.

5101. Now, is that an indulgence or not?—I should not call that an "indulgence" if we came to terms.

5102. Do you grant an indulgence?—Yes, often.

5103. Do you allow people to pay off, as a rule, before the note is due?—Not "as a rule"; not if they employ a bullying solicitor, or if they employ Farrow here.

5104. You really must limit your answers to the questions I put to you; do not go on about Mr. Farrow?—Very well, sir.

5105. At any rate, in this case your correspondent is asking you to do something which is not your usual practice?—It is our "usual practice" if we come to terms.

5106. It is your usual practice if you happen to do it; is that what your answer comes to?—You may put it as you like.

Mr. *A. K. Loyd*—continued.

5107. The other one, the lady's letter, which you produce, contains a similar request?—I wish you would read it, sir, in justice to me; read the whole of it.

5108. "Dear sir,—I enclose cheque for 6*l.*; I thought we should have to apply to you for to lend us some money, as we have such difficulty in getting paid, and the asylum people who have our house every year until the middle of July do not pay until after they leave, so please excuse cheque being so small, and dated 21st, as someone who have apartments is going to pay me this when they come to Eastbourne. I thank you very much for your kindness in waiting so long, and if you charge a little extra at the end I will pay it, and not grumble like some of your customers are doing; in fact if you require it at any time I would speak in your favour, only not to give my name. Besides borrowing money, as I have done for years, is far cheaper and better than letting landlords take six times their amount for rent as some people I know have done. After July I shall be able to pay you more punctual." That is a letter which I call a letter asking for indulgence. Now have you got no recommendations by persons who are not asking you for a favour in letters in which they are praising you?—Scores.

5109. Then why do you produce these two, which are utterly useless for the purpose?—They simply came up at the top.

5110. Those letters are put in by you although they are asking for a favour and are praising your indulgence and past favours?—Very likely. I should think that lady has been a customer about 10 years.

5111. How long had you carried on business as the Southern Counties Deposit Bank before you thought of changing the name?—I did not carry it on myself; I was a substantial shareholder.

5112. Well as a substantial shareholdor?—It was carried on about 12 years at the same address, 69, Ship-street, Brighton; and also at Bristol; but not so long at Bristol.

5113. When you say you had not carried on the business, who had carried on the business?—I say that I did not carry it on myself as a limited company.

5114. You said you had a substantial interest?—It has been decided by the House of Lords that it was perfectly legitimate.

5115. Never mind the "House of Lords"?—But I want you to know about the House of Lords.

5116. Will you kindly answer the question, Mr. Kirkwood. You say this —— ?—What is this but ridicule? What has this got to do with this inquiry?

5117. You will answer my question please?

Chairman.] Please answer, Mr. Kirkwood?

Witness.] If the Chairman tells me to answer these irrelevant questions, I will do so.

Chairman.] You are not the judge of relevancy here.

5118. Why

Mr. *A. K. Loyd.*

5118. Why is it you run on to something irrelevant; is it to prevent your answer being put down or what?—Oh, no, I think you have known me long enough to know that.

5119. My questions are very plain, and you have only to answer "yes" or "no"?—What is it?

5120. I ask you whether you carried on the business of the Southern Counties Deposit Bank?—Yes, substantially.

5121. You did?—Substantially.

5122. Just now you said you did not carry it on, but merely had a substantial interest in it?—I was substantially the principal shareholder.

5123. The bank?—Substantially "the bank."

5124. Very well, that is what I want to get at?—I am not ashamed of it.

5125. What was your reason for moving your business to another part of England?—I did not move the business to another part of England.

5126. Did not you begin to set up business at Leicester?—We opened at Leicester because we wanted to extend our business.

5127. And at the same time, ceased the title under which you had carried on business at Brighton?—Nothing of the kind, sir. Do not put that.

5128. I am asking the question?—Do not suggest——

5129. I ask you the question?—The same title.

5130. The same title?—Certainly; until the 21st January 1895.

5131. Then it was a different title?—No; yes; when the business was liquidated, I bought the business of the liquidator. Then I commenced business as the Provincial Union Bank, and I have carried that on since. I think that has been gone over by Mr. Warr; I think so.

Chairman.

5132. What do you mean about buying the Southern Counties from the liquidator?—I bought the business from the liquidator.

5133. I thought you were "the bank"?—But then, there must be legal forms. There must be a liquidator.

Mr. *Ascroft.*

5134. There was a friendly liquidation, and you bought the business from the liquidator?—Certainly.

5135. I have all the documents; the thing was perfectly straightforward?—It was conducted by one of the most eminent of firms in the city, Messrs. Ashurst, Morris, Crisp & Co.

5136. One of your clerks was the liquidator?—Certainly; that is a usual thing.

5137. Not for a boy of 15 to be a liquidator?—That is false. Bring the boy here and ask his age.

Mr. *A. K. Loyd.*

5138. I do not think any advantage is got by these digressions?—I am not digressing, it is the Committee.

5139. I am asking you to follow me?—It is very difficult to follow half-a-dozen people at the same time. Put yourself in my place.

5140. I am asking you to follow me; what was your reason for ceasing to carry on the Southern Counties Deposit Bank, and starting business under some other title in different parts of England?—Because, after the Registrar of Joint Stock Companies had written us a letter, stating that the name of the Provincial Union Bank was available, we thought that was more applicable to our extended business. It would have been an absurd thing to call it the "Southern Counties" right up in the north, or in the west country or in the eastern counties. If they had not changed, we should very likely have gone on as a limited company; but they humbugged us; they asked us to fix a name, a word, and then we did it and then they cried off.

Mr. *A. K. Loyd*—continued.

5141. Now, will you please answer the question?—We were very badly treated.

5142. You say that your reason for ceasing to carry on as the "Southern Counties Deposit Bank" was in order that you might have a more appropriate title on moving into other parts of the country?—Precisely.

5143. Parts that were not in the southern counties?—Precisely.

5144. That was your sole reason?—We did not move from our original registered office.

5145. Did you continue to carry on as the Southern Counties Deposit Bank at Brighton?—Certainly.

5146. Then you applied for a fresh name for those branches of your business that were carried on in another part, not in the southern counties?—Yes; and I am sorry you asked me after the meeting. I think on the first day, if I could find you the correspondence, I telegraphed to Messrs. Ashurst, Morris, Crisp & Co. to send the letters to my hotel and they cannot find them.

5147. You did not tell me anything about Ashurst, Morris; you undertook to produce the correspondence?—How could I produce things that I had not in my possession? I said nothing of the kind.

5148. I will not dispute with you about that?—I endeavoured, and I telegraphed to the solicitor at Leicester. What more can I do?

5149. Anyhow, you have not got it here?—I have not; and I am sorry, because it would tell very much in my favour. I want you to read this correspondence.

5150. We should have been able to judge of this if you had produced it?—You seem very anxious about this.

5151. I am not anxious?—When the papers are found I will send a verbatim copy of the correspondence with the Board of Trade.

5152. You have now informed me that you do not produce something that you said you would produce?—I have done my utmost, and cannot do more.

5153. Do not put me off upon that. You introduced the subject, and you now inform me that the letters are not here?—The letter is here from Ashurst, Morris.

5154. You will not evade my question by these means?—I am not evading.

5155. Then just sit down and answer the questions. You are running off into matters that I have not asked about?—No.

5156. Yes; you are running off into matters that

Mr. *A. K. Loyd*—continued.

that I have not asked about?—I will read their letter.

5157. Just sit down and attend to my question?—Will you read the letter from that gentleman?

5158. Answer my question, please?—You are imputing motives, sir, that I do not possess; it is most unfair. I will appeal to the public. Read that telegram, please.

5159. You introduced the subject?—Read that telegram, please.

5160. I decline to be dictated to by Mr. Kirkwood——

Chairman.] You really must answer the questions of Mr. Loyd.

Mr. *A. K. Loyd.*

5161. As you have introduced this——?—I have done my very best in this.

5162. You will not gain by this; you will have to answer the question sooner or later?—What do you want?

5163. Answer my question, please?—I think your observations are most uncalled for.

5164. Was not the reason why you were prosecuted at Leicester, that you were endeavouring to carry on business without having put up the real name of your business?—I was anticipating getting the sanction of the Board of Trade; and I think if you had been in my place——

5165. Do not make observations; please answer the question?—Very well; we advertised in the name of the Provincial Union Bank, fully anticipating that the Board of Trade would grant it.

5166. In the name of what?—Of the Provincial Union Bank.

5167. Before you had obtained permission to do so?—Yes.

5168. You are aware that it is necessary to get permission?—I did not put "limited."

5169. You were aware that it was necessary to get permission of the Board of Trade?—I was; but it was in order to save printing, so that we should stamp the word "limited." I thought it was only a matter of form.

5170. And who were the shareholders in the Southern Counties Deposit Bank in which you had a "substantial interest"?—I have answered that all before.

5171. They were your own children, one of whom was three years old; is that so?—Yes, if you want to hurt the child. Hurt me as much as you like, sir, but keep your hands off my wife and children. My wife and children are sacred, sir.

5172. That has absolutely nothing to do with the question?—Abuse me as much as you like; I have got broad shoulders. This is simply ridicule, nothing else.

5173. Who was the secretary of that company?—Which company?

5174. The Southern Counties Deposit Bank, Limited?—There were several secretaries.

5175. What were their names?—I cannot tell you.

5176. You do not know the names of the secretaries?—Oh, that is a wonderful catch. The last was (he has got so many Christian names, or "front names" as the Americans call them; I want to be quite correct) Joseph James Horace Chester.

Mr. *A. K. Loyd*—continued.

5177. Were there any other secretaries?—Before he was appointed there were.

5178. Before he was appointed there were others?—Certainly.

5179. How long before the dissolution of that company was he the secretary?—Oh, for several years; I do not know.

5180. For several years?—I cannot tell you how many years.

5181. And during the time he was secretary there was no other secretary?—Certainly not; I never heard of more than one secretary.

5182. Quite so. Was he examined as a witness at Leicester?—I think he was.

5183. Did he prove that he was never present at any of the meetings of the company?—I do not know what he proved. That might be.

5184. What was the date of the meeting. You know it was necessary to obtain the sanction of an extraordinary general meeting to the change of name?—I cannot tell. The documents are filed in Somerset House.

5185. And you do not produce them. You do not produce the correspondence?—How can I produce Somerset House——

5186. You had notice to produce the documents?—I have done my utmost. You torture me like that and I will read the correspondence from one of the first firms in the world.

5187. You never said a word about its being in the hands of Messrs. Ashurst Morris?—I did not know. How could I know?

5188. Was the extraordinary general meeting at which the change of title was assented to held on the 8th December 1893?—I cannot tell you.

5189. And confirmed or purported; professed to be confirmed, at a meeting in January 1894?—Take it "professed to be confirmed"; it was confirmed.

5190. We shall see about that. When Mr. Chester, the secretary, was examined upon that did he say that he was unable to state who were the parties present at any of those necessary meetings?—I do not know.

5191. Who were present at those meetings?—Which meetings?

5192. The meetings which were necessarily held to confirm this change of name?—There were more than a quorum.

5193. There were more than a quorum; then you remember that?—Of course. I was acting under the immediate instructions of Messrs. Ashurst Morris, Crisp, and Company.

Chairman.

5194. I must point out that you have not answered Mr. Loyd's question. He asked "Who were present"? You said, "There were more than a quorum." That is not an answer?—How can I remember who were present now.

Mr. *A. K. Loyd.*

5195. Were there so many people in the habit of attending these meetings that you cannot remember who were present?—I tell you there was more than a quorum.

5196. How many was a quorum?—Five.

5197. Can

Mr. *A. K. Loyd*—continued.

5197. Can you tell me the names of any who were present?—Yes.

5198. Who were present?—Mrs. Kirkwood.

5199. That is your wife, I presume?—"I presume" it is. I think upon one occasion there were my two eldest sons; but really if you think it is necessary——

5200. Will you undertake to say there was more than a quorum?—I should say "more than a quorum"; I should say never less than six.

5201. You have mentioned two sons and Mrs. Kirkwood. Can you mention anybody else?—There would be my daughters.

5202. Who were the directors of the company?—The directors?

5203. Yes?—I cannot tell you.

5204. You positively do not know the names of the directors of the company?—The directors varied.

5205. Will you tell us who were the directors at any time?—The first directors were the seven subscribers.

5206. Those were your own family?—No, sir.

5207. I am only asking you the question?—"Only asking"! Very well. I will sit here as long as I can.

5208. Please answer; do not ramble on in this way. This will not do you any good. You are trying to evade the question?—I am not trying to evade the question.

5209. Then answer it, please?—The first directors were the seven subscribers to the articles of association of the company; no relation to me whatever.

5210. What were their names?—I cannot tell you. If you go to Somerset House you will see.

5211. Thank you; but you see I am not to be put off in that way, Mr. Kirkwood. Just answer the question please. Did your secretary swear in your presence that he never heard of a meeting of directors being held, and that he never heard of a meeting of shareholders being held?—I do not know what he swore.

5212. You were present at the trial?—I do not know what he swore.

5213. Was that statement made in your presence without exciting any surprise?—I cannot tell you.

5214. Was it true?—I do not know.

5215. Why should a man in that position, and under these circumstances, swear falsely?—Oh, he is a man who would not swear falsely; he is too honest for that.

5216. Let me read you his evidence: "*Q.* Do you know, or have you ever heard of there having been a meeting of directors?—*A.* Not to my knowledge. *Q.* Have you ever seen shareholders come into a meeting of shareholders?—*A.* I have not. *Q.* You are the secretary, have you any list in your possession of the shareholders of the company?—*A.* Not in my possession here, but I do presume there is a list." You say he is a man who would not swear falsely; and that is the evidence of your own secretary. Was any dividend ever declared in this company?—No.

Mr. *Jeffreys.*

5217. In order to clear up matters a little, may I ask how many places of business you have at the present time?—I have sworn that, I do not know how many times.

5218. I do not know?—I will tell you: at Brighton, at Bristol, at Leicester, at Ipswich.

5219. And there you trade under different names, as I understand?—Certainly not; you could not have been listening to what I have said.

5220. I am afraid I was not here one day; but I understand you still trade under the name of the "Southern Counties Deposit Bank"?—No, No, only one now. Since the 21st January 1895, since I bought the business of the Southern Counties, I have traded in the name of the "Provincial Union Bank," and that name alone.

5221. At all the different places?—Quite so.

5222. Then may I ask for purposes of my own (perhaps you do not care to answer it): Why do you live in France?—I do not think it is right for you to anticipate my answer.

5223. No; I ask you: Why do you live in France if you have all those businesses in England?—For the education of my family.

5224. Nothing to do with business?—No; and I do not think it has anything to do with you.

5225. Nothing to do with business?—No, nothing; it is a happy country to live in. There are none of these inquisitions, and there are no society papers there at all, no "Truth," no "Pall Mall;" it is a happy country.

5226. Your living in France has nothing to do with the law?—They do not advertise it when Mrs. Jones takes tea with Mrs. Robinson.

5227. Your living in France has nothing to do with the law?—Not in the least. Why should it?

5228. That is what I ask you?—I carry on no business there; and why should you invade my domestic hearth?

5229. I merely ask you whether it has anything to do with the law?—Nothing.

Chairman.

5230. Now, Mr. Kirkwood, you wish to make an explanation?—Yes.

5231. I shall hear whatever you have got to say?—Then I will read this.

Mr. *Thomas Bayley.*

5232. The Provincial Union Bank which you are advertising to-day is not a limited company, is it?—Not a limited company. How could it be limited when I carry it on myself?

5233. I am only asking the question?—All my documents say that I am the proprietor.

5234. You are the sole, only, proprietor of the Provincial Union Bank?—Yes, all my documents say so. Now, sir: During the first sitting of this Committee the Chairman stated that any person who had been maligned here would have an opportunity of being heard before the Committee. Relying on that promise, I wish to make a personal explanation of the most serious character. When I last had the honour of appearing before the Committee the honourable Member for Oldham made a vile, uncalled-for, irrelevant and utterly unfounded attack upon me in respect of two persons of the name of Osborne, at Sheffield, and he read something purporting to be a cutting from a newspaper, to the effect that

Mr. *Thomas Bayley*—continued.

that the cruel and harsh procedure of my Sheffield office had brought about the death of two persons who are alleged to have granted a bill of sale for 5*l.* to my Sheffield office, which was a lying, baseless fabrication. On the 17th instant I received the following letter from a solicitor who formerly acted for my Sheffield office, a gentleman whom I have not seen for many years. As it is put "confidential," I will not read his name, but I will hand his original letter to you, sir. "Manchester." (It is a big place, Manchester.) "I beg to give you the pleasing intelligence that I can supply you with material to utterly and entirely refute the damning allegations about the aged couple, named Osborne, which I notice in the report of yesterday's proceedings; and I can clear you entirely." (I told the honourable Member that I knew nothing about it, never heard of it.) "But as nobody seems to work for nothing, and as I have had to make a search for my material, I think it is worth paying for not only for the sake of clearing yourself, but for the pleasure of scoring one against the other side, and of showing how they have got up their case, If you think it is worth your while to pay 20*s.* for a complete refutation, kindly send postal order, and I will write by return. Yours faithfully."

Mr. *Warr.*

5235. Did you say you would hand the original of that to the Chairman?—Yes.

5236. Will you do so?—Yes, sir, with pleasure to you.

Chairman.

5237. He is a solicitor of repute, the writer?—I am not going to sit in judgment upon any solicitor, sir.

5238. Well, your failing to answer a plain question such as that which I put to you "sits" very emphatically upon him, in my judgment?—I do not know what he is now; he was a solicitor of repute and articled to the first firm in Sheffield when I employed him. "19th July 1897. Dear Sir." I do not think he is a rich man, if you mean that. He is not a millionaire; and I believe he has a wife and family.

5239. I asked you a plain question which you declined to answer?—I should say that he is a most honourable and honest man; I have never employed anything else. "Dear Sir,—Not having heard from you, I suppose you deem the information of little value. I think I omitted to say that the matter in question had no connection whatever with your office, which you may, perhaps, have discovered." (We did discover it, because we looked in the Sheffield books and we could not find a single trace of the name in all the Sheffield books, so that he was quite right; we did discover that it had nothing to do with us), "and a letter afterwards appeared in the paper from Mr. Tomlinson correcting the matter. Kindly consider this and the other letter confidential. Yours, in haste." This is a letter from me to him, or rather from Mr. Goodman, "July 20th 1897, Dear Sir,—Re Select Committee, Mr. Kirkwood has received your letters, for which he thanks you very much, and says that

Chairman—continued.

it is only what might be expected of you in assisting us to fight our formidable and numerous enemies. I am sure you will regret to hear that he is laid up suffering from a severe attack of lumbago, brought on by a recent chill, but he is going on well and I hope he will soon be all all right again. I have been to his bedroom, and he desires me to say that if you send at once such documents or newspaper cuttings as will prove that Osborne's case had nothing whatever to do with Mr. Kirkwood, then he will send you a sovereign to cover your expenses and loss of time in the matter. Yours faithfully, *W. H. Goodman*, manager." I then received the following letter from him, or rather Mr. Goodman did: "21st July 1897, Dear Sir,—I am much obliged by the receipt of your letter, but regret to hear of Mr. Kirkwood's indisposition; I trust, however, he will soon be all right and fit for the work before him. Enclosed please find two newspaper cuttings, one a report of the inquest in Osborne's case, and the other a letter from Mr. Tomlinson to the newspaper. This will enable Mr. Kirkwood to entirely demolish the allegation in this case. I shall be glad to receive a postal order for 20*s.* in due course. Yours faithfully." Now he sends the cuttings, which I will read.

Mr. *Warr.*

5240. Did you send him the 20*s.*?—Yes; Mr. Goodman did. Why not, sir? I always redeem my promise to my fellow men:—"Usurers and their Victims.—Sad Deaths of an Aged Couple near Sheffield." This is from the "Sheffield Daily Telegraph," of the 10th December 1881, 16 years ago: "Mr. Spofforth, the deputy coroner for the Eastern Division of Derbyshire held an inquest yesterday at the 'Sportsman Inn,' Norton Woodseats, upon the body of a file cutter named Horatio Osborne, age 75, who formerly lived at Harveyclough Norton, and who expired at his residence on the afternoon of Tuesday last. At the same time and place, the deputy coroner held an inquest also upon the body of Margaret Osborne, aged 71 years, wife of Horatio Osborne. Both husband and wife had been ailing for a considerable time, Margaret suffering from severe bronchitis and Horatio from general debility, the result of old age. In addition to their physical ailments, they were in great poverty and had had much trouble. A few months ago they borrowed the sum of 5*l.* from a firm of moneylenders in Sheffield, calling themselves, as stated at the inquiry, 'The Sheffield Deposit Bank.'"

Chairman.

5241. Did you carry on business under that title?—At that time it appears I did not, but I did carry on as the "Sheffield Deposit Bank."

Mr. *Thomas Bayley.*

5242. What do we understand by that?—I carried on previous to that occurrence, formerly, "and gave as security a bill of sale upon their households effects. After having paid about one-half of that loan, they got into arrears, and some bailiffs were at once sent to the cottage, and a portion of their furniture was seized, removed, and sold. It was further stated that during

Mr. *Thomas Bayley*—continued.

during the last three months the old people have had three distress warrants issued against them for arrears of the loan and for rent. A nephew of the old man came to his aid, and lent him 10*s.* on one occasion; and other friends and neighbours gave the aged couple what help they could. But their load of troubles grew too heavy to bear. The aged woman gradually sank, and on Tuesday morning after she had remarked when speaking of the doings of the money lenders, 'I am a broken-hearted woman,' she expired, as one of the witnesses stated, 'peacefully, and without a struggle.' Friends came to sympathise with and console the old man. But the shock was great, too great to bear; and as the day advanced the old man sank and expired between four and five o'clock upon the afternoon of the day upon which his wife died. Dr. Booker stated that neither of the old people could have lived much longer, but the trouble had hastened the death of the woman, and the shock had caused the death of the old man. The deputy coroner, in summing up, commented in very strong terms upon the doings of the money lenders of the district, and especially of those holding the bill of sale upon the effects of the couple who had died so unhappily and on the same day. If the money lenders were so cruel and heartless to people so old and in such great poverty, to people of whom it might be said they were on the brink of the grave, how much more cruel and heartless would they be to younger people. It behoved the people of Norton, and, in fact, of all places where these money lenders carried on their shameful business, to beware of them, and to avoid, if possible, falling into their clutches. They showed these poor and aged people no leniency, and neither would they show younger people either leniency or mercy. The jury, while strongly condemning the conduct of the money lenders, felt that they could do nothing beyond returning a verdict to the effect that both of the old people died by the "visitation of God." The utmost indignation is felt throughout the whole district, and especially in Chesterfield, at the doings of the money lenders, and it is believed the revelations which have during the present week been made in the Chesterfield County Court, and the timely and strong remarks of the judge, will have a very wholesome effect."

Mr. *Ascroft.*

5243. Do you call that a testimonial?—It does not apply to me.

5244. Oh, it does not?—If you will listen, and have a little patience, you will see your unfounded charge, sir, against me.

5245. This was your bank, was it not?—I am going to read this letter. This letter is written it appears, by Mr. Tomlinson; it appeared in the issue of the 17th December 1881 of the "Sheffield Daily Telegraph": "Usurers and their Victims. To the Editor of the 'Sheffield Daily Telegraph.'"

Chairman.

5246. Who is the writer of this?—The manager of my Sheffield office: "Sir—On Saturday last you had a report in your paper with the above heading of an inquest held over two unfortunate people named Osborne, at Norton Woodseats" (I may say, gentlemen, Norton Woodseats is a village near Sheffield), "at which inquest it was stated, according to your report, that their deaths had been accelerated by the conduct of a firm of money lenders calling themselves 'The Sheffield Deposit Bank.' Our solicitor having called my attention to the matter, I informed him that there was not a word of truth in that report so far as the Sheffield Deposit Bank was concerned, and I saw in your Monday's issue a letter from him contradicting the report, under which letter you were kind enough to put a footnote explaining that one word had been omitted, and that the words used at the inquest were 'The Sheffield Deposit Bank Society.' Now, sir, this explanation was certainly satisfactory so far as your reporter was concerned, but it still left my firm under a suspicion, for the superficial reader would not stop to consider that the word 'Society' made any appreciable difference. I have therefore been at the trouble to attend at Norton Woodseats to see various people who were likely to give me information, including the nephew of the deceased, and find that the bill of sale in question was given to Mr. J. C. Hinchliffe (the Yorkshire and Midland Counties Loan Society), No. 9, St. James's-row, Sheffield. Mr. Osborne's nephew said he could not tell how our name got mixed up with the case, and that he had sent you a letter contradicting the report. By inserting this explanation you will greatly oblige, and thus dispel the idea which must have been left in the minds of many people after reading your report, that we were the parties pointed at. There is one significant incident in connection with this hard case which is quietly ignored by the press, which is, that the landlord distrained for his rent (11*s.*) the day after it was due, but his conduct is allowed to pass without rebuke. I may add that we are not afraid to face 'daylight' with any of our cases, and further, that we never lend so small a sum as 5*l.*, feeling convinced that there are great evils connected with such small bills of sale. I may just say, in conclusion, that the name 'Sheffield Deposit Bank' was changed to 'Yorkshire Advance Bank' in February last, in consequence of our opening branch offices in York.—Yours obediently, *W. Tomlinson*, Manager, Yorkshire Advance Bank, 9, Fig-tree House, Sheffield." Then, sir, I will read a letter *à propos* of that case: "22nd July. Dear Sir." This is to the solicitor in question.

Mr. *Thomas Bayley.*

5247. Will you give us the year, please?—This year; this month; 22nd July 1897, since I had the pleasure of being here. "Dear Sir,—(*Re* Select Committee on Money Lending). We thank you very much for your letter of yesterday's date, containing two newspaper cuttings from the 'Sheffield Telegraph' of 10th December 1881 and 17th December 1881, which will completely dispel the cruel and unfounded fabrication brought against Mr. Kirkwood by the honourable Member for Oldham, all the more cruel because it was evidently brought before the Committee to heap abuse and obloquy on

Mr. *Thomas Bayley*—continued.

Mr. Kirkwood's head, and was utterly irrelevant to the inquiry into the abuses of money lending granted by Mr. Balfour; but nothing too vile can be said by the Committee and our enemies against those who deal in money. We shall be glad if you can send us any other really useful information calculated to assist the Committee in sending in a fair, honest, and impartial report to the Government. We send you herewith a Postal Order, No. $\frac{0}{7}$419623 for 20*s.* in payment of your charges for your letters, loss of time, and trouble in searching, finding, and sending the, to us, valuable newspaper cuttings. Kindly acknowledge receipt by return. Again thanking you for thus enabling us to defend ourselves against our cruel and bitter foes.—Believe me to remain, yours faithfully, *W. H. Goodman.*" Then I will read his reply: "23rd July 1897. Dear Sir,—I am obliged and thank you for your letter of yesterday, enclosing a postal order for 20*s.* on Mr. Kirkwood's behalf; and I feel very much pleased at having been able to supply the material for demolishing a very serious accusation. Should I come across anything else of value I will communicate with you. *En passant*, I may say it strikes me forcibly that people who are always calculating a money lender's rate per cent. might turn their attention to other cases. For instance, when a man buys a horse one day for, say, 40*l.*, and sells it next day for 50*l.*, or where a man buys a lot of property for 1,000*l.* and sells it a week later for 1,300*l.*, the task of working out the rate of profit per centum per annum would be a nice little sum in arithmetic. Yours faithfully."

5248. Who is that signed by?—It is signed by the solicitor, sir.

5249. The name; you have not given us the name?—I have given the letter into the Chairman's hands. I stated then, sir, that I had never heard of that inquest, and to the best of my recollection, information, knowledge, and belief I now repeat that I never heard of those cases which occurred 16 years ago, and this is most likely, for, as you now all know, my Sheffield office had nothing whatever to do with those poor people. I want you now, sir, to redeem your promise to me of calling Mr. Thomas Farrow.

5250. Your examination is not closed. My promise has always been that, when your examination was closed, if you would put in my hand any questions you desired to ask Mr. Farrow, if I deemed them relevant questions, I should ask them?—I shall put questions——

5251. But your examination is not closed?—Of a very important nature.

5252. You will attend here on Thursday, at twelve o'clock?—I cannot promise that. If I have caught a chill, and I cannot physically come; I mean if it is not physically possible for me to be here, I cannot be here; but if I am well, I shall be pleased to be here.

5253. I do not think your examination will take long on Thursday?—I wish you could complete it to-day, because then I could go home to bed.

Mr. *Thomas Bayley*—continued.

5254. We cannot complete it without certain books?—I would go home and go to bed. Will you take any of my managers? I should be so much obliged; I want to go to my room.

The Committee Room was cleared.

After a short time the public were readmitted.

Chairman.

5255. Mr. Kirkwood, the Committee have consulted about the procedure of next day. They desire your presence at 12 o'clock, and that of Mr. Goodman?—I beg your pardon.

5256. The Committee desire your presence on Thursday next, as well as that of Mr. Goodman. The Member for Oldman has not very many questions to ask, but he finds himself unable to ask these questions without the books he requires, and of which you shall have notice along with the summons handed to you by Sir Everard Doyle?—I shall be here if it is possible, sir.

5257. Of course if you are unable to come, the regular course must be adopted in that case. A medical certificate was sent by you on the last day, but it is not the habit of Committees of the House of Commons, and I do not think it is the habit of courts of justice, to accept certificates. The doctor must come and give evidence on oath?—The doctor is a very well-known man.

5258. I am not throwing the slightest doubt on the certificate; far from it?—There is no more honourable physician in England.

5259. I quite agree; but I do not think the Committee will keep you long next day?—I should have been glad to have gone home and gone to bed.

5260. There is an additional reason for your coming; your evidence will certainly close very early on the next day, and then if you had the questions for Mr. Farrow prepared I should put them for you; whereas if you do not come they cannot be put?—I was going to ask you, sir, to grant me this indulgence if I cannot come that you will permit Mr. Goodman to put them in my place, sir, or will you allow, sir, my counsel or solicitor to put them?

5261. No, we will not allow counsel?—Surely Mr. Goodman; he is very harmless, sir; he would not put any questions that are not relevant I am sure. The questions will be put through you, sir, so that it does not very much matter who puts them.

5262. Then you understand?—It is only to elucidate the truth, sir; that is all.

5263. Quite so. The Committee are anxious to have your own personal evidence as regards these accounts next day, and it would be infinitely better if you yourself were present, and for anything you have to ask Mr. Farrow?—I am quite with you, sir, and I see the force of your remarks. If it is physically impossible, sir, I cannot come.

5264. Then I shall consider the question when it arises?—I should go away more comfortable, sir, if you would kindly say Mr. Goodman could do it.

5265. No; I shall consider the question when it arises.

Thursday, 29th July 1897.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Garfit.
Mr. Hazell.
Mr. Jeffreys.
Mr. A. K. Loyd.
Mr. Price.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley.

MR. T. W. RUSSELL, IN THE CHAIR.

Mr. JOHN KIRKWOOD and Mr. W. H. GOODMAN, re-called; and further Examined.

Mr. *Ascroft.*

5266. MR. KIRKWOOD, did you in 1889 issue a writ for 1,260*l.* against certain gentlemen whose names we have arranged shall not be disclosed?—(*Referring to a ledger*) How much did you say, sir?

5267. One thousand two hundred and sixty pounds?—That appears to be so.

5268. That is so?—That appears to be in the book, but that is a long time ago, 1889.

5269. Was that amount made up as follows: 1888, 6th February. To amount on promissory note, 648*l.*; 18th March to 20th September, by cash, 175*l.* 10*s.* interest?—I beg your pardon; 17th March, by cash, 13*l.* 10*s.* (Mr. *Goodman.*) Altogether during that period——

5270. I am going a little quick for you?—(Mr. *Kirkwood.*) I do not know. (To Mr. *Goodman.*) Will you cast it up, please?

5271. I am reading from the endorsement on the writ; you may assume it is correct?—I am not doubting your word for one moment, sir, but I do not want to swear a thing I do not know.

5272. Certainly not; it is better to be careful?—£175 10*s.* it appears to be from Mr. Goodman's calculation.

5273. And interest from 20th September 1888 to 27th June 1889, 787*l.* 10*s.*?—Yes, that is so.

5274. What rate is that at?—That is at the rate of a halfpenny in the shilling per week.

5275. On how much, on 472*l.* 10*s.*?—Yes.

5276. Now will you kindly tell me what cash was found for that promissory note of 648*l.*?—You see, if that gentleman had paid his instalments he would have had none of that interest to pay at all.

5277. I am not quarrelling with you; I know that perfectly well; I am not quarrelling with your system; I only want facts. Will you tell me what consideration he had for the 648*l.*?—£400 in cash.

5278. Four hundred pounds in cash?—Yes.

5279. Then for 400*l.* in cash he paid back 175*l.* 10*s.*, and still owed you 787*l.* 10*s.* for interest for 12 months?—At the rate of ——

5280. Never mind the rate?—At the rate secured by the note.

5281. Exactly; he owed you that?—Yes,

Mr. *Ascroft*—continued.

legally. But I think you ought to know that this gentleman is not deserving of much sympathy.

5282. Never mind?—Because he has paid nothing at all.

5283. He is a friend of the Government official?—He has paid nothing at all; it does not matter what we sued him for; if he pays nothing it does not matter how much one sues him for.

5284. He paid you 175*l.* 10*s.* on account?—He did, but that was not half of the principal; how would you like to lend money like that, sir?

5285. Oh, I know it is very hard indeed?—I do not think you would like that business.

5286. Now let us take another case: I asked you to produce your books in connection with a lady whose name we arranged should not be disclosed; have you got them?—Now, Mr. Chairman, may I be permitted, sir, to ask one question of you before I answer any questions relating to that lady; I think, sir, you will see that it is relevant and just to myself.

Chairman.

5287. I will decide when I hear it?—Very good, sir; has that lady made any complaint whatever against me to this Committee, and does she know that her name is bandied about amongst 13 Members of Parliament and sundry other persons?

5288. To begin with, I do not know her name?—The honourable Member for Oldham will give you her name.

Mr. *Ascroft.*] I know a good deal, Mr. Kirkwood, as you will find out.

Chairman.

5289. I am not in a position to say whether any complaint has been made to individual Members of the Committee or not?—I believe no complaint has been made whatever.

5290. You are not to assume anything of the kind?—I believe she is absolutely ignorant of her name being bandied about in this shameful manner.

Chairman—continued.

5291. You must answer the questions if they are relevant; if they are not I will stop them?——

Mr. *Ascroft.*

5292. Will you find me the ledger with that account in?—Have you done with *this?*

5293. Yes, I have done with that other case; on Tuesday I handed you four promissory notes, which I think you did not return?—I was not asked for them.

5294. Will you let me have them?—I found them amongst my papers, and I took great care of them for you (*handing same to the honourable Member*). (Mr. *Goodman.*) Give me the dates as far as you can, sir, if you want any particular amount; there are a great many of them *here* (*referring to the book*).

5295. Eighteen hundred and ninety is the date of the first entry: 8th January?—That is it.

5296. Have you got it?—Yes.

5297. Either you or Mr. Kirkwood, whichever is most convenient, can answer; on 8th January 1890 you advanced 130*l.* on a promissory note; is that so?—(Mr. *Kirkwood.*) How much?

5298. One hundred and thirty pounds?—Yes.

5299. You charge 70*l.* for interest and 17*l.* for default interest?—No; but let us see; how long is that for; how does that appear. (To Mr. *Goodman.*) Just try it.

5300. Just add it up; you will find it is correct?—Repayable by instalments of 2*l.* a week.

5301. Did you charge 70*l.* for interest and 17*l.* for default interest?—I told you that 70*l* was charged.

5302. Say "yes," then; never mind the rates?—Oh, but I want to speak about that

5303. You do; then I will oblige you?—I want the Committee to know the time the money was lent for, in justice to myself; I hope you will be fair enough to allow me that.

5304. I will be perfectly fair with you. Now, Mr. Kirkwood, that 130*l.* was repaid, I think?—(Mr. *Goodman.*) That was all repaid. (Mr. *Kirkwood.*) She was very much in arrear, I see.

5305. But was it subsequently repaid?—Ultimately, yes.

5306. Now let us take the next one, please; on the 7th October 1890 you lent her 100*l*?—£100, repayable by instalments of 5*l.* a month.

5307. Right?—Which would take exactly 35 months, or one month less than three years.

5308. Exactly; let us be precise. And you charge her for interest 65*l.*?—Yes.

5309. And for default interest 38*l.* 6*s.* 8*d.*?—That was her own fault, you know.

5310. I beg your pardon?—That was her own fault.

5311. Do not say whose fault it was; I only want the figures?—Yes.

5312. And she repaid you on 7th July 1892?—What's that?

5313. She repaid you that 100*l* on 7th July 1892?—(Mr. *Goodman.*) That date seems to be wrong, sir.

5314. Look at your cash-book, not at your ledger?—(Mr. *Kirkwood.*) The ledger will show. (Mr. *Goodman.*) There was no such sum received on the 7th July.

Mr. *Ascroft*—continued.

5315. Was it repaid?—It was ultimatdly repaid.

5316. Very well. Now, on the 13th March 1891 you lent her 50*l.*?—(Mr. *Kirkwood.*) Yes, repayable at the rate of 1*l.* a week.

5317. Right; and did you charge her 25*l.* for interest and 40*l.* 6*s.* 8*d.* for default interest?—I charged 25*l.* for the premium on the note, which you may call interest How much did you say, sir?

5318. Twenty-five pounds for interest and 40*l.* 6*s.* 8*d.* for fines?—No, that is wrong.

5319. Was it 25*l.* 6*s.* 8*d.*?—No.

5320. Twenty-six pounds six shillings and eightpence?—No.

5321. What was it?—I believe it is 28*l.*

5322. Twenty-eight pounds?—Yes.

5323. Very well; it is very near?—Yes.

5324. That was repaid also?—Well, if it was repaid it was as a settlement; it was not repaid, because ——

5325. Mr. Kirkwood, do not misunderstand me; the cash advanced was repaid, never mind the interest, the cash advanced?—I do not know.

5326. Have you not an entry there of 68*l.* repaid?—When the settlement was effected, when the ultimate settlement was effected, I threw off a very large amount that was due to me, so that it would be incorrect to say that that 28*l.* was received; it was not received.

5327. Whether you got the whole sum or not, it is marked in your books as "settled"?—As "settled," but that is quite another matter; it was compounded.

5328. Very well, we will call it "compounded?"—No, that is the proper name; if I know anything about the English language that is the proper name.

5329. Well, turn to the next. On 3rd July 1891 you lent 130*l.*?—Will you please repeat the date?

5330. 3rd July 1891?—3rd July 1891. There are so many of them in 1891. (To Mr. *Goodman.*) Look what was advanced there, D. 53 Cash Book?—Some scoundrel must have been very busy amongst our books.

5331. They are pretty accurate, the records of your books, Mr. Kirkwood?—He ought to be on the treadmill. If the Committee choose to accept such information; yes.

5332. Is that right?—Yes.

5333. You charge 70*l.* for interest and 115*l.* 10*s.*?—Oh, do not go so fast, please; one item at a time.

5334. One hundred and fifteen pounds ten shillings for default interest?—No, that was payable at 2*l.* a week. We charged 70*l.* on that note for premium.

5335. For premium?—It appears that default interest is charged; but we did not get that default interest.

5336. No; but you charged 70*l.* for interest, and 115*l.* 10*s.* for fines?—Well, it is for default interest; we do not call it fines.

5337. I have got your own receipt for it?—We do not call that fines.

5338. You do not?—No.

5339. Will you kindly listen to this receipt now: "6th November 1891. Received from ——— the sum of two hundred and fifty-one pounds twelve shillings and sixpence by cheque, in

Mr. *Ascroft*—continued.

in payment of 24*l.*, being arrears of instalments due on 200*l.* note, dated 8th January 1890, 17*l.* being amount of default interest on the same note to date, 15*l.*, being arrears of instalments due on 165*l.*; note dated 7th October 1890 to 7th November 1891, 4*l.* 15*s.* 10*d.*, being amount of default interest on the same note to date, 15*l.* being arrears of instalments due on 75*l.*; note dated 13th March 1891, 26*l.* 6*s.* 8*d.*, being amount of default interest on the same note to date; 115*l.* 10*s.*, being amount of default interest on 200*l.* note, dated 3rd July 1891, and 34*l.*, being arrears of instalments on the same note to date, for the Southern Counties Deposit Bank, Limited. *W. Crossley*, Manager"?—Yes. Not one word in that, sir, have you read about "fines."

5340. Is the 115*l.* 10*s.* the —— ?—Not one word, as I have told you.

5341. "Amount of default interest"?—We charge no fines; "amount of default interest."

5342. "Yes" or "No"?—"Default interest," Yes. I thought that was merged in the final settlement.

5343. We will get to that later on. Did you also lend her on the 9th March 1892 a further sum of 50*l.*?—If you have got the folios there we shall be obliged; it would facilitate matters very much if you have got the folios of the books.

5344. In this case, Mr. Kirkwood, unfortunately, I have not?—(Mr. *Goodman.*) What was the amount, sir? (Mr. *Kirkwood.*) It would facilitate the finding of the accounts.

5345. If your Mr. Goodman will come here —— ?—(Mr. *Goodman.*) What was the amount?

5346. £50; 9th March 1892?—(Mr. *Kirkwood.*) There are so many ledgers, you see. Yes, that is quite correct.

5347. That is quite correct?—Yes.

5348. Now, if your Mr. Goodman will come here and give me two minutes we can go through this account and save you an immense amount of trouble?—I am obliged to you.

(*The honourable Member conferred with Mr. Goodman.*)

5349. I can continue the account while Mr. Goodman is looking at that until we get to the particular point that I am driving at. The amounts altogether borrowed that I have called your attention to were 460*l.*; the amounts repaid in respect of those were 456*l.*; the amount charged —— ?—That I do not know.

5350. The amount charged by you for interest was 280*l.*; the amount charged by you for default interest was 213*l.* 16*s.* 8*d.*; you then took a promissory note for 380*l.*, being for the amount of interest, and 166*l.* 3*s.* 4*d.* for what I submit was compound interest on interest?—Then it does not alter the fact what you "submit."

5351. Possibly not; but that is what I am wanting to get at?—We never charge compound interest.

5352. I now ask you what was the consideration given on the 6th November 1891 for the promissory note given by this lady to you for 380*l.*?—On the 6th November 1891 I gave the lady 251*l.* 12*s.* 6*d.* in cash, and the interest is 128*l.* 7*s.* 6*d.*

Mr. *Ascroft*—continued.

5353. What date, Mr. Kirkwood?—(Mr. *Goodman.*) 6th November that was. (Mr. *Kirkwood.*) 6th November 1891.

5354. Have you a bill for 380*l.* on that date?—Yes, 380*l.*

5355. Will you kindly tell me what the consideration for that bill was?—I have told you.

5356. Kindly repeat it?—£251 12*s.* 0*d.* in cash.

5357. Two hundred and fifty-one pounds twelve shillings and sixpence in cash, yes?—And 128*l.* 17*s.* 6*d.* for premium.

5358. One hundred and twenty-eight pounds seven shillings and sixpence for premium?—According to Mr. Goodman's figures and according to the books here.

5359. That is your ledger. Now will you give me your cash book showing that you paid her 251*l.* 12*s.* 6*d.*?—Yes (*Mr. Goodman placed the book before the honourable Member*).

5360. Mr. Kirkwood, the 251*l.* 12*s.* 6*d.*, by your own books, was the exact sum that she repaid you by instalments?—(Mr. *Kirkwood.*) I paid her that I think in a cheque I believe it was. (Mr. *Goodman.*) It came from the bank.

5361. Your cashier tells me it is the exact amount of the instalments she paid?—(Mr. *Kirkwood.*) No, no, she paid it after I had advanced the money.

5362. Then you handed it to her with one hand, and she handed it you back with the other?—I do not know which hand was used; I do not know anything about it.

5363. No, but it is quite near enough?—My memory does not carry me so far back as that, but that is what I paid her.

5364. Was there not, as consideration for that bill, a sum of 166*l.* 3*s.* 4*d.* compound interest charged on default interest?—Well, you seem to know, sir, more about our books than we do.

5365. I do, I daresay?—Mr. Goodman cannot find that at all.

5366. We will look?—Will you look yourself?

5367. Hand me the book?—Just look at the name; we do not want all our——

5368. You do not need to be afraid, "The strictest privacy," Mr. Kirkwood. (*The book was handed to the honourable Member.*) *This* is the ledger; I do not want the ledger; I want the cash book. (*The cash book was handed to the honourable Member.*) Is this complete?—(Mr. *Goodman.*) Yes, it is all complete.

5369. Well, now here it is perfectly clear: On 6th November, "Bank 251*l.* 12*s.* 6*d.*"?—(Mr. *Kirkwood.*) That is what I have told you, sir; I remember it was by cheque, now, when my memory is refreshed.

5370. On the other side I find 251*l.* 12*s.* 6*d.* as being paid?—Paid to that lady.

5371. Will you kindly show me the account between you and that lady, and not between you and the bank. What! (Mr. *Goodman.*) *That* is the cash book?—(Mr. *Kirkwood.*) I had no private account with the lady; that was with the Southern Counties Deposit Bank, Limited.

5372. Have you got the cashier still in your employment who kept these books?—I do not know.

Chairman.

5373. Mr. Crossley?—Mr. Crossley.

Mr. *Ascroft.*

5374. Have you got the cashier? — Mr. Crossley; he has gone to the "Land of the Leal," I think.

5375. Then, Mr. Goodman, you do not remember anything about these facts?—(Mr. *Goodman.*) I was not at Brighton in 1891.

5376. We will leave that then, Mr. Kirkwood. I think subsequently this matter was settled?—(Mr. *Kirkwood.*) It was compromised.

5377. Compromised. You had a thousand pounds worth of jewellery from the lady for the time?—Oh, dear no.

5378. Six hundred pounds?—No.

5379. What was it?—Oh, dear no.

5380. Five hundred pounds?—No.

5381. Had you valuable jewellery from her for a time?—For a time.

5382. Yes?—What jewellery the lady deposited with me she told me was her own absolute property.

5383. You had valuable jewellery? — I had certain jewellery deposited as collateral security.

Chairman.] Exactly; that is all that is asked you.

Mr. *Ascroft.*

5384. That is all that I asked you?—Because she was a married lady.

5385. I know; but married ladies are surely entitled to have jewellery; had not she?—Well, she had.

5386. But you gave it up when you were paid off?—Certainly.

5387. I suppose there was the usual difficulty in paying you off?—"The usual difficulty!"

5388. Yes? — There is no difficulty when gentlemen come to me.

5389. No difficulty?—Not when gentlemen come.

5390. Was not there a compromise? — Certainly, and I threw off a very large amount that I could have sued for.

5391. And was a very much smaller amount paid you than you wanted?—Well, there are generally two sides to a compromise, you know.

5392. Was there a smaller amount paid you than you wanted?—I should say there was.

5393. Did you ask for 650*l.*, and were you paid on the 27th August, 1892, 425*l.* in settlement?—I do not know what I asked; I cannot tell you.

5394. You will not say that is not correct, will you?—I cannot tell you. If the person who effected the compromise will come here and swear it, I daresay he might be speaking the truth; I do not know.

5395. I was asking you the other day about the number of actions that have been brought against you. Have you got a book here to-day that will show us how many actions have been brought againt you?—Can you tell me, sir, whether this lady has sent you a complaint?

Chairman.] Order, order. We have passed from that lady's account now.

Mr. *Ascroft.*

5396. We have finished with that lady's account?—I think there is something due to that lady.

Chairman.] Never mind the lady.

Mr. *Ascroft.*

5397. Now let us get to the actions. Have you any book showing the number of actions brought against you where it has been alleged that you had been guilty of obtaining bills of sale by fraud and other improper means?—No.

5398. You have not that?—No; I have no book.

5399. You have had a very large number of actions, I think, brought against you?—I have had some during the course of my very extensive experience.

5400. I mentioned two or three the other day?—An increased number. When all sorts of promises are held out that solicitors will be found free of charge, and that counsel will be found free of charge by Farrow, the poor people cannot resist the temptation.

5401. Mr. Kirkwood, I mentioned three the other day; one was that of Mr. Van Hoboken?—Now, I have one word about that.

5402. You told me I think—— ?—Pardon me, sir. We made application to the Board of Trade, that vague, indefinable, and mysterious quantity called the Board of Trade, for those very papers. Now, here is the reply: "We went to the Official Receiver at Brighton who has those papers in his possession; he has the papers that Mr. Lloyd (I think this gentleman's name is) is so very anxious to see. You will find them with the Board of Trade, Mr. Lloyd. The Official Receiver at Brighton told Mr. Goodman here in the morning (the other day, the day before I ought to have been here) he could not give them up until he received the sanction from the Board of Trade. He telegraphed to the Board of Trade, and he said that he would let Mr. Goodman know at 4 o'clock that afternoon the decision of the Board of Trade." This is his decision; his reply——

5403. Is this, Mr. Kirkwood, arising out of my question?—Certainly; I want to have those papers. I will prove to you that Hoboken and his wife ought now to be in penal servitude for obtaining that money from us.

Chairman.

5404. But we are not trying this gentleman and his wife?—But I want you to know about these people.

5405. We are simply getting out the facts of that case?—Now, this is the way the Board of Trade treat this Committee: "I regret to inform you that I cannot see my way to part with the papers in the matter of Van Hoboken and Wife *v.* The Southern Counties Deposit Bank now in my possession. I am, dear sir, yours faithfully, *Howard W. Cox*, Official Receiver."

Mr. *Ascroft.*

5406. Have you any idea how many actions have been brought against you in the last three or

Mr. *Ascroft*—continued.

or four years?—No, I have not; Mr. Goodman says certainly not six.

5407. The last four years?—In spite of all that Farrow and our enemies have done.

5408. I do not mean you personally; my question applies to the Southern Counties Deposit Bank and the Provincial Union Bank?—I quite understand that, sir; I do not divide myself from the Southern Counties.

5409. Now, let us take one or two of them. Had you an action brought against you——?—I do not count the actions brought by Farrow's friend, the common informer, who was convicted at the Old Bailey; his close friend and associate.

5410. Let us have the first?—He was shaking hands with him outside the room.

5411. Did you pay 58*l.* 12*s.* 1*d.* on 17th March, 1895, in respect of an action brought against you by Mr. Dodding, of Bristol?—Dodding; I never heard of it.

Chairman.

5412. Is it possible for an action to be brought against you without your hearing of it?—Oh, dear, yes.

5413. And possible for damages to be paid without your hearing of it?—Yes; I am sometimes six months away from Bristol.

5414. Then you are not in a position to answer the question as to how many actions have been brought against you?—I am not. I will answer everything I can to the best of my poor humble ability.

Mr. *Ascroft.*

5415. I will come to another. On 24th June, 1893, was another action brought against you, and did you pay 50*l.* to a Mr. Sluddle?—No, I do not know him. What branch is that in connection with? If it is Brighton, Mr. Goodman can answer. I do not know anything about Brighton; Mr. Goodman can tell you.

5416. It is in connection with Brighton?—I do not know the name.

5417. I may tell you that I am taking these extracts from the office copy of the Official Receiver's payments in the winding up of the Southern Counties Deposit Bank, which is filed in court. The whole of these amounts appear on the face of it; and these are results of actions brought against you?—Very likely; no doubt that is quite correct. (Mr. *Goodman.*) These names may have been sent to Brighton from Bristol or Leicester for the purpose of being put into that account.

5418. It does not matter; it is there. The action is brought; I do not care where it is brought?—(Mr. *Kirkwood.*) Whatever is stated in that no doubt is correct.

5419. Fifth August, 35*l.*, Mr. Coles of Bristol?—Coles?

5420. Yes?—That is one of our valuers; the gentle Coles, the "gentle Mr. Coles," according to the clergyman's definition; but that was not an action; that is for salary or commission, or something of that kind.

5421. On 22nd August, 60*l.* 1*s.* 6*d.* to Mr. Suffolk?—That is our Leicester manager.

5422. Another gentleman 72*l.* 11*s.* 11*d*?—That is in connection with the Leicester branch.

Mr. *Ascroft*—continued.

5423. It is all the same thing. Mr. Hayward 50*l.*, Mr. Roach 50*l.* Do you remember Roach's case?—I do not know Roach.

5424. You have no recollection of Roach's case?—No.

5425. When you give instructions to your people to take possession under a bill of sale, do you confine yourself to telling them what they should seize?—I never give them instructions.

5426. Never did?—I do not give them instructions.

5427. You do not?—They have authority to take possession when possession ought to be taken, but in hundreds of cases they do not take possession when they ought to take possession.

5428. Do you take any precautions that only those things shall be seized which are included in your bill of sale?—Certainly; because it would be illegal to do anything else.

5429. It would be illegal?—Every article, as you know, under the present Bills of Sale Act must be specifically described, and we should be liable to serious damages if we took possession of more.

5430. You take that precaution?—Take what precaution?

5431. You instruct your bailiff when he seizes?—I never instruct bailiffs.

5432. Never?—No.

5433. Well, let us see?—The managers do all that kind of work; it is a very exceptional case if I do it.

5434. Now listen to this: "Provincial Union Bank, 1, Queen-square, Bristol, 4th December 1896. Mr. Thomas Moore *re* Jane Welch. We hereby authorise and request you to take and hold possession of" (a great number of articles) "and all other the personal property whatsoever now being in, upon, or about the dwelling-house, farm, workshops, outbuildings, or any part of the premises"?—Yes, I can explain that.

5435. Kindly wait a moment?—I only want to save the time of the Committee.

5436. It is signed for the Provincial Union Bank by Stanley Dodding, the manager?—Well, you see I did not do that.

Chairman.

5437. You do not mean to place that before the Committee, that a thing issued in your name you disown?—Oh, but I will explain that, sir; I know that you have the fairness to allow me an explanation.

Mr. *Ascroft.*

5438. You shall have every opportunity to explain?—That was a form that was used in the Southern Counties Deposit Bank and printed before the passing of the present Bills of Sale Act.

5439. My good sir, it is not a printed form; this is a type-written letter?—A type-written letter; then it must have been taken from an old form that was used under the past Act when the bill of sale covered everything in, on, or about the premises, when there was no schedule at all; and after-acquired property too. That is clearly an error if that was done.

5440. "An error!"—Yes, certainly.

Mr. *Ascroft*—continued.

5441. An error for which you had to pay?—I do not know.

5442. Do not you?—No.

5443. Let us see; do you know the name of Roach?—No.

5444. You do not; was an action brought against you in the High Court of Justice by Jane Edwards Welch in respect to your seizing goods not particularised in that document?—I do not know.

5445. Will you kindly look at that bill of sale (*handing same to the Witness*)?—Well, what about this bill of sale; what do you want me to look at it for; this is in accordance with the Act.

5446. Well, look at it; and, having looked at it, hand it back again?—Look at it?

5447. Yes?—"Jane Edwards Welch to Provincial Union Bank; office copy bill of sale to secure the sum of 30*l.* and interest," dated 3rd May 1895. I have no doubt it is one of our ordinary bills of sale.

5448. Exactly. Now will you kindly listen to this: On the 7th December 1896 Thomasina Roach claimed from you the sum of 50*l.* damages for a trespass upon her premises, and the action was entered in the county court of Glamorganshire, held at Cardiff?—I do not know anything about that action.

5449. Have you solicitors of the name of Beckingham Barry and Harris?—I have the honour to employ such distinguished men. Mr. Barry is a nephew of Mr. Smith Barry, M.P., and nephew to Lord Mayo. I believe, too ——

5450. Listen to this letter: "12th February 1897. Dear Sir,—Roach *v.* P. U. Bank. We wired you to-day that we were sending you our cheque for full amount of claim and costs, and we now enclose cheque for the amount endorsed on the summons, 52*l.* 9*s.* 10*d.* Kindly acknowledge the receipt and say that you will have the action struck out. There was no doubt a trespass, but, owing to the prejudice against money-lenders, we think it best to pay the full claim rather than fight.—Yours faithfully, *Barry & Harris*?"—I do not know anything about that.

5451. You do not know anything about it?—I never heard of it. You see, I am sometimes three or four months not in England.

5452. Is it a fact that in this particular case the bailiffs who represented you broke into the house?—Oh!

5453. Will you listen?—I do not know anything about it.

5454. Broke into the house during the absence of the occupier and took away the whole of the goods?—I never heard of it.

5455. You never heard of it?—No, not until you have just mentioned it.

5456. Do you know the name of Dumbrell?—Dumbrell?

5457. Yes?—I do not know; I never heard the name; I do not know anything about it; Mr. Goodman may. (Mr. *Goodman.*) I did know a person of that name. Where did he live? I do not know whether it is my Dumbrell or not.

5458. Let us get it out. You know they brought an action against you?—No, not the one I know, the one I am referring to.

5459. Did they bring an action against you for an illegal distress on this bill of sale. Just look at that bill of sale (*handing the same to the Witness*)?—This is before my time (1885); I do not know anything about this. (Mr. *Kirkwood.*) 16th December 1885. I do not know anything about it.

5460. Are you aware that your bailiffs entered this man's house at nine o'clock at night, took the whole of the furniture away, and left the children to sleep on the bare boards?—No, I never heard of it.

5461. Are you aware that an action was brought against you and that you settled it before it went into court and paid damages?—No.

5462. No?—No, I do not know anything about the case.

Mr. *George Whiteley.*

5463. You say you cannot remember every little thing like that?—Excuse me, sir; if you had been here all this time I think you would have known I was a witness of truth.

5464. This is a matter of memory?—This is 1885. It is a wonder the Committee do not go back to my cradle and find my iniquities in the nursery.

Mr. *Ascroft.*

5465. Now, Mr. Kirkwood, I asked you the other day to produce a book called the suspense account book; have you got it?—(Mr. *Goodman.*) Yes, we have got it.

5466. Do you always bring actions in your own name, the name of the bank, or the Southern Counties?—(Mr. *Kirkwood.*) We always bring actions in the name in which the securities are taken.

5467. What?—We always bring actions in the name in which the securities are taken.

5468. Always?—All the securities are taken in my own name; all bills of sale.

5469. Have you a man in your employ of the name of Hardcastle?—Hardcastle; I think he is a broker.

5470. Is he in your employ?—He is a broker; he is not altogether in our employ.

Chairman.

5471. Will you, please, answer Mr. Ascroft's question. Is he in your employment?—When he is needed.

5472. What?—When he is wanted.

Mr. *Ascroft.*

5473. Have you been in the habit of bringing actions in his wife's name?—His wife's name?

5474. Yes?—I think some cases were transferred or assigned to his wife.

5475. Have you been in the habit of bringing actions in his wife's name, sir?—If the securities were assigned to her the actions would be brought in her name; but very few, I think.

5476. Is it not the fact that, to evade the unenviable notoriety you were getting, you have been in the habit of transferring hundreds of actions

Mr. *Ascroft*—continued.

actions to Mrs. Hardcastle, and letting her sue?—No.

5477. How many hundreds?—Very few.

5478. How many?—I do not know; very few.

5479. Have you got a book with them in?—I cannot tell you.

5480. Have you got a book with them in?—No, I think not.

Chairman.

5481. Does Mr. Goodman know?—No. (Mr. *Goodman.*) Certainly not; six altogether.

Mr. *Ascroft.*

5482. Have you a book with them in?—(Mr. *Kirkwood*, to Mr. *Goodman.*) Did you ever bring an action in that name?—(Mr. *Goodman.*) No.—(Mr. *Kirkwood.*) Mr. Goodman knows more about that than I do, and he says no action was ever brought in that lady's name.

5483. We shall see as we go on?—If assigned to her she would have power to bring them.

5484. Is there ever any consideration when you transfer these debts to Mrs. Hardcastle?—We have not transferred any for years.

5485. Is there ever any consideration?—Consideration?

5486. Yes?—I do not know the "consideration."

5487. You simply transfer the debt?—I do not know what consideration she would receive.

Chairman.] "Any consideration" was the question.

Mr. *Ascroft.*

5488. Any consideration?—I cannot tell you; it is a long time ago.

5489. You forget?—It is years ago.

5490. You forget?—I cannot tell you; if I knew I would tell you; it is years ago.

5491. You have told us about the default interest that is charged when a borrower gets in arrear?—Yes.

5492. Are you in the habit of giving notice to the borrowers as soon as they become in arrear that they are liable to that default interest?—I think——

5493. Do not tell me what you "think"?—Mr. Goodman can tell you; I think it is generally the case.

5494. What?—I think so.

5495. Have you printed forms?—Mr. Goodman knows far more about that than I do. (Mr. *Goodman.*) I will tell you exactly what we do; a diary is kept in which a note is made of the amounts, and when they become due it is the duty of a clerk to see that these amounts are paid within a week of the date in the diary when they should be paid, and if they are not paid then either he writes them a letter or I write them a letter and sometimes send them a printed form.

5496. Sometimes?—Sometimes, yes; that printed form was produced in Mitchell's case.

Mr. *Warr.*

5497. Do you ever send out a note reminding them that default interest will become due?—Yes, hundreds of letters; I write hundreds every week.

Mr. *Ascroft.*

5498. Is it done regularly or only occasionally?—Regularly; that is the regular system. (Mr. *Kirkwood.*) They have a copy of the note and they can read it for themselves.

5499. Then how is it these people complain so much when they come to pay off and are informed that there is a large amount owing for default interest?—Because they have not paid it.

5500. How is it they complain if they have known all along that this default interest was accruing?—(Mr. *Goodman.*) They do not complain; I have very few complaints of the kind; and they do not pay it; I do not charge it in one case in a hundred. I am quite sure I am safe in saying that.

5501. Let us see; you would remember the case of Mrs. Fitt?—Mrs. Fitt, of Petersfield?

5502. Yes?—Yes, I remember the case.

5503. Did she borrow a hundred pounds?—(Mr. *Kirkwood.*) She was a bankrupt.

5504. On a note for 144*l.*?—(Mr. *Goodman.*) She borrowed something.

5505. Did she pay back 64*l.*, and then did you obtain judgment for 283*l.* 8*s.* 1*d.*?—At Winchester, yes.

5506. Was that made up of 144*l.* the promissory note, 190*l.* 13*s.* 4*d.* default interest, and 12*l.* 14*s.* 9*d.* solicitor's costs, credit being giving for the 64*l.* she had paid?—I have no doubt your figures are right, sir, but I do not remember them now.

5507. Did you ever, in that case, send that woman word that she was in arrear and that you were charging default interest?—The woman borrowed the money.

5508. Did you ever send her word, sir?—I am going to explain; I must explain.

5509. First of all tell me, did you ever send her word?—No, I could not; I was not at Brighton at the time; I want to make it clear.

5510. Do you remember Mrs. Haywood?—Mrs. Haywood, of Portsmouth; yes.

Chairman.

5511. Did you desire to give any explanation of that?—I only wanted to say that my recollection of the matter was this: It was my duty to attend at Winchester on the hearing of that case, and I do not think I had anything to do with it before I attended there. I remember giving counsel the figures just before he went into court. That is all I know about it.

Mr. *Ascroft.*

5512. Do you remember the name of Mrs. Haywood, of Southsea?—Yes, I remember that case.

5513. Mrs. Haywood borrowed 30*l.*?—Yes.

5514. To be repaid by monthly instalments?—Yes.

5515. Now, will you kindly turn to your book for the 5th April 1894. Do you find it?—Yes.

5516. Now, you lent this good lady 30*l.* on the 5th April?—Yes, prior to that.

5517. On the 8th May she sent you 2*l.* in cash?—Yes.

5518. Did you send her a receipt "on account of loan"?—I suppose so; it would be sent in the usual course.

Mr. *Ascroft*—continued.

5519. The usual receipt, Mr. Goodman, is "on account of loan," is it not?—No.

5520. Your printed form?—No, the usual way is to put "received of Elizabeth Haywood 2*l.*," and the date; that would be the usual form, and the signature at the bottom.

5521. Do not you use the words "on account of loan"?—Sometimes; but it is not the practice.

5522. Is not that your usual form, "on account of loan"?—No, sir, it is not.

5523. Simply the receipt, 2*l.*?—That is the usual form.

5524. Have you got your letter-book for that date?—I am afraid I have not; I brought so many books here.

5525. Have you got your letter-book for that date?—No, I have not.

5526. Can you put your finger on any copy of a letter sent to that woman, informing her that you should take 30*s.* on account of the interest, and that she was then in arrear to the amount of 10*s.* and would be charged default interest on that sum?—I cannot put my hand upon it now.

5527. Is it a fact that out of that 2*l.* you appropriated 30*s.* for interest, entered her as in arrear for 10*s.*, and began to charge her default interest?—We appropriated 30*s.* to interest, and the remaining 10*s.* went off the principal.

5528. So she was in arrear, was she not then?—No, she was not in arrear.

5529. What?—As far as her instalment was concerned she was not in arrear.

5530. Was she in arrear as regards the interest?—Yes, yes, I see what you mean.

5531. Do not fence please. Then from that moment you began to charge her default interest?—(Mr. *Kirkwood.*) No.

5532. There is no default interest on a bill of sale. (Mr. *Goodman.*) It cannot be on a bill of sale; *this* is a bill of sale. (Mr. *Kirkwood.*) It is impossible. (Mr. *Goodman.*) If you look at the ledger you will see exactly how it was worked, I think.

5533. Bring the ledger here (*the ledger was handed to the Honourable Member.*) It is exactly what I said. She had to pay monthly instalments, 2*l.* and 5 per cent. per month in addition?—She did.

5534. Very well. Is it not the fact that payment of 10*s.* left her in arrear on account of that 5 per cent. per month?—I said so.

5535. You did not say so?—I corrected myself.

5536. You told me it was a bill of sale, and there were instalments——?—No default interest.

5537. No "default interest," but there was 60 per cent. interest. (Mr. *Kirkwood.*) Of course. (Mr. *Goodman.*) It runs on always; may I say automatically; you know what I mean.

5538. I follow it exactly. You dealt in the same way with her on the 7th June?—Yes.

5539. On the 9th July, the 8th August, and the 5th September?—Yes.

5540. And at that time you made out that she was owing to you 37*l.* 6*s.* 9*d.*?—That would be the amount required to redeem the bill of sale, if it were paid on that date.

Mr. *Ascroft*—continued.

5541. Exactly?—It would include interest up to the termination of the period contemplated by the bill of sale.

5542. So that at the end of five months, when she had paid back 10*l.*, you only gave her credit for 2*l.* 15*s.* 3*d.*, and then you seized, did not you?—2*l.* 15*s.* 3*d.* off the principal.

5543. And then you seized?—No.

5544. Was there no action?—Oh, that was later on.

5545. Was there the "usual" action against you?—There was later on.

5546. Then there was the "usual" action against you and the "usual improper" verdict against you, with costs?—Well, it was for this——

5547. Never mind; was it so?—There was an action, and there was an adverse verdict, but these people had removed their goods from the address they gave us.

5548. Exactly; but you could not make the jury believe it?—I could explain it, but if you will not hear me of course I cannot.

5549. Pray explain it if you can?—These people went away from the address where they were living, and did not tell us they were moving. An agent was despatched to find out where they had gone to. In my absence a telegram was received from the agent, "Take possession at so-and-so," giving the address. Possession was taken there, and it was afterwards found that the address to which they had removed the goods was a house which had been taken in the name of this woman's two daughters, and they had removed to that house the whole of their furniture and the two daughters' furniture as well; so the Judge held that there was a trespass in seizing the goods there. It was a fraud.

5550. Notwithstanding all those justifiable things the jury before whom it was heard gave a verdict against you?—The jury found against us, or rather not the jury, the Judge of the Southampton County Court.

5551. I have no doubt that that which you have told us was explained by eminent counsel at the trial, and the jury did not believe it?—It was not a jury; it was the Judge.

5552. Will you now kindly hand me your suspense book (*the book was handed to the Honourable Member*), and will you also hand me the book which contains particulars of the bills of sale that you have realised, the executions you have put in, and the number of homes you have broken up?—There is no such book.

5553. You keep no record?—No.

5554. Why?—It is not necessary.

5555. It is not necessary?—No.

5556. Do you mean to tell me that you cannot tell the number of bills of sale on which you have realised?—I could by going through the ledgers.

5557. Very well, we will go through them?—It will take some years. (Mr. *Kirkwood.*) It will take some years.

5558. Take 1891. Frank Munford, 30*l.*?—(Mr. *Goodman.*) I do not find such an account here. Was it a Brighton account?

5559. You cannot find it. Will you kindly just come and look at this list? I may save you a good

Mr. *Ascroft*—continued.

a good deal of trouble?—If it was Brighton, I might know; if it referred to Bristol or to Leicester I should know nothing about it.

5560. I have a list here of 27 small farmers, and bills of sale running from 30*l.* to 50*l.*; I want to know whether it is not a fact that you sold every one of these men up under the bill of sale (*handing the list to Mr. Goodman*), that is in two years, 1891 and 1892, is it not, Mr. Goodman?——

Chairman.

5561. Will you look over the list without referring to your books and see if you identify any of them?—I know the names of some of them.

Mr. *Ascroft.*

5562. May I take it that that is a correct summary of the number you sold up in those years?—No, you may not, sir.

5563. Why?—Because I know the handwriting; I know how the man got his information.

5564. I care nothing about that?—(Mr. *Kirkwood.*) Oh, this is the handwriting of a dismissed clerk.

5565. My dear sir, I do not care whose handwriting it is?—I will say no more.

5566. Have you any book by which you could answer my question without going to any trouble and wasting the time of the Committee?—(Mr. *Goodman.*) I could only tell you by going through the ledger. (Mr. *Kirkwood.*) The thief!

5567. If you cannot do it in a quicker and more expeditious way than that, kindly hand me back my papers and we will leave that portion of the inquiry?—Taking the evidence of a thief.

5568. When you put in executions, do you divide the levy fee with the auctioneer?—In many cases we only charge the actual expenses out of pocket.

5569. Do you divide the levy fee with the auctioneer, sir?—In some cases we do.

5570. In some cases you do?—Yes.

5571. Rather an unusual thing for a "bank" to do, is it not?—No, a very usual thing, and it has been upheld by the judges.

5572. As a proper course?—Yes. That so long as the legal amount is charged for levy, it does not matter to the person levied upon who gets the fees.

5573. No?—But, as a matter of fact, we lose a great deal of money by levy fees, because in many cases we never get the levy fees, nor the principal, nor the interest.

5574. Do you know of any other bank in England that divides with the bailiff the levy fee for seizing goods?—I do not know; I am not inquisitorial with other banks; I leave other banks to manage their own business.

5575. I asked you the other day as to the number of bankruptcies!—Bankruptcies?

5576. Yes. Are you now in a position to inform the Committee how many men you have made bankrupt since you were connected with the Southern Counties Deposit Bank and the Provincial Union Bank?—I cannot tell; but I never made a man a bankrupt who did not deserve it.

5577. It is not a question of "deserving" it?—And many men deserved being made bankrupt whom I did not make bankrupt.

5578. You have no book to show that, to give that information?—Oh dear no; we do not keep such books.

5579. I asked you about one case, Mr. Kirkwood, the other day, charging the railway fare; your expenses of going to see people?—That was in connection with the "gentleman."

5580. Your "friend"?—The gentleman, the official.

5581. Yes; is it not usual in every case where you can possibly obtain it to charge them with the expenses; is it not usual to do that?—When we receive an application we always try to obtain the return railway fares, sometimes, not that we do always get it; in fact, very seldom we get fees at all; but we visit every case whether they send a fee or not, every likely case; but to prevent our being taken upon a wild goose chase to visit irresponsible applicants, we try to get the railway fares from them before we undertake the journey.

5582. You have no book containing particulars of the bankruptcies?—No.

5583. You have no book containing particulars of the executions?—No.

5584. I gave you notice, or rather, the clerk gave you notice?—All the same.

5585. To produce copies of all the writs that had been issued by you. Have you got them?—(Mr. *Goodman.*) I got all I could. (Mr. *Kirkwood.*) I was confined to the house yesterday; I could not go the office. (Mr. *Goodman.*) I have all I could get. (Mr. *Kirkwood.*) I told Mr. Goodman to gather all he could.

5586. How many have you got. You have no need to undo them if you hand them here?—I told Mr. Goodman to gather all that he could (*the documents handed to the Honourable Member*).

5587. Oh, I know the difficulty. How long are these for?—(Mr. *Goodman.*) They cover a period of from June 1895 to the present date.

5588. From June 1895 to the present date; and these represent the whole of the actions that you have brought?—Exclusive of county court actions.

5589. Exclusive of county court actions; of course the county court actions are limited to amounts of 50*l.*?—Yes; that is all the writs that our solicitor could find. I asked him to find all he could, and that bundle was ready for me this morning.

5590. Why do you sue people in the High Court of Justice for sums under 50*l.* when you can go the County Court?—We very seldom do so.

5591. Listen to this: "High Court of Justice, 1895" (I will not give the name) "34*l.* 7*s.* 6*d.*"—I should recognise it better if I saw the name (*the document was shown to the witness.*) That was subsequently transferred to the county court.

5592. Of course, it would be subsequently

Mr. *Ascroft*—continued.

transferred to the county court at the request of the defendant?—No, I do not think so; I think he filed his petition.

5593. I see you have writs for 56*l.*, 53*l.*, 103*l.*, 145*l.*, 54*l.*, 53*l.*, 80*l.*, 78*l.*, 78*l.*, 190*l.*, 76*l.*, 35*l.*, 106*l.*, 35*l.*, 70*l.*, 101*l.*, 42*l.*, 79*l.*, and 91*l.* Nearly all over 50*l.*?—(Mr. *Kirkwood.*) They could not be sued in the county court. (Mr. *Goodman.*) They are nearly all over 50*l.*

5594. Exactly?—(Mr. *Kirkwood.*) They could not be sued in the county court.

5595. We know that perfectly well; but those are actions in connection with your Brighton business alone that you have brought between 1895 and the present time?—Yes.

5596. In addition to these, you have other branches and other businesses?—(Mr. *Goodman.*) Yes, that is so. (Mr. *Kirkwood.*) Yes.

5597. So may we assume that you have also at these other branches and businesses a large number of actions in addition to these you have at Brighton?—I will answer that, sir. There are far more actions at Brighton because there is a larger note of hand business done; at the other branches there are far more bills of sale taken.

5598. Am I right in assuming?—There are some, but not nearly so many as at Brighton.

5599. I do not care how many?—There are more at Brighton than at all the other branches put together.

5600. I do not care how many, there are a considerable number?—There are some, but very few; we keep out of the courts as much as possible.

Mr. *Warr.*

5601. That is exclusive of all the actions in the county court, is it?—Quite so, sir.

Mr. *Ascroft.*

5602. And exclusive of all proceedings where you seize under bills of sale?—Quite so.

5603. Can you give us any idea of the number of cases where you have seized under bills of sale?—No, but you may take it as the very last resource.

5604. Of course, as long as they will go on paying you do not want to seize?—No, we would rather suffer.

5605. Rather suffer?—Yes.

5606. I really must ask what you mean. I do not understand your "suffering?"—We would rather suffer in many cases than have the odium of taking possession under the bill of sale; and we do not take possession in many cases when we ought to do.

5607. I can only say I hope it is so?—Very well, sir, you can think what you like. We should not do the large business we do if we treated people badly.

5608. I know; you were telling us the other day that you made great losses?—Great losses?

5609. Great losses?—We made over 6,000*l.* with one lady in Kent. The eldest daughter of——

Chairman.

5610. Now stop that?—Oh, why should I stop?

Chairman—continued.

5611. I told you before not to give that name?—I am not giving the name.

5612. You must not refer to it; we stopped you on that Kent case before, and I will not allow it?—The honourable Member has repeated——

5613. You were going to say who she was the daughter of?—I beg your pardon, I did not mention any name; I say she was a daughter of one of the many county magistrates in Kent.

Mr. *Ascroft.*

5614. I do not want individual cases, I want the aggregate. You say you have made "great losses"?—Great losses.

5615. Have you brought the correspondence I asked you for between you and the Income Tax Commissioners?—Correspondence?

5616. Yes?—I cannot find any correspondence.

5617. But there has been some?—I do not know that income tax has anything to do with this inquiry.

5618. My good sir, I should not have asked you if it had not?—I should have brought it for my own sake if I could have found it.

5619. You cannot find it?—I cannot find it; I should have brought it for my own sake if I could.

5620. You have not destroyed it, I suppose?—I do not know; I did not destroy it; I do not know where it is. The matter was settled, and I do not know where the papers are.

5621. It simply arises out of your statement that in the money-lending business you are liable to very great losses?—Great losses are sustained, and serious losses, as has been proved conclusively and incontrovertibly through the Income Tax Commissioners for 1895; and if I do not have a better year this year I shall go out of the business.

5622. I asked you the other day if you intended to produce a Mr. Hadfield who was with you?—Mr. Hadfield, yes.

5623. You told me you did not know where he was?—I do not know where he is.

5624. Have you a branch at Ipswich?—Yes. I have sworn that I do not know how many times.

5625. Is Mr. Hadfield managing that at the present time?—Mr. Hadfield is not in my employ, and I have not seen Mr. Hadfield for many years.

5626. I have only one other matter to go into after the interval, and I think it will close my examination as far as you are concerned!——

Chairman.

5627. We shall adjourn now for luncheon; and before we separate, Mr. Kirkwood, may I ask whether you have the list of questions which you propose to submit to Mr. Farrow?—I have.

5628. Will you hand them in to me?—I would rather put them myself, sir, verbally.

5629. I cannot allow that?—But how can I cross-examine?

5630. You have no right to cross-examine at all?—No right?

5631. No right whatever. You are aware that I said

Chairman—continued.

I said from the very beginning, that if you had any questions to ask of Mr. Farrow, if I deemed them relevant I would put them to Mr, Farrow. I must see them to know whether they are relevant or not. You have no right to cross-examine here?—I think, sir, in the circumstanees, you said that Farrow would be called, and I naturally presumed that I should be at liberty to put questions to him.

5632. I am within the memory of every member of the Committee, when I say that my statement was perfectly explicit, that if you put the questions in writing before me, if I deemed them relevant I would put them to Mr. Farrow. I explained to you that you had no right to put any questions or to cross-examine any witness whatever.

Mr. *Jeffreys.*] That is so.

Mr. *Hazell.*] It is quite a concession to Mr. Kirkwood that he should be able to put questions through you.

Chairman.] It is a concession. I am sure if Mr. Kirkwood misunderstood me, no one else in the room did.

Witness.] I understood that this was an open inquiry.

Chairman.] I cannot help what you understand.

Mr. *Jeffreys.*] Is there any reason for continuing this Mr. Chairman?

Chairman.] No.

Witness.] Do you wish to have the questions now, sir?

5633. If you please?—Then I will hand them to you (*the questions were handed in*).

Adjourned for a short time.

Mr. *Thomas Bayley.*

5633*. Mr. Kirkwood, I think naturally that you have spoken strongly on certain statements that Mr. Farrow has made in a little book which he published on the 18th December 1895?—I do not know anything about it.

5634. You have seen it?—No, I never saw it.

5635. You have never seen it?—No, I think not. I never read anything written by that person.

5636. Well, I think you have?—Unless something very personal may have been called to my attention.

5637. There were things very personal in this book, and it all comes down in my opinion to one point with which Mr. Farrow charges you. I am not unfriendly to you in this?—He has no right to charge me with anything.

5638. This is what he says in that little book: "In several instances I have been able to bring the law, both civil and criminal, to bear upon him"; that is you Mr. Kirkwood. Now, there is a wide difference between civil and criminal law?—I consider sir, that is a very great exaggeration.

5639. You want to reply?—I mean misleading to the public.

Mr. *Thomas Bayley*—continued.

5640. This is the point I am at: Have you ever been in any criminal court with regard to any money-lending transaction which you have had? That is the accusation that he makes against you, you see?—Never.

5641. You never have?—Never, *never*. I emphatically deny it.

5642. Of course, you have been fined, and we may all be fined for allowing our dog to be unmuzzled?—I am not ashamed of that; those who prosecuted me ought to be ashamed.

5643. Mr. Farrow, in his statement says, "both civil and criminal;" we, all of us, are subject to civil actions?—I suppose technically a prosecution for a technicality under the Companies Act may be taken to be criminal.

5644. Criminal?—It may be so.

5645. That is the criminal thing that Mr. Farrow means, or that you mean?—I do not know what he means.

5646. I suppose an action was brought against you that you were trading as the Provincial Union Bank, Limited, and the law came in and fined you 100*l.* or 100 guineas at Leicester?—For a pure technicality; I was anticipating, as I said before, the sanction of the Board of Trade. The Registrar of the Board of Trade wrote and told me that the name "Provincial Union Bank" was an available name; that is, it did not clash with any other name, and I naturally anticipated that it was simply a matter of form and that the Board of Trade would grant my application for the change of name of the "Southern Counties Deposit Bank, Limited."

5647. And they did not grant it; I mean to say that is a fact?—They did not grant it. I wanted to see Mr. Mundella, and when I wrote and asked when it would be convenient for me to have an audience of Mr. Mundella, they wrote and said that Mr. Mundella was away on the Continent, and that his return was uncertain. That is what the Board of Trade wrote me.

Chairman.

5648. What you have given in evidence on that, is that you simply anticipated the action of the Board of Trade?—Exactly.

5649. That is your point?—Yes.

Mr. *Thomas Bayley.*

5650. And you were fined 105*l.* on a technical point?—Most infamously; but I may say that the magistrates suggested to the Board of Trade; Farrow was acting as a common informer to the Board of Trade, and he was denounced by Mr. Toller, the Recorder of Leicester, as a common informer; the Board of Trade would never have taken any action if it had not been for Farrow.

5651. That is what you might call, or what Mr. Farrow calls, "a criminal offence." Is that so?—Well, technically I daresay it is; but it is an offence that I am not ashamed of. I am not ashamed of it. My persecutors ought to be ashamed of it.

5652. I am getting this out because I know you want it?—It was simply to save the printing, as I have told you; and I was as innocent of doing anything wrong as a new-born child. I will challenge Mr. Farrow; pardon me, sir; I will

Mr. *Bayley*—continued.

will challenge any member of this Committee, I will challenge the world to bring forward any man, woman, or child who was injured by that technical change of name.

5653. Here the point is this—— ?—That was an offence under the Companies Act, but not an offence in the sight of Heaven.

5654. The point is it is not a criminal offence; if you and I have our dogs loose to-day and without a muzzle we are fined; there is no criminal offence there ?—Just so.

5655. Now you see that is a very serious charge ?—A very serious charge.

5656. A very serious charge for Mr. Farrow to make of saying—— ?—An exaggerated and misleading charge.

5657. No, not exaggerated; it is a serious charge for Mr. Farrow to make in a published statement two years ago ?—And that, sir, was in violation (pardon me) of an undertaking made between the Board of Trade and Farrow and myself, or my counsel rather, that the matter should not be divulged.

5658. No, but—— ?—Excuse me, sir, it was with the Leicester solicitor. Mr. T. W. Billson, LL.B., of Leicester, our solicitor, wrote to Farrow and denounced him for his reprehensible conduct.

5659. You had a private arrangement with Mr. Farrow; but this is the point ?—No, I had no private arrangement with Mr. Farrow; it was an undertaking because——

5660. An undertaking ?—Our counsel told the magistrate he would take it to a higher court on appeal; then the Board of Trade compromised the matter with us in this way: that they would withdraw all the summonses about the advertisement appearing in different papers; they had a great number of summonses, and they would withdraw them all if I agreed not to appeal, if I agreed to pay the fines, which I do not think was very dignified on the part of the Board of Trade.

5661. You are mistaking my point ?—But the Board of Trade did it; now those are facts; Farrow agreed with the Board of Trade not to divulge this in any way; now, sir, I will read a letter——

5662. My point is this, if you will just allow me, that Mr. Farrow has in this widely published circular accused you of practically a criminal proceeding ?—I have looked upon Farrow as beneath contempt, sir; he is a scoundrel, an infamous scoundrel; I wish Mr. Yerburgh was here to hear me, his master.

5663. You have told us, I think, that on this particular book you have taken a solicitor's opinion and counsel's opinion; in this book you are charged with criminal proceedings, and your solicitor and your counsel told you not to go on with that action; is that so ?—Which action ?

5664. The action for libel against Mr. Farrow ?—Oh, dear; I never consulted any solicitor about Mr. Farrow. It is not that. It was "The Pall Mall Gazette."

5665. You have not seen *this* book of Mr. Farrow's ?—It was "The Pall Mall Gazette."

5666. I understand you have not seen this book of Mr. Farrow's ?—I have not seen it; I would not touch it.

Chairman.

5667. That closes your examination, Mr. Kirkwood; and I wish to say, that during the adjournment I have read the list of questions you propose that I should put to Mr. Farrow ?—Yes, sir.

5668. And, acting upon my responsibility as Chairman, I hold them to be wholly irrelevant, and I decline to recall Mr. Farrow ?—The whole of them, sir ?

5669. The whole of them ?—The sending down a person to Brighton, and exposing that gentleman ?

5670. The whole of them ?—Do you hold that that is irrelevant, sir.

5671. Yes ?—Then, sir, with your permission, I should like to read a few letters *apropos* (I think Mr. Loyd is *this* gentleman's name) of the two letters he was so kind as to read last Tuesday and to criticise very severely. He said that those letters were from applicants who wanted favours.

5672. Yes ?—Now, I want to dispel that, sir. Give me justice.

5673. No, we cannot have more letters ?—Be as fair as when you started this inquiry, sir.

5674. I have informed you that your examination is now closed ?—Will you permit me, sir, just to read a few more of these letters ?

5675. No, I will not ?—May I ask, will you have the courtesy to answer me this question: Will the whole of my evidence given here be put into the hands of each Member of the House of Commons ?

5676. Each Member of the House of Commons can get a copy if he desires it ?—No, sir; will it be supplied ?

5677. No, it will not ?—Will a copy be supplied to each Peer in the House of Lords.

5678. I cannot answer for the House of Lords ?—I am very anxious to know.

5679-99. You may retire, Mr. Kirkwood ?—I am much obliged to you, Mr. Bayley, for bringing that matter up, I mean sincerely, to give me an opportunity of explaining it.

Mr. JAMES WESTRO COURT, sworn; and Examined:

Chairman.

5700. WHAT is your name ?—James Westro Court.

5701. Where do you reside ?—6, Colville-gardens.

5702. Do you carry on the business of a money lender ?—I do; on a very small scale, I may remark.

Chairman—continued.

5703. On a small scale ?—Yes.

5704. What class of borrowers do you deal with ?—Chiefly clerks,

5705. Chiefly

Chairman—continued.

5705. Chiefly clerks?—Yes.

5706. What kind of clerks?—Bank, commercial.

5707. Do you lend to clerks in public establishments?—May I ask you to define. Banks?

5708. Yes?—May I ask what else you mean by "public establishments?"—Do you mean Government?

5709. Yes?—Yes, if I get them; if I think it necessary.

5710. What banks do you mainly deal with?—I have clients in the City, the Bank of England; well, London and Westminster.

Mr. *Ascroft.*

5711. Any other?—The London and County, I think I have one.

5712. The London and County; any other?—No, not that I can recollect.

5713. Just think?—Yes, one other, Williams, Deacon and Co.

5714. Think again?——

Chairman.

5715. That will do. Now, is this a copy of a letter that you address to clerks in the Bank of England: "Sir,"—?—Excuse me, sir, if this has been published in "Truth," it is.

5716. I have not seen "Truth" at all?—I beg your pardon.

5717. We have nothing to do with "Truth," or what is published in the newspapers here: "Sir,—As you will probably be taking your holiday before long, it may be convenient to you to anticipate your salary for a short time. I am prepared to advance you 10*l.*, 20*l.* (or more, according to your position and requirements) on your post-dated cheques, at the moderate interest of 2*s.* 6*d.* per month for each 5*l.* I do not think you will meet with easier terms, and I may add that, having already a connection among gentlemen in the Bank of England, I am perfectly acquainted with the rules and regulations. Your transactions would be known only to myself, as I keep my own books and am not a professional money lender"?—That is quite true.

5718. That is a copy of a letter you send to clerks in the Bank of England?—Yes.

Mr. *Ascroft.*

5719. Is it true you are not a professional money lender?—Well, I was not at that time. At the present moment I have, I suppose, 1,000*l.* in the business, and at that time I had perhaps 50*l.*

Chairman.

5720. Now, Mr. Court, you have stated that you know the rules and regulations of the Bank of England in regard to money lending. Will you tell the Committee what these rules and regulations are?—The one to which I refer. The only one which, I believe, has any bearing on the subject is, that Bank of England clerks are not allowed to borrow.

5721. What?—That clerks in the Bank of England are not allowed to borrow from money lenders.

5722. Are you aware, sir, that a clerk in the Bank of England known to have connection with a money lender is instantly dismissed—I believe that is the case. My experience rather——

5723. And knowing that, sir, you send these letters broadcast to clerks in the Bank of England?—Certainly.

5724. Do you send them just as the clerk is about to take his holiday?—Well, the date is on that.

5725. Do you send them, sir, just as clerks are about to get their holidays?—No.

5726. Do you swear that?—I have only sent one lot, and that was in November; of course, I do not say that clerks do not take holidays in November.

Mr. *Thomas Bayley.*

5727. November last year?—November 1896; wait a moment, 1895 I believe; but the date is on it.

Chairman.

5728. Do you swear that you only sent them in November 1895 or 1896?—I swear that is the only set of circulars I sent to clerks in the Bank of England.

5729. What is the date of that (*handing circular to the Witness*)?—That is the 25th May 1896.

5730. It was received on the 25th May 1896?—That is correct. I have made a mistake; but I think still that is the one lot of circulars that I have sent, although I have forgotten the date. (*The Witness referred to a document*). Yes, it is quite right; it was published in "Truth," May 28th.

5731. Never mind what was published in "Truth." I repeat the question: Sir, are these letters (I do not call them circulars, because they seem to be absolute letters written by your own hand) sent broadcast to clerks in the Bank of England who are on the point of taking their holidays?—They have been sent on one occasion, and one only in that year and no other, and never since.

5732. Will you be good enough to say by what means you ascertained when the clerks of the Bank of England were about to take their holidays?—I anticipate that everybody takes a holiday in summer. I do not know for certain. I said in my letter——

5733. Have you no means, sir, of discovering when the Bank of England clerks are about to go on their holidays? Now, you are on your oath?—Yes, I could discover as well as anybody else, but I do not use any means.

5734. That is not an answer to my questions. Have you any means, within or without the Bank of England, of discovering when these clerks are about to take their holidays?—No, certainly not.

5735. You send them just at random?—I sent them at random. I believe bank clerks take their holidays in summer, and I thought that was about the time to send them.

5736. You carry on a considerable business with these Bank of England clerks?—I have nine on my books.

5737. You have told us that you know that any one of the nine is found out it is instant dismissal, according to the regulations of the bank?—Yes, I believe so.

Chairman—continued.

5738. Now, Mr. Court, do you consider, in view of these regulations, that that is fair money-lending business?—Certainly.

5739. You do?—Yes. I have never; well, I will wait until I am asked questions.

5740. You do consider that fair money-lending business?—Certainly. The regulations of the bank have nothing to do with me; I do not hold it over them as a threat, or use it in any way.

5741. Have nothing to do with you. Why do you state to the clerk that you are aware of these regulations?—Because I know he will understand it is business; it is my business.

5742. Do you keep any books?—Yes.

5743. Have you got them?—I have not; I can bring them.

Mr. *Ascroft.*

5744. Will you allow those books to be gone through half-an-hour before the Committee meet?—Yes, a week before, if you like.

Chairman.

5745. Do you deal with clerks in Government offices, do you say, in the same way?—Not now.

5746. Are you aware of the Treasury regulations with regard to money lenders?—No.

5747. You are not?—No.

Mr. *Warr.*

5748. Do you carry on any other business except this money-lending business?—No.

5749. How long have you carried on this business?—About 18 months.

5750. You began, I think you told us, on a very small scale, with a 50*l.* capital?—Yes. Well, no, I said that I had about 50*l.* advanced at the time that I sent out that circular. I could have put more capital in if I had wanted to, but I had no business calling for it.

5751. At the commencement of your business 18 months ago, what capital had you?—Oh, I had more capital than that, but not in the business.

5752. Had you it in any other business?—No.

5753. What business had you been carrying on up to 18 months ago?—I was carrying on no business at all. I had means, small means, not enough to support me at the present rate of stocks.

5754. Then have you never been in business at all yourself?—Yes, in Australia.

5755. In what line of business?—I was in an ironmongery business and also in an engineering business.

5756. Have you ever been in any office in a bank at all?—Never.

5757. And has your business been successful?—It is too early to judge; my first year I lost about 110*l.*

5758. And up to now you have increased your capital to 1,000*l.*?—Yes; of course, I am beginning to understand my business better.

5759. Is that by profits in the business?—Oh, no, putting in fresh capital. I began with a small capital, knowing I did not understand my business; but as I thought I saw my way I put in more.

5760. Do you advertise at all?—Not at all.

Mr. *Warr*—continued.

5761. Your connection is produced by these letters that you write?—No, it is not; excuse me.

5762. I ask you the question?—No.

5763. How is it produced?—By customers referring each other to me; and sometimes I do not know how people apply.

5764. Was your first money-lending transaction with a clerk in the Bank of England?—No.

5765. Was it with a clerk in a bank in the first instance?—I think not; I am not prepared to swear.

5766. How did you enter upon this class of business with bank clerks?—A bank clerk applied to me in answer to the first advertisement.

5767. Then you do advertise?—I do not; I did; I put in three advertisements.

5768. Have you got the copies of the advertisements you put in?—I am afraid not. I could tell you the papers they were in and about the date.

5769. Do?—Well, I must look up the matter; I mean at a future meeting.

5770. I will take it from your recollection?—I am afraid it is too vague, if you do not mind.

5771. Eighteen months ago, you know?—Yes.

5772. But you have only advertised for a short time?—I put in about three advertisements; I got about nine replies; amongst those was a customer who has been a customer of mine ever since.

5773. In the Bank of England?—No.

5774. In another bank?—In another bank.

5775. I will not ask you for his name?—No.

5776. These letters that you write, do you always write in your own handwriting?—That one is not.

5777. That one is not?—No; but I do not write letters. I wish it distinctly understood that I never send circulars; that I have not done so since that circular, and that I never intend to do so. I do not think it is a good policy.

5778. Do you tell the Committee that that is the only letter you have written?—No, of course not; I have written to clients, for instance, on other subjects. That is the only circular I have ever sent out.

5779. That is the only circular?—Yes; to the best of my knowledge.

5780. Do you mean that that one paper there is the one solitary circular?—Oh, no; that is a copy of the one solitary circular that was sent out at that time.

5781. That is a form then, is it?—Yes, that is the letter I concocted, and had sent out at that time.

5782. In one batch, I understand?—There may have been two batches; they were all dated that date. They were all sent out within 10 days of each other at the most.

5783. How did you get the names of clerks in a bank to whom to send those letters?—From a directory.

5784. What do you mean by "directory"?—A bank directory.

5785. Does a bank directory (it is my ignorance)

Mr. *Warr*—continued.

rance) give the names of the clerks in the banks?—Certainly.

5786. It does?—And at all the branches.

5787. And at all the branches?—Yes.

5788. Does that apply only to the Bank of England?—I have not seen the last issue of the directory, so I cannot say, but it certainly gives the Bank of England as a public institution, just as it gives the Government offices.

5789. Does the same apply to the London and Westminster, the London and County, and Williams, Deacon, & Co.?—I do not think so, but I have never looked.

5790. How did you get the names of the clerks in those banks?—I have never sent them circulars, I get them through clients applying; one clerk in one bank knows a clerk in another, and he tells him.

5791. I see; and that is the way it rolls up; you get a connection amongst bank clerks?—That is the only safe way of getting up a connection.

5792. Tell me what kind of security do you take from the bank clerks; promissory notes?—Bills; yes, promissory notes.

5793. Do you get upon these promissory notes sureties?—No.

5794. Does the bank clerk never become surety for another?—Well, I have never required such a thing. Sometimes it has been offered; in that case I should probably take it. For instance——

5795. In fact, will you tell me, have you taken it?—I have taken it where a customer has said: "I want to introduce Mr. So-and-so; I will back his bill." I say: "Very good, do so."

5796. Has that frequently happened?—No.

5797. It is not in your regular business?—No; it is a thing that might happen, and I should agree to it as improving the security.

5798. Do you ever make any inquiry as to the ages of these clerks who want to borrow money from you?—No; they generally state what their salary is, or how long they have been in the bank.

5799. But could you tell me, speaking generally, between what amounts the salaries range of these men with whom you do business?—I should say 160*l.* a year upwards.

5800. One hundred and sixty pounds a year upwards?—Yes; I think I should be more correct in saying 180*l.*; I should not think I have got a man with a salary so small as 160*l.*

5801. Do you know at what salary the Bank of England clerks begin?—No; and I take their own statement that their salary is so.

5802. You take their own statement?—Yes.

5803. Do you make inquiry as to whether they are of age or not?—No, I cannot say I do; it would be rather a difficult thing to do.

5804. No, it would not be a difficult thing to ask a man what age he was?—Oh, I see, no; but I rather take this for granted; I know what salaries in Australian banks they start at and go up to; I know that they are better paid, or I understand that they are better paid, than banks are here; and if a man is earning 160*l.* or 180*l.* a year it is a thousand to one he is of age.

Mr. *Warr*—continued.

5805. It is a thousand to one he is of age?—I should say so, unless he is extremely smart.

5806. Why did you cease sending out the circular?—Well, Mr. Labouchere kindly put it in "Truth," which was a sufficient advertisement without any further efforts of mine.

5807. Was that the only reason?—Yes, that was about the only reason.

5808. It did not occur to you that it was a dangerous proceeding?—Certainly not; but I may say this: I got two or three replies, and they all referred to "Truth," and so I took it the circular had not done me much good and that "Truth" had, and I thanked Mr. Labouchere accordingly, in return for which he called me "a shameless and insolent representative" of my class.

5809. Do these clerks repay you readily?—Yes.

5810. What interest do you charge them?—Thirty per cent.

5811. Thirty per cent?—Yes, 2*s.* 6*d.* on the 5*l.* note.

5812. In case they make default what interest do you charge them?—I do not do that at all; I never charge compound interest.

5813. Have you got a form of your promissory note?—I have not here; I can tell you pretty well word for word what it is.

5814. Do so?—"For value received I, A. B., promise to pay J. W. Court the sum of (say) 11*l.* 10*s.* for a ten pound note in as many months as that means interest (I will not go into figures) by monthly instalments of whatever it is;" I mean that is the form.

5815. And there it ceases?—There it ceases; then there are the figures down below.

5816. You do not provide, on the face of it, for any default interest?—No.

5817. Have you ever had to bring any actions against any of these clerks?—No, I have never had to bring an action.

5818. Have you ever had to inform their employers?—No, never a bank clerk.

5819. Never a bank clerk?—No. I have on one occasion threatened to do so, but I have not done it.

5820. You have not done it?—No, and I should not; it is ruination to business.

5821. It would be ruination to your business?—Yes; at least I should not consider it a right thing to do.

5822. May I take it that your business is confined to bank clerks?—Well, it would be if I could so confine it; I have other people.

5823. It is your desire to do your business amongst bank clerks?—I should prefer to do it amongst that sort of class; they are reliable: they are the most regular customers, and one is not afraid of their clearing out into another country or vanishing or playing tricks.

5824. Do you ever get any security from them except promissory notes?—I never have; I do not think so.

5825. Nor bills of sale?—No.

5826. No jewellery?—No, nothing of that sort.

5827. Have you any interest in any other business of any kind?—No interest in anything else.

Mr. *Ascroft.*

5828. Then may I take it that you carry this business on at Colville-gardens?—Yes.

5829. With a capital of 1,000*l.*?—I will not swear to a pound or two, but that is about what is now in it.

5830. Call it 2,000*l.*?—Oh, no, it is a very long way under that.

5831. And the interest you get on that is usually 30 per cent.?—Well, if I get it. The first year I suffered very much from bad debts

5832. Who is your confederate, sir, in the Bank of England?—I have no confederate in the Bank of England.

5833. What!—I have no confederate in the Bank of England. I have never paid a sou commission to anybody in the Bank of England.

5834. Do you mean to say there is no clerk in the Bank of England who gives you your information?—There is not. That question has been asked me before.

5835. It has?—Oh dear, yes.

5836. There is no employé or official in the bank who gives you information?—There is not.

5837. Who has asked you the question before?—A solicitor.

5838. Why?—Because I had to write a solicitor's letter to a defaulting——

5839. Did you write a solicitor's letter?—No, I employed my solicitor to write that letter to a clerk, and he instructed his solicitor to see me to arrange matters.

5840. And the first question he asked was: Who is your confederate in the Bank of England?—Excuse me, it was not.

5841. What?—It was not.

5842. What was the question that was asked you?—It was a question; or it arose in the course of conversation.

5843. Very well. Then they suspected by your procedure that you had some confederate amongst the clerks?—Precisely.

5844. You say it is not so?—I say it is not so.

5845. How is it, then, that whenever a clerk is going for his holiday you know, and you send him a circular?—But I do not.

5846. How much do you pay a year for these circulars that are written out for you?—I do not send a circular every "year."

5847. How much do you pay a year for these circulars that are written out for you?—I could not tell you; I should think the man who wrote the most of those got about half-a-crown.

5848. How many thousand do you send out every year?—Not a hundred.

5849. To one bank?—Not a hundred, in England.

5850. But you do not write them yourself?—No.

5851. You get them done?—I get them done.

5852. You send them to the Bank of England?—I did on one occasion, and on no other.

5853. The London and Westminster?—No.

5854. The London and County?—No; excuse me, only to the Bank of England that circular went.

Mr. *Ascroft*—continued.

5855. Then what is the form of document you send to the London and Westminster?—I have sent no other form of document to any other bank.

5856. How do you get introduced there?—By a person applying.

5857. How does he get to know you live at Colville-gardens?—I have no idea. Clerks are hard up, and they ask each other where to get money.

5858. Then you know some friend there?—I have no friend there.

5859. Who, then, did introduce you?—Nobody introduced me.

5860. Then how did they find you out?—I do not know.

5861. But they did find you out?—They did find me out; it is their business to find out.

5862. But you say you have no friend there?—No.

5863. Take the next bank, the London and County. How did they find you out there?—The same question, the same answer; I do not know. Clients write to me saying that they have heard from some person that I lend money at such-and-such a rate.

5864. Then all these clerks who write do not know that you have only 1,000*l.* in the business?—I have only 10 clerks on my books in the Bank of England at the present moment.

5865. At the present moment?—In the Bank of England.

5866. How many have you in the London and Westminster?—I can recollect two. I have only 80 clients altogether.

5867. Eighty clients?—Altogether, taking everybody.

5868. Then you are in this position, that unless these men pay you your "pound of flesh," you can get 80 clerks dismissed?—Oh, dear, no; 80 people altogether, not clerks.

5869. How many of them are clerks in banks and Government offices?—About 25.

5870. Then you have the sole control over 25. Yes or no; is it so?—No. As long as they pay I have no control whatever.

5871. If they do not pay you your "pound of flesh," you can get them dismissed, sir?—Yes, but that is no good to me.

5872. Do you mean to say that that is a fair position for them to be placed in?—I should say so.

5873. You would?—If they place themselves in it that is not my concern.

5874. You do not think the law requires altering in that respect?—Oh, I think the law, for that matter, requires altering in hundreds of respects.

5875. You care nothing about the law, I suppose, as long as you get your "pound of flesh"?—I do care a good deal.

5876. Do you think it ought to be altered in this case?—I know if any person in this room borrowed 10*l.* of me they need never repay it if they did not like.

5877. How do you mean?—It would not be worth my while to proceed against them.

5878. Do

Mr. *Ascroft*—continued.

5878. Do you mean you dare not sue?—No; I know that the county court judge would say, "Here is a money-lending case," and there would be the end of it; I should have had the verdict against me under almost any circumstances,

5879. Then there is a repugnance in county courts against money lenders?—Certainly; it is popular prejudice.

5880. Without any cause?—No, it is a prejudice arising from the ignorance of political economy chiefly,

5881. But nevertheless it is a prejudice which is exceedingly popular at the present moment, is it not?—Most ignorant prejudices are. The ignorant outnumber the wise.

5882. Then we may take it that some of the great revolutions which have occurred in English society have been due to prejudices which were popular but which were wrong?—No, that is too sweeping an assertion; we are dealing with prejudices against money lenders.

5883. You do not go so far as that?—Certainly not.

5884. You say you are prepared to produce your books?—Yes.

5885. How many books will you kindly tell me do you keep?—I keep one ledger.

5886. Right, go on?—And that is all, and a cheque book.

5887. You have a cash book?—No.

5888. No cash book?—No.

5889. A cheque book?—Yes.

5890. Do you bank with more than one bank?—No, I bank with one bank.

5891. Do you pay everything by cheque?—Everything by cheque, unless otherwise required; but I always draw a cheque for it.

5892. Will you kindly tell me do you pay everything by cheque or in cash?—Everything, unless otherwise required.

5893. What do you mean by that?—A customer may say, "I want notes," then he gets notes; but I write a cheque for it and I put in the stump his name.

5894. And you allow him to cash it at the bank?—No; he says he wants notes; I write his name on the stump, I write the cheque payable to bearer, have that cashed and give him the notes.

5895. Do you bank with more than one bank?—No.

Mr. *Warr.*

5896. You have it cashed?—Yes.

5897. You send to the bank for the money while he is there?—I go to the bank.

5898. The bank is near, is it?—Yes.

5899. What bank?—The London and South Western.

Mr. *Ascroft.*

5900. Then he comes to see you?—Or writes, and I post it to him in a registered letter.

5901. How do you arrange, when he writes, to get your promissory note signed?—He will send the promissory note first.

5902. You send it to him?—He will very often send it to me.

5903. You draw your promissory note, sir?—Yes, and sometimes they draw them; if it is a customer who knows me he knows my form.

5904. Will you tell me who generally witnesses them at the Bank of England?—Nobody witnesses them; nobody witnesses a promissory note.

5905. Do you take the signature to promissory notes without a witness?—Where I know the customer I can compare it with his letter asking for the money.

5906. Have you any notes in your possession at the present moment which are not witnessed?—Certainly.

5907. How many?—I cannot answer that straight off, but there is none of them witnessed. You do not have to witness a promissory note; the law does not require it, and nobody else does.

5908. How do you prove the signature?—Well, I know the man first.

5909. Then you mean to say that it is of such a secret nature that it is not necessary that it should ever be witnessed?—Certainly not.

5910. You have no intention of going into court?—No, not if I can avoid it; I do not expect to.

5911. You consider your grip of the victim is quite sufficient by being able to get him discharged?—No, the "victim," as you call him, is very glad to get the money; he wants it and he pays his interest.

5912. The victim does not apply to you for the money?—Yes, he does.

5913. You write to him in the first instance and offer it him?—No, I do not; I do nothing of the sort.

5914. Do not you put the idea into his mind by these letters?—Certainly not.

5915. That the money is waiting for him?—Certainly not.

5916. What do these letters mean then, sir?—I say those were sent out on one occasion—I should say probably about 50 of them, to all the branches of the Bank of England; half of them came back unopened; some of them with old coins inside to make me pay double postage and otherwise, and the rest had no effect whatever to the best of my knowledge and belief. Every customer I have got, pretty well, has been introduced by another customer, or has applied on his own initiative.

5917. I may take it you have never had occasion to bring an action?—Oh, no, you may not.

5918. Have you brought an action?—I have never brought an action against a bank clerk.

5919. How many times have you threatened actions?—Well, I can tell you how many actions I have brought and the result of them.

5920. How many times have you threatened?—Probably not a dozen times.

5921. Have you ever written to a Bank of England clerk and told him that unless he paid you your money you would bring it before the officials. On your oath, sir?—No; I wrote to one man.

5922. Do you swear you have never done that?—

Mr. *Ascroft*—continued.

that?—I am making one exception, which I recollect.

5923. Have you ever written to a Bank of England clerk and threatened him that unless he paid your demand you would bring it before his superiors?—On one occasion.

5924. Who was it?—Oh, no; I do not give up my clients' names.

5925. I do not want to know the name. Was it a clerk of the Bank of England; was it an official of the Bank of England; was it a doorkeeper?—He was a clerk.

5926. That is sufficient for my purpose, to identify it; when was that?—I cannot give the date.

5927. What was the result; did you get your money?—No.

5928. What happened?—The result was that he asked his solicitors to interview me.

5929. Did you see his solicitors?—And I believe the matter is now pending; they said they were going to arrange something.

5930. When was it?—I cannot swear to the date at the present moment.

5931. You can give me the year, sir?—Oh, yes; it was this year.

5932. Were your solicitors engaged as well?—Yes.

5933. What was the amount of loan in that case?—I think 20*l.*

5934. What was the rate of interest?—Thirty per cent.

5935. Had you written and offered it to him?—Oh, certainly not.

5936. Not?—No.

5937. He came to see you?—No, he was introduced, if I remember rightly.

5938. Where was he introduced; you have not an office at the Bank of England, have you?—Oh, dear, no.

5939. Where was he introduced to you?—Well, he was introduced by letter. Somebody wrote and said: "My friend (Mr. ———) wants to borrow so much."

5940. Did he come to see you?—No.

5941. Where did you go to meet your "victim"?—I did not meet any "victim."

5942. Where do you meet them?—I do not meet them, unless we make appointments.

5943. Where did you meet this young man?—I did not meet him; I should not know him if I saw him.

5944. Where did you come in contact with him?—Through the Post Office.

5945. Then it was all done by letter?—All done by letter.

5946. You lent him 20*l.*?—Yes.

5947. And took his promissory note?—Yes.

5948. Was it this year or last year?—I think that was last year.

5949. Are you sure?—I think so. I can look it up.

5950. In the autumn?—I cannot swear.

5951. Surely?—My dear sir, I cannot remember every particular item.

5952. Your business is so great?—It is not.

5953. With only 80 clerks on your books?—No; that is why I am astonished at the Committee having me up at all.

Chairman.

5954. You have expressed surprise that the Committee should have you up at all?—Yes, because I have very little experience.

5955. Well, I think a gentleman who writes letters to Bank of England clerks, saying in those letters that he knows the rules and regulations of the Bank, resulting in the absolute dismissal of a clerk having connection with a money-lender; I think that when it was brought before the Committee that there was a man capable of that, no one will wonder except yourself that you were brought up?—Very well.

Mr. *Ascroft.*

5956. This matter is now the subject of legal proceedings, is it not?—No, it is the subject of negotiation.

5957. How far has it got?—My solicitors are, I believe, arranging with this man's solicitors.

5958. "Arranging?"—Well, seeing what they can do.

5959. You got your promissory note?—Yes.

5960. When was the first interest due?—Oh, a good long while ago.

5961. But, my good sir, it only happened last year?—Yes; well, that is a good long while ago; a three months' bill, and nothing been paid probably.

5962. Nothing paid?—No.

5963. Then what did you do?—Then I wrote and asked him to pay, or to pay his interest, or to renew.

5964. That was the first letter?—I expect so.

5965. Have you written more than one?—Very likely; I do not remember.

5966. You know perfectly well, sir, you wrote more than one?—I do not know what you are referring to, you know; you must remember that.

5967. Did you or did you not write more than once?—I have not an idea. If you will tell me which you are referring to, and what case.

5968. I am referring to the case that is now the matter of negotiation between your solicitor and the clerk's solicitor?—I see. Well, my solicitor did the writing, not I.

5969. Did you, first of all, write to him yourself?—Yes.

5970. How many letters?—I wrote one letter.

5971. Did you write a second letter threatening him that unless he complied with the terms of the note he would be exposed and lose his situation; or anything to that effect?—I think not.

5972. Will you swear you did not?—No, I will not swear.

Mr. *A. K. Loyd.*

5973. Do you write to the clerks at the bank, or to their private address?—To the bank; I do not know their private addresses.

5974. What were the names of the three newspapers in which this advertisement appeared with which you started?—I am sorry I cannot tell you.

5975. Oh, yes; you can?—But I cannot, sir.

Mr. *A. K. Loyd*—continued.

5976. Eighteen months ago?—Yes.

5977. You sent three advertisements to three newspapers to start a business and through that your present connection began. Now tell me the names of those papers?—I am on oath, and am expected to swear to three newspapers, out of I suppose 500 in London.

5978. Did you select them with care as likely to go into the hands of bank clerks?—Oh, no.

5979. Do you mean to say you sent those advertisements to three newspapers without regard to whether they were likely to meet at the bank the eyes of the clerks?—Yes. I did not think of bank clerks in connection with that matter at all.

5980. Were you at that time resolved that your money lending should be amongst clerks?—Clerks.

5981. And in order to reach the clerks did you not select papers that would be likely to reach the hands of clerks?—No, because I did not know what clerks read in the least. I believe one paper, I would almost go so far as to swear that one paper was the "Daily Telegraph" or the "Daily News."

5982. What were the other two?—I forget what the other two were.

5983. Surely you can remember?—I can tell the Committee the next time.

5984. Did you sign your name on the advertisement?—Yes, I gave the name.

5985. And what address?—The address I was then doing business at.

5986. What was that address?—Bayswater.

5987. What address in Bayswater?—Not Bayswater; excuse me, I believe it is West Paddington, Denholm-road.

5988. What number Denholm-road?—Twenty-six.

5989. That is the address you gave?—Yes.

5990. The name of "Court," signed, and the address?—Letters to be addressed there, where I called for them.

5991. What initials?—"J. W."

5992. Will you give me the number again?—26, Denholm-road.

5993. Twenty-six, Denholm-road, Bayswater?—No; it is West Paddington.

5994. Just try once more to give us the names of these newspapers; you can do it if you like?—My dear sir, I cannot. If you cannot believe me——

5995. One of them was the "Daily Telegraph," was it?—I believe so.

5996. What was the date this took place?—I cannot tell you.

5997. I do not mean the precise date, but about?—The end of October.

5998. The end of October; what year?—The year before last, 1895.

5999. One thousand eight hundred and ninety-five. Whose idea was this that clerks would be a good stamp of person to lend to?—Mine.

6000. Yours?—I had been a clerk myself.

Chairman.

6001. In England?—In Australia.

Mr. *A. K. Loyd.*

6002. You showed some familiarity with the terms on which banks employ their clerks in Australia?—Yes.

6003. Did you know many bank clerks in Australia?—I knew at least three; one who was nearly manager.

6004. And had you done any money-lending with them?—Oh, dear no; I had no money.

6005. When did this idea occur to you; was it when you were in Australia or when you came back to England?—When I came back to England.

6006. And you have not entered into any business in this country?—No.

6007. What year did you return from Australia?—Eighteen hundred and ninety-four.

6008. What month?—Wait a moment; I got here, I think, in April.

6009. April 1894?—Yes, the end of April.

6010. So from April 1894 to October 1895 you did not go into any occupation whatever?—None whatever.

6011. What were your means of subsistence during that time?—I had an allowance.

6012. From a relative?—Yes.

6013. Have you ever been discharged from any employment?—Never; I have a very good certificate.

6014. A very good certificate, whom from?—My last employers, who were ironmongers.

6015. In Australia?—Yes.

6016. What was their name?—McLean Brothers and Reeve.

6017. In what town?—Melbourne, Victoria.

Mr. *Warr.*

6018. Is "Court" your real name or an assumed name?—It is my business name.

6019. It is not your real name?—No.

Chairman.

6020. It is not your real name?—No.

6021. What is your real name?—That I cannot answer.

Mr. *Warr.*

6022. Then you refuse to answer as to your real name?—Oh, yes.

Mr. *A. K. Loyd.*

6023. When did you assume the name of "Court"?—When I began the business.

6024. Eighteen months ago?—Yes.

6025. What ship did you come over in from Australia?—I do not think that is connected with money lending. I appeal to the Chairman.

6026. What ship did you come over in? You see you are disguising yourself from us by a name. We want to know who you are and as much as we can about you. You decline to state the name of the ship you came over in?—I decline to state it.

6027. Have you given me the correct time you arrived?—Yes.

6028. As nearly as you can recollect?—As nearly as I can recollect.

6029. I mean you have forgotten the precise time, have you?—I have forgotten the precise time.

Mr. *A. K. Loyd*—continued.

6030. What company, what line of ships did you come by?—The P. and O.

6031. Where did you embark from?—Is that connected with money lending, Mr. Chairman?

Chairman.

6032. Answer the question, please?—I will refer it to the Speaker, I think.

6033. Answer the question, please?—However, I embarked from Melbourne; it does not much matter; lots of people did.

Mr. *A. K. Loyd.*

6034. Where did you learn this rule of the banks. When and where did you learn that it was a rule of the banks that if the clerks borrowed from money lenders they would be discharged?—I have known that ever so long; I cannot really say where I learnt it.

6035. Do you know what the object of that rule is?—Of course I do.

6036. What is the object of that rule?—I presume to prevent clerks borrowing.

6037. To prevent clerks borrowing, yes, no doubt; but why does the bank, having these young men in responsible positions, dealing with large sums of money, object to their borrowing; is it with a view to guaranteeing their honesty?—Well, it may be.

6038. But is it not?—I daresay it is.

6039. Well, is it not?—Yes; we will say it is.

6040. Why did not you say it before?—Well, it requires thinking about.

6041. Then you know that this is a rule which is found necessary by banks in order to secure the honesty of their *employés*?—Yes.

6042. And, knowing that, you have made up your mind that that is the class of persons among whom you intend to carry on your business in this country?—Yes, not entirely; no. As I said, the majority of my clients are not clerks in any banks.

6043. But they are clerks?—Still they are clerks; yes.

6044. Does not the same rule apply in other businesses?—I should not think so.

6045. With Government clerks does it apply?—I do not know that it does.

6046. Anyhow this rule is one that you call the attention of the clerks in the bank to telling them you are aware of this rule, and promising them secrecy on that account?—Yes; that is so.

6047. Do you still adhere to your objection to tell me in what ship you left Melbourne, and arrived in this country, as you say, about April 1894, was it?—Yes, I think so.

6048. Do you swear you were never discharged from any employment?—Certainly, most distinctly; I can prove that as much as you like; I have only had two employments in my life.

6049. What is your objection to state, if you have a good character from your past employers, the ship in which you came to this country?—I do not want my identity revealed for other people's sake. As the Committee has observed, there is a prejudice against money lending, which would affect other people, and I do not wish to have other people affected, or scandal put in society papers, and gossip generally.

Mr. *A. K. Loyd*—continued.

Mr. *Warr.*

6050. What was the other employer you had?—A man named New.

6051. N—e—w?—Yes.

6052. In Melbourne?—Yes; I believe he is not there now; I do not know what became of him.

6053. Might I ask when you assumed the name of "Court" for business purposes?—When I began business.

6054. In England?—Yes.

Mr. *Thomas Bayley.*

6055. I notice in your letter that you write, you say you are willing to advance money on post-dated cheques at the rate of 2*s.* 6*d.* per month for each 5*l.*?—Yes.

6056. Do you do much of your business with post-dated cheques?—No, the great majority of it not.

6057. But you have some cases?—I have some.

6058. Some post-dated cheques?—Yes.

6059. When you took a post-dated cheque you would naturally see that the cheque was dated after the time that the cheque became due and would be paid into the bank of the clerk, it would, would it not?—I beg your pardon.

6060. I say you would naturally see that your post-dated cheque was of such a date that his quarter's salary would be paid into the bank before your post-dated cheque became due?—Oh, no; I take it quite without reference to any salary at all; if the instalments are monthly the cheque is dated two or three days after the month; but I am quite willing to meet clients about that; I do not make any fuss about anything of that sort.

6061. I suppose your clients would not like to give these post-dated cheques, although you offer to take them, because then it could be identified so very easily, the whole transaction?—Oh, a bill can be identified just as easily.

6062. But your bills are not made payable at a bank, are they?—They are made payable to me.

6063. At your private address?—Yes.

6064. Not at a bank?—Oh, no; of course I never collect a bill through a bank.

6065. With a bill there is an identification; with a bill payable at your flat, No. 5–6, Colville-gardens, there is no identification?—No; but for my purpose the mere fact that I hold the bill is sufficient. If it was my policy to turn against clients I could simply produce their correspondence, backed by the bill. There is no extra hold in having a post-dated cheque; it is merely that it is more convenient to some clients than sending post-office orders or money or anything else.

6066. You would take a post-dated cheque from any of your customers whom you knew to be bank clerks in a good position, in preference to a bill, would you?—Yes; it is less trouble; but I should not care really which.

6067. Do

Mr. *Hazell.*

6067. Do you tell the Committee that there is a published list of all bank clerks?—Not all bank clerks, only the Bank of England.

6068. How do you get hold of clerks in a City bank?—I do not get them through any list; they are introduced or they apply themselves from knowing other clerks.

6069. How do you send circulars to them?—I do not send circulars.

6070. Have you sent one there at all?—I have not sent one.

6071. Does it occur to you that by taking a post-dated cheque instead of a bill of exchange you are doing the revenue out of stamp duty?—No, I do not see that.

6072. You will find it is so?—Is it so? Post-dated cheques are very common things throughout trade and business of all sorts.

Mr. *Jeffreys.*

6073. Do you live at the place where you carry on business?—I have a bed-room there and a sitting-room; at least, half the use of the sitting-room. I pay a rent.

6074. You do not live there?—I live there very often, but not always.

6075. And you trade there under a feigned name?—Yes.

6076. That is a purely personal matter, do you say?—For purely personal reasons. If I had no relations I should not care the least who knew who I was.

6077. Was there any particular reason why you left Melbourne?—Yes, I left it because I was asked to come home by my people.

6078. To carry on this business?—Oh, dear, no. I had been out there a good many years. I was simply recalled, that was all.

6079. You said these bank clerks were such excellent customers; why do you charge them 30 per cent.?—I do not say they are "excellent customers."

6080. I thought you said so in answer to the Chairman?—I said I preferred them because they

Mr. *Jeffreys*—continued.

are not likely to leave the country or evade things generally; they are generally gentlemen, and although I believe some gentlemen do not always pay everything they should, still I prefer the class.

6081-2. And having this hold over them, that you know they would be discharged if it were known that they borrowed money from you, you still charge them this comparatively high rate of interest?—Yes, because their discharge would not pay my debt.

6083. No, that is part of the security you hold over them, by threatening them?—No, I do not look at it as security for me; it is an inducement to them; but I have given, and should give, great latitude if it came to having them discharged. There is not one who pays punctually; they have, all sorts of them, had all sorts of latitude from me; I am not hard upon them.

6084. When you send your letters round to them do they ever return them unopened?—As I say, I sent only one batch, and at least a dozen of those came back unopened.

6085. You put your name as money lender inside, I suppose?—Yes. Some gentleman read out the circular.

6086. And the bank clerks, or some of them, knowing the risk they ran, returned the letter to you?—Well, I do not know that; I mean they simply returned the letter because—well, I cannot say why, really.

Mr. *Warr.*

6087. Are there other gentlemen in the same business as you who confine themselves to that?—No; I carry it on myself, keep my own books, and conduct——

6088. But is money lending among bank clerks made a specialty, except by you, so far as you know?—I believe the man who does the biggest bank clerk connection business is Davis. I believe he does as much business in a week as I do in six months.

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APPENDIX, No. 1.

PAPER handed in by Mr. *Thomas Farrow*, 1 June 1897.

THE CLERICAL AND MEDICAL BANK.

THIS Bank grants to medical men overdrafts without security, and has no competitor in the size of its business with professional men throughout England, Scotland, and Ireland.

Prospectus on application.

Bills discounted. Deposits received.

Address Manager, Clerical and Medical Bank, Bath.

References to medical men if desired.

6, St. Stephen's-avenue, Bristol,
November 1895.

Sir,

In submitting to you the following prospectus of "The Clerical and Medical Bank" I beg to call your attention to the facilities it offers for advances to members of the two professions from whence it takes it name.

Occasions not unfrequently arise where the temporary command of a considerable sum, apart from ordinary capital or income, is, to a professional man, desirable, and may be imperative, and the above Bank is especially fitted above all other competitors to meet and satisfy demands of this nature, for whereas it is unusual for ordinary banking firms to grant advances or permit overdrafts without ample cover or security, which to the client may often be inconvenient, or even if this be waived, then without vexatious explanation, even more undesirable, the above named Bank is prepared to lend to gentlemen of assured and established position, any sum from 50*l.* to 1,000*l. on note of hand alone*, and that without objectional inquiry or delay.

Again, many capitalists require security by way of mortgage on personal effects, while others, though offering advances, invariably ask and insist in the end upon collateral security in the form of a second signature, which to a clergyman or medical man is often prohibitive, not because he is unable to find a guarantor, but in so doing the essential privacy of the transaction would be destroyed.

Clergymen who require say 100*l.* on entering an incumbency, which is generally attended by heavy expenses and charges, or pending the collection of tithes, this Bank offers facilities which are not to be found elsewhere. To the medical man who requires an advance towards purchasing a practice, or pending the collection of his accounts, the above remarks are equally applicable, and during the many years this Bank has now been established advances on notes of hand *alone*, with *no other signature than that of the applicant to such note*, has procured in most cases the amount of overdraft desired.

With professional men it is preferable to do business, in whatever capacity, with those accustomed to their requirements.

I am, Sir, yours faithfully,

A. B. J. Stone, Manager.

FORM OF PROPOSAL.

Give all Christian Names.	Full Name?
Give County.	Full Address?
	Are you the Incumbent?
	Is there any charge on the Living?
	How long in residence?
	Amount required?
Not including the amount of this proposal.	Amount of debts and liabilities?
	Value of your Furniture?
	On what date do you require the Advance?

I declare the answers to the foregoing questions to be true and correct, and I thoroughly understand that this advance is obtained by me on the faith that such statements on my part are true.

Signature

Date

To the Clerical and Medical Bank, Bristol and Bath.

APPENDIX, No. 2.

PAPER handed in by Mr. *Thomas Farrow*, 1 June 1897.

FORM O (put up twice a year).—Shows Capital, Calls made and received, Assets and Liabilities, Money owing to Creditors.

"I. S. Fielding & Co., Limited," Registered, 29th October 1889.

Title changed to "Fieldings, Limited," on 28th January 1896.

Registered Office, The Hayes Buildings, The Hayes, Cardiff.

Capital, nominal, 40,000*l.*, divided into 2,000 shares of 20*l.* each.

Capital increased to 60,000*l.* on 11th March 1891.
S. Samuel, Managing Director and Secretary.

Memorandum of Association.

Power to carry on the business of bankers.

Subscribers to Memorandum of Association.

1. Moses Samuel	1 share.	5. Lewis Lazarus Samuel	1 share.
2. Louis Samuel	1 „	6. Isaac Samuel	1 „
3. Hurman Samuel	1 „	7. Henry Samuel	1 „
4. Solomon Samuel	1 „		

Articles of Association.

84. The persons hereinafter named shall be the first directors, that is to say :—

Louis Samuel. Lewis Lazarus Samuel.
Hurman Samuel. Isaac Samuel.
Solomon Samuel. Henry Samuel ;

and they shall hold office so long as they hold shares in the said company, unless removed or suspended by a meeting of the directors called for that purpose, but all subsequent directors shall be appointed for such period as the directors think fit, subject to the clauses herein contained.

93. The directors may, from time to time, elect members of the company to fill the place of any retiring director.

FORM E.—Made up to 18th December 1889.

Nominal capital, 40,000*l.*, divided into 2,000 shares of 20*l.* each.

Number of shares taken	1,036
There has been called up on each share	10*l.*
Total amount of calls received	2,732*l.* 12*s.* 2*d.*
Total amount of calls unpaid	7,627*l.* 7*s.* 10*d.*

Form E., made up to 7th April 1896.
Nominal capital, 60,000*l.*, in 3,000 shares of 20*l.* each.
Number of shares taken, 2,331. Called up, 20*l.*
Total calls received, 43,061*l.* 18*s.* 9*d.*
Total call unpaid, 3,558*l.* 1*s.* 3*d.*

Shareholders.		Form E.—7th April 1896.	
Moses Samuel	1 share	(dead).	
Louis Samuel	25 shares		500 shares.
Hurman Samuel	500 „		500 „
Solomon Samuel	5 „		500 „
Lewis Lazarus Samuel	100 „	(gone out)	—
Isaac Samuel	300 „		500 shares.
Henry Samuel	100 „		250 „
Arthur Edward Samuel	5 „		—
Total	1,036		

Jack Samuel		75 shares.
P. Rachel Joseph Rose Morris	(two women)	1 share.
Isabella Samuel		5 shares.
	Total	2,331

APPENDIX, No. 3.

PAPER handed in by Mr. *Thomas Farrow*, 1 June 1897.

CHARLES PEEL AND COMPANY, LIMITED. Registered, 15th October 1894.

Nominal Capital, 25,000*l.*, divided into 25,000 shares of 1*l.* each.

MEMORANDUM OF ASSOCIATION.

Power to carry on the business of Bankers, to negotiate Loans, and to lend Money.

SUBSCRIBERS to Memorandum of Association.

1. Joel Ford	1 share.	5. John Cross	1 share.
2. Harris Treedman	1 „	6. John Fred Lovell Marston	1 „
3. William Harvey	1 „	7. Edward Rainer	1 „
4. Charles Samuel	1 „		

FORM E., made up to 4th February 1895.

The seven Subscribers returned as holding one Share each.

Called, 1*l.* per share. Received, 7*l.*

(signed by) *Joel Ford*,
Managing Director.

Registered Office, 46, Broad-street House, Old Broad-street, London, E.C. Dated 15th May 1895.

(signed) *J. F. Lovell Marston*,
Director.

FORM E., made up to 17th July 1895.

Nominal Capital, 25,000*l.*, divided into 25,000 shares of 1*l.* each.

Number of shares taken up	7
Called up on each share	1*l.*
Total amount of calls received	7*l.*

SHAREHOLDERS.

James McHenry Oliver, banker, 5, Lothbury	1 share.
John Wheeler, clerk, 5, Lothbury	1 „
J. F. Lovell Marston, manager, 5, Lothbury	1 „
Eric Samuel, clerk, 5, Lothbury	1 „
Walter James Griffiths, 40, Regent's Park-road, N.W.	1 „
Clara Elizabeth Elborough, 8, Darcus-road, Forest Hill	1 „
William Edwin Hanshaw, 46 or 66, Round-street House, E.C., gentleman	1 „

APPENDIX, No. 4.

PAPER handed in by Mr. *Thomas Farrow*, 1 June 1897.

FIELDINGS, LIMITED. **Registered under the Companies Acts, 1862 to 1889.**

Registered Offices : Hayes Buildings, Cardiff.

Branch Offices : 20, Southampton-row, Holborn, London, W.C. ; 59, Pembroke-place, Liverpool ; and a Cheltenham, Croydon, Pontypridd, Gloucester, Reading, Leicester, Oxford, Newport, Manchester, and numerous branch agencies.

OBJECTS.

The negotiation of all kinds of financial business ; discounting bills of exchange and promissory notes ; advances upon freehold or leasehold properties, on collection of rents, on produce of every description, on machinery, on stocks of all kinds, on scrip. Annuities arranged, to be made payable monthly, quarterly, or half-yearly. Sales conducted. Rents collected. House properties bought, or sales arranged ; advances made pending completion of negotiations. House furnishing in town or country, on cash, credit, or hire terms ; decorations for ball rooms, ceremonies, or meetings. The agency of foreign and country banks undertaken. Dividends and coupons collected. Investments in and sales of home and foreign securities effected. Deposit accounts opened ; depositors are practically shareholders, who receive a fixed profit without incurring any responsibility or liability. All securities are kept on the Company's premises in burglar and fire-proof safes.

Fieldings, Limited, has been established for many years in various parts of England and Wales, and carries on a highly lucrative business, the result being that the Company has a large capital and possesses assets greatly in excess of its liabilities.

The Company was established for carrying on a financial and furniture manufacturing business, the objects being :—

The receiving money on deposit, at interest or otherwise. The advancing of money on real, personal, or mixed securities ; on deposit of plate, jewellery, or merchandise, &c., &c. ; on cash, credit, or other accounts ; on policies, bonds, debentures, bills of exchange, promissory notes, letters of credit or other obligations, or on rates and tolls of trustees or commissioners of public docks, harbour, or other public works, or of any other body of persons, whether corporate or otherwise, duly authorised to make, levy, or collect rates or tolls under the provisions of any local or general Act of Parliament. The discounting of bills of exchange, promissory notes, or other obligations. The advancing of money on mortgage of freehold, leasehold, or other securities ; on the deposit of title-deeds, goods, wares, and merchandise ; on bills of lading, delivery orders, warehousemen's or wharfingers' certificates and notes, dock warrants, or other mercantile indicia ; on Government or public stock or funds, whether British, colonial, or foreign ; on Exchequer and Navy bills, Bank and East India Stock, stocks and shares of bankers and of banking companies, of insurance companies, of railway, canal, gas and water companies, and, in general, of all other joint-stock companies, corporations, and other undertakings of whatever nature or description, British, colonial, or foreign ; on annuities ; on produce of every description, both home and foreign, materials of any kind, whether raw or manufactured (home or foreign), and on any other property, funds, and effects of whatever kind or description ; the making of purchases, investments, sales, or any other dealings in any of the above-named articles or securities, and the doing of all such other things as are incidental or conducive to the attainment of the above objects.

The Company are manufacturers of and dealers in all kinds of household furniture, pianos and other musical instruments ; watches, clocks, jewellery ; sewing machines ; bicycles, &c. ; and are prepared to tender for and execute work in any part of town or country on cash, credit, or hire terms.

Goods made to order or design. Estimates given and contracts undertaken.

DEPOSIT DEPARTMENT.

At the present cheap rates of money the attention of large and small investors is invited to the facilities offered by the Company for the safe investment of money at a reasonable rate of interest.

Deposit accounts are opened in sums of 10*l.* and upwards at the following rates of interest until further notice :

Three per cent. per annum on deposits, subject to withdrawal on demand.

Four per cent. per annum on deposits, subject to withdrawal at three months' notice.

Five per cent. per annum on deposits, subject to withdrawal at six months' notice.

Interest paid quarterly, half-yearly, or as required by depositors. Official receipt on printed form, with the Company's seal affixed and signed by a director and by the secretary of the Company, will be forwarded from the head office to each depositor. Facilities are also offered for the opening of current accounts at some of the branches of the Company. The Company reserve the right to decline any deposit or deposits without assigning any reason.

FIELDINGS, LIMITED.

189 .

To Messrs. Fieldings, Limited,

Please receive on deposit £ , subject to notice of withdrawal in writing at per cent.

Name

Residence

Occupation

All letters to the depositor will be addressed as above, unless otherwise advised in writing.

Every depositor will receive from the head office an official receipt upon a printed form to which the Company's seal has been affixed, and which is signed by a director and by the secretary of the Company.

The Company will receive deposits at the following rates of interest until further notice :—

£. 3 per cent. per annum, subject to withdrawal on demand.
£. 4 " " " " at three months' notice.
£. 5 " " " " at six months' notice.

Deposits received for fixed periods according to arrangement.

Interest paid or remitted quarterly, half-yearly, or as arranged.

N.B.—When deposits are remitted through the post, the letters (for safety) should always be registered, and upon receipt of same the deposit note will be forwarded per return. The interest does not cease until the expiration of the written notice.

The Company reserve the right to decline any deposit without assigning any reason.

The well-known stability of this old-established Company makes it eminently safe, and one of the best-paying investments in the country.

Press Opinion.—From the " Christian Union."

The Monetary Question.—" The recent failure of the Liberator and other building societies has once more raised the question—Where is it safe to invest? Some advise wisely and some otherwise. At the present time, when there is such uncertainty in public companies, too great caution cannot be exercised either by large or small capitalists. There seems to be a growing tendency just now to look to enterprises in the provinces rather than to London. The rebound will perhaps only be temporary. We note that Messrs. Fieldings, Limited, of Cardiff and elsewhere, are offering from three, four, five, and six per cent. interest on deposits. It would have been well if some of the Welsh capitalists had placed their money with this firm instead of with the Liberator Building Society."

Nearly all the existing banks and similar institutions appeal only to the higher class of merchants, traders, and private persons, leaving almost without banking or borrowing assistance a very large and important class of professional men, tradesmen and others, who equally need the facility of banking or temporary advances, but who cannot afford to submit to the terms imposed by the great Joint Stock Banks, and it is to this latter class of persons chiefly that this Company extends its system of Deposit Accounts.

The following Table is intended to show at a glance the prices paid for shares in the leading Joint Stock Banks at the end of April 1896, and the excess in Market Price over actual amount paid up on same—the difference between nominal value and amount paid up being subject at any time to call.

NAME.	Nominal Amount of Shares.	Amount paid up.	Market Price.
	£. s. d.	£. s. d.	£. s. d.
Parr's and Alliance Bank	100 – –	20 – –	87 10 –
London Joint Stock Bank	100 – –	15 – –	32 17 6
Consolidated Bank	10 – –	4 – –	7 15 –
London and Midland Bank	60 – –	12 10 –	41 17 6
London and South Western Bank	50 – –	20 – –	56 5 –
National Bank	50 – –	10 – –	18 10 –
London and Provincial Bank	10 – –	5 – –	20 10 –
London and County Bank	80 – –	20 – –	98 – –
City Bank	40 – –	10 – –	18 10 –
London and Westminster Bank	100 – –	20 – –	51 15 –
Union Bank of London	100 – –	15 10 –	32 12 6

Fieldings, Limited, allow a higher rate of interest than can be obtained from any of the banking institutions, and depositors are not subject, as shareholders are, to the inconvenience of further calls.

(Further Opinion.)

" Investors whose incomes are limited, and who, therefore, are unable to keep an account at one of the Joint Stock Banks, are frequently at a loss to know where to deposit their money where they can obtain at once a fair interest and good security. The Savings Bank offers both, but it is hedged around with difficulties and therefore is of little use to those who may require their capital at a moment's notice. Building Societies, too, are open to like objections, while the public confidence in them has been rudely shaken by the events of the last few years. There are, however, various small Banks and Companies that seem to be especially adapted for the thrifty. Amongst such is Fieldings, Limited, which receives investments as low as 10*l.*, and grants an interest based upon the ruling value of money. Moreover, it combines with the deposit department a loan department, and the man of business who may require a little capital, either to tide him over a temporary difficulty or to enable him to take advantage of opportunities of extension of business, can have recourse to Fieldings, Limited, with the full assurance that he will be treated with every promptitude and consideration."

No. .

DECLARATION to be made on Application for an Advance.

Name in full

Address in full

Nearest railway station

Distance therefrom

Occupation

Amount required

How proposed to be repaid?

State if householder

What rent do you pay, and how payable?

What rent do you owe?

How long have you been at your present address?

What salary or wages do you earn?

Has your wife any private income; if so, what?

What security do you offer?

Is the furniture and effects now in your possession absolutely your own property?

Is any portion of your furniture or effects on hire?

Is there at present, or have you ever given a bill of sale upon any or all of your effects?

Is there any marriage settlement over any of your property?

Have you had any loan before?

If so, state from whom, and date of its being paid off

Are you security for the payment of any loan?

Have you applied for a loan from any other office?

Have you ever been a bankrupt or compounder with your creditors?

Have you had or got an administration order?

Are there any County Court summonses unto, or executions out against you?

What is the total amount of your debts and liabilities?

What is the value of your furniture, your stock, or other property?

Are you the owner of any land or house property?

I, , have carefully read and answered the above questions, and do hereby declare that the written statements in reply to the above questions are strictly true and correct, upon the faith of which I ask you to advance me the sum of £ .

Dated this day of 189 .

Signature of Applicant

APPENDIX, No. 5.

PAPER handed in by Mr. *Thomas Farrow*, 3 June 1897.

NOTES ON THE SCOTCH LAW OF SUMMARY DILIGENCE.

In Scotland payment of bills may be enforced summarily without an action. This right of summary execution was introduced by the Act 1696 as to inland bills, and 12 Geo. 3, c. 72, as to promissory notes.

On non-payment of a bill it must, within the three days of grace, be protested by a notary.

That is a notary public notes it, by his initials, as evidence that it has been duly presented for payment. At any time within six months from the date when the bill fell due, the notary extends his protest, *i.e.*, he makes a copy of the bill already noted, and engrosses on this copy a certificate that the bill was duly presented for payment; it may be at the place named in the body of the bill or to the debtor personally, or at his address, and that payment was not made. The protest in all cases bears to be taken in presence of two witnesses, who are fully named and designed in the instrument, but do not sign.

The authentication consists exclusively of the notary's subscription, to which he prefixes his motto, and annexes the initial letters of his official office :—" N. P."

This instrument of protest is taken to the clerk of court where the sheriff court warrant is desired, and an extract (*i.e.*, an office copy thereof) is made and delivered to the notary, the principal being registered or copied into the court books. The principal bill is produced to the clerk, and handed back along with the office copy of the protest.

The Sheriff Court Register is available in all cases, and the Registers of the Books of Council and Session where the amount is above 25*l*. The procedure in the Supreme Court is identical with that in the Inferior Court. To the official extract of the protest a decree of registration is interponed under the hand of the clerk of court, and this in terms of the Personal Diligence Act, 1837, contains a warrant to Messengers-at-Arms (*i.e.*, Supreme Court officers), and in Inferior Court protests to sheriff officers. By virtue of this warrant the debtor is charged by the officer to make payment, the period of charging being six days.

The expiry of this period of charge without payment results in the debtor being a bankrupt and liable to sequestration proceedings. The holder of the bill can also " poind " or execute diligence against the debtor's effects, and sell these off.

Prior to the abolition of imprisonment for debt this was competent on the expiry of the charge. The holder of the bill can also, without further proceedings, attach or arrest any funds or property belonging to the debtor in the hands of third parties.

Where the debtor is not resident in Scotland the period of charge is 14 days. The charge in that case is done " edictally," that is by publication of the fact in an official roll, which is printed, but is never seen by the public. Unless the holder of the bill knows the address in England of his debtor, when out of Scotland, the edictal note is the only intimation. If the address is known a copy of the charge is sent by post. In any event the effect is as above. Bills granted by Englishmen and payable at a place named in Scotland can be protested as above. The Extract Registered Protest, being equivalent to an official copy decree, can be indorsed under the Judgment Extension Act, and thereafter has the effect of a judgment of the English court in which it is so registered.

A debtor charged upon a registered protest may bring an action in Scotland to have the diligence " suspended," or stayed. As a condition of having his application received, and any objection raised to the claim heard, he must find caution, or consign the sum claimed in court to be paid over to the holder of the bill should the objection prove bad in law. The only cases where consignation is not required are where the bills or notes are transparently bad, or vitiated by alteration or uncertainty.

Dalgleish and Dobbie, Solicitors, Supreme Courts.

Edinburgh, 31 May 1897.

APPENDIX, No. 6.

PAPER handed in by Mr. *Thomas Farrow*, 3 June 1897.

CARLTON BANK, LIMITED.

Incorporated 10th July 1880 under the Act of Parliament 25 & 26 Vict. c. 89.

AUTHORISED CAPITAL - - - - - - £. 72,000.

In 65,000*l.* 6 per Cent. First Preference Shares of 1*l.* each.
500*l.* 6 per Cent. Second Preference Shares of 10*l.* each.
2,000*l.* Deferred Shares of 1*l.* each.

Issue of the remaining unallotted 1*l.* 6 per Cent. First Preference Shares at a premium of 2*s.* a Share.

Payable on application - - - - - - - - 5*s.*
„ „ allotment - - - - - - - - 5*s.*
„ „ one month after allotment - - - - 12*s.*

Or the whole sum may be paid on application. Dividends will accrue from the exact dates of payment.

Head Office :—38, Finsbury Pavement, London, E.C., opposite Moorgate-street Railway Station.

Agencies at

Bath.	Gravesend.	Norwich.	Reading.
Canterbury.	Hastings.	Nottingham.	Sheffield.
Colchester.	Lowestoft.	Oxford.	Southampton.
Dover.	Margate.	Plymouth.	Stockton.
Folkestone.	Newcastle.	Portsmouth.	Walsall.

Directors.—George I. Beverley, Esq., 38, Wendell-road, London, W. ; Alexander Doig, Esq., 1, Keith Gardens, London, W. ; Edward James Oliver, Esq., Lordship-lane, London, N. ; Henry J. Patrick, Esq., 18, Durand Gardens, London, S.W.

Auditor.—J. R. Woodley, Esq., 79, Hopton-road, Coventry Park, Streatham, S.W.

Solicitor.—George S. Coxwell, Esq., 99, London Wall, London, E.C.

Clearing Bankers.—Martin's Bank, Limited, 68, Lombard-street, London, E.C

Secretary.—Thomas North.

£.1 6 per Cent. First Preference Share Prospectus.

The Carlton Bank is registered at Somerset House as a London bank ; it was incorporated on 10th July 1880 with limited liability under the Act of Parliament, 25 & 26 Vict. c. 89, to acquire a business and connection established in the year 1865, so the present business and goodwill is now one of nearly 31 years' growth.

Through taking over an old-established business, the Carlton Bank, on its incorporation in 1880, at once became a dividend-paying concern, and the dividends paid on its original shares have always been continuous and regularly paid, and have never been less than 10 per cent. per annum, and for the last 12 years the dividends on the original shares have been 25 per cent. per annum.

The capital of the bank is now practically the same as it was in the year 1890, and the business having naturally and without effort expanded since then, the directors, for want of additional capital, have been compelled to send out notices to the bank's agents to reduce the volume of business until fresh capital is secured.

The directors have the agency, the machinery, the organisation, and the capacity to do a larger business of the same profitable nature as has been carried on for 31 years, and all that is needed to do it is more money.

The directors having obtained the shareholders' sanction to an increase of capital, now invite subscriptions for the remaining unallotted 6 per cent. first preference shares of 1*l.* each, at a premium of 2*s.* a share, thus giving a net annual return on the investment of nearly 5½ per cent. per annum, payable quarterly.

The following list shows the very satisfactory state of the

	Amount Paid up per Share.	Selling Price.	Last Dividend Declared.
London Banks—	£. s. d.	£. s. d.	
Capital and Counties - - - -	10 – –	37 10 –	16 per cent.
Carlton (original shares) - - -	1 – –	4 – –	25 „
City - - - - - - - -	10 – –	17 10 –	8 „
Consolidated - - - - -	4 – –	7 5 –	8 „
London and County - - - -	20 – –	96 – –	20 „
London Joint Stock - - - -	15 – –	32 – –	9 „
London and Westminster - - -	20 – –	50 – –	10 „
London and Provincial - - -	5 – –	20 – –	17 „
National Provincial - - - -	10 10 –	45 – –	17 „
Union - - - - - - - -	15 10 –	31 – –	9 „

Special Observations.

1. The business of the Carlton Bank is not a new venture, but a profitable business of over 30 years' growth.

2. Unlike most bank shares there is no liability whatever attaching to the Carlton Bank shares.

3. These 1*l.* 6 per cent. first preference shares now offered to the public are strongly recommended to all who desire a safe and solid investment, with a moderate income therefrom.

4. There are two classes of shares that rank after these 1*l.* 6 per cent. first preference shares, namely, the second preference shares and the deferred shares, and the whole of the capital belonging to these two classes of shares must be lost before these 1*l.* first preference shares could lose one penny of their capital.

5. Ladies, whether married or single, can hold these preference shares in their own name and for their separate use and benefit.

6. These 1*l.* 6 per cent. first preference shares, now offered for subscription, have, after creditors, the first charge in the assets of the bank, and the first charge on the profits of the bank. The dividends are payable quarterly, and are accumulative.

7. As the bank has entered into many thousands of contracts since its incorporation, and has between 3,000 and 4,000 open and running now, it is obvious that such cannot be specified in detail in this prospectus, and applicants for shares must be deemed to have waived further compliance with Section 38 of the Companies' Act, 1867.

Form of Application for Shares.

To the Directors of the Carlton Bank, Limited.

Gentlemen,

Having paid to your Bankers the sum of £ _____ being 5*s.* per Share on _____ Six per Cent. 1*l.* First Preference Shares in the above Company, I hereby request that you will allot me that number of Shares upon the terms of the Prospectus and the Memorandum and Articles of Association of the Company, and I hereby agree to accept such Shares or any less number you may allot to me, and to pay 5*s.* per Share on allotment, and the balance thereon according to the terms of the Prospectus, and I request you to place my name on the Register of Members for the Shares so allotted to me; and I agree to waive compliance with Section 38 of the Companies' Act, 1867.

Name (in full) _____

Address _____

_____

_____

Occupation _____

Date _____ day of _____ 1896.

Usual Signature _____

Bankers' Receipt.

To be returned to the Applicant.

London, _____ 1896.

Received of _____ the sum of £. _____ being the deposit of 5*s.* per Share on _____ Six per Cent. £. 1 First Preference Shares in the Carlton Bank, Limited.

For Martin's Bank, Limited.

£. : :

STAMP

_____
Cashier.

(This form must be sent entire, with remittance, to the Company's bankers, Martin's Bank, Limited, Lombard-street, London, E.C.)

Banking Department.

1. Current drawing accounts can be opened at any time.

2. Cheque books supplied.

3. Dividends received, and coupons collected, free of charge.

4. Stocks and shares of all descriptions bought and sold for customers.

5. Strong-room accommodation is provided for the deposit of plate, deeds, &c., and an official receipt is given for wills, deeds, securities, and other valuables specially deposited for safe custody.

6. Ladies have the same privileges as gentlemen.

7. The directors and officers are bound not to disclose the transactions of the bank, or of any of its customers.

Deposit Department.

8. The Carlton Bank has now several thousands of pounds on deposit, and is open to receive further sums from new depositors, from 10*l.* to 1,000*l.* and upwards, at from 3 to 5 per cent. interest, according to notice of withdrawal.

Advance Department.

9. Loans are made daily on every description of security. Bills discounted.

Agency Department.

10. Rents collected, and every description of agency business undertaken.

Special Note.

11. Applications are invited from any person in any part of the Kingdom. All inquiries promptly attended to. The Carlton Bank is desirous of extending its business, and is open to all. No introduction required.

APPENDIX, No. 7.

PAPER handed in by Mr. *J. Samuel*, 2 July 1897.

OBSERVATIONS on Mr. *Farrow's* proposed Amendments.

(1.) *Money Lenders "Personal."*—I should like to see money lenders duly licensed, and would hail with satisfaction the imposition of a duty of 10*l.* per annum or more. I would even go further and say that before a money lender should be allowed to trade he should deposit such a sum in consols with a Governmental department as an earnest of his ability to carry on such business, say a sum of 500*l.* or 1,000*l.* In the case of limited companies, then I would suggest the registration of the names of its responsible administrators. This would work to the advantage of the genuine money lenders.

(2.) *Interest.*—Mr. Farrow next deals with this question quite irrespective of the particular risk, but says that it shall be fixed at 25 per cent., as in the case of pawnbrokers. He overlooked the fact that the pawnbroker holds a good and realisable security of a tangible and certain nature with a generous margin.

I respectfully draw your attention to the interest received by pawnbrokers—25 per cent. applies to loans under 2*l.*, above that sum the pawnbroker can make a special contract upon terms to be mutually agreed. Above 10*l.* the pawnbroker then becomes a money lender, but with a good security, and can make any charge he likes, and which the borrower agrees to pay. In the ordinary cases under 2*l.* (that is without special contract) 25 per cent. for one month is charged although the article may be in pledge one day only. After the first month one day is counted half a month. In the case of the working classes they generally pledge on Mondays and redeem on Saturdays. In this case they make four pledges per month, which seems really the payment of 100 per cent. interest on the original amount advanced.

This suggested reform is in reality an attempt to have a fixed rate of profit utterly regardless of considerations of policy or security.

I respectfully submit that any interference by the Legislature with the rights of persons capable of contracting would be injurious to the trade and commerce of this country, and would lead to other difficulties in the ordinary course of trade. In this connection may I suggest that the law recognises a valid contract between all parties, and after a person has voluntarily and legally obtained an advance, with a full knowledge of the burden it bears, I see no reason why a borrower should not, as in all other forms of legal obligation, be expected to faithfully carry out his contract.

(3.) *Preliminary Fees.*—I agree with this suggestion, and having placed the company's books before the Committee I say that this is practically what we have adopted for years.

(4.) *Bills of Sale.*—These documents are the creation of Parliament by statute, and the form adopted by my company is the statutory form.

(5.) "*If Bills of Sale are to Remain.*"—Under this heading many of the suggestions of Mr. Farrow are already established law in the favour of the borrower; thus the statement of the consideration—the terms of repayment—the enjoyment of the whole sum stated to have been advanced, &c. Any omission in this respect already invalidates the document as against the grantee. Personally, I should have no objection to the registrar of a county court attesting and explaining a bill of sale to a borrower, and I would suggest if the document has to be brought before a judicial officer, it should also when approved have the force of an order of the court, and should not be liable to impeachment except under such circumstances as a judgment might be impeached. This would save endless lawsuits.

(6.) *Absolute*

(6.) *Absolute Bills of Sale.*—Accompanied by hire purchase agreements. This suggestion by Mr. Farrow is superfluous, inasmuch as it is now established law that any other document accompanying a bill of sale must be registered, or if not, the bill of sale is invalid.

(7.) *Warrants of Attorney, and Scotch Diligence.*—My company never had a transaction under these heads, and as I do not think it likely that it will, I have no observations to make.

(8.) *Statutory Declarations.*—If a borrower desires an immediate loan, and the lender upon the faith of his representation agrees to grant same, what objection can there be to a declaration binding the borrower to the representation made. It is probably the only information upon which the money lender can rely. An honest borrower never objects to make a declaration. If rendered illegal in the case of money lenders, how will it affect solicitors and others bound in the ordinary course of business. Why should a money lender be deprived of this privilege? It can inflict no possible injury on the borrower if the contents be true.

(9.) *Copies of Documents.*—I agree to this, that the borrower is entitled to copies of documents, and I am not aware of the request of a *bonâ fide* borrower being refused.

(10.) *Pension Papers.*—It is already illegal to lend money on pension papers.

(11.) *Bills of Exchange Act.*—The suggestion of Mr. Farrow is impracticable, and if carried into effect might inflict cruel wrongs on innocent holders for value who might hold bills previously discounted by money lenders. This suggestion is too crude, and does not even disclose a careful consideration of its general effect upon purely "trade bills" as distinguished from "money-lent bills."

(12.) *The Bankruptcy Act, Section* 23.—There is no need for amendment, for the trustees of Official Receiver usually exercises this power.

(13.) *Garnishee Orders.*—This form of procedure is seldom used, for generally when a borrower is sued there is no debt due to him which could be garnished. By why should a money lender be deprived of a remedy which the law gives to all persons. The effect of Mr. Farrow's suggestions is to encourage a dishonest borrower not to pay, and to prevent or delay all the remedies of a money-lender creditor.

(14.) *County Court Proceedings.*—I am informed, and believe it is the policy of the law, not to commit for mere non-payment of a debt, but only upon proof that the judgment debtor is wilfully disobeying the order of the court. For the purpose of proving this a judgment creditor is already by the county court rules bound to subpœna and supply proper and sufficient conduct money to a defendant. The rule as to jurisdiction is to sue where the cause of action rose; but if you are to sue in a county court in the district in which the defendant resides, why allow travelling expenses to him? As to payment of 5 per cent. interest, that raises a question previously referred to; but I would respectfully ask why a defendant who has agreed to pay a certain rate of interest should be excused from the payment of an agreed amount.

(15.) *The Wider Aspect of the Question.*—As to how the financial needs of the people might be met by the State municipal or voluntary organisation, I shall follow with great interest Mr. Farrow in this direction, and see with the great financial support which he will be able to derive from wealthy gentlemen, how he can carry on a money-lending establishment on the lines of 10 per cent., or even 20 per cent. basis of interest. I venture to say with a capital of 100,000*l.* conducted on the lines indicated, the concern will soon be in the hands of officials for winding it up. Mr. Farrow, in answer to a question by a member of the Committee as to whether he could give cases in which people have escaped from difficulty through the agency of the money lender, said, that is a point which must be illustrated by the money lenders when they appear before the Committee.

It is not an easy matter to induce persons who have borrowed money to come forward and publicly acknowledge the same, but I am fortunately in the position of being able to say that numerous letters have been privately addressed to the Chairman acknowledging the benefit of loans frnm my company.

If the transaction is explained to the borrower before he incurs any liability, I submit there is nothing of which he can fairly complain.

If he finds the money lender's proposed charges too onerous he can decline to borrow, and may fall back for indulgence upon the original creditor who has driven him to seek the assistance of the money lender.

Banking Department.

1. Current drawing accounts can be opened at any time.

2. Cheque books supplied.

3. Dividends received, and coupons collected, free of charge.

4. Stocks and shares of all descriptions bought and sold for customers.

5. Strong-room accommodation is provided for the deposit of plate, deeds, &c., and an official receipt is given for wills, deeds, securities, and other valuables specially deposited for safe custody.

6. Ladies have the same privileges as gentlemen.

7. The directors and officers are bound not to disclose the transactions of the bank, or of any of its customers.

Deposit Department.

8. The Carlton Bank has now several thousands of pounds on deposit, and is open to receive further sums from new depositors, from 10*l.* to 1,000*l.* and upwards, at from 3 to 5 per cent. interest, according to notice of withdrawal.

Advance Department.

9. Loans are made daily on every description of security. Bills discounted.

Agency Department.

10. Rents collected, and every description of agency business undertaken.

Special Note.

11. Applications are invited from any person in any part of the Kingdom. All inquiries promptly attended to. The Carlton Bank is desirous of extending its business, and is open to all. No introduction required.

APPENDIX, No. 7.

PAPER handed in by Mr. *J. Samuel*, 2 July 1897.

OBSERVATIONS on Mr. *Farrow's* proposed Amendments.

(1.) *Money Lenders "Personal."*—I should like to see money lenders duly licensed, and would hail with satisfaction the imposition of a duty of 10*l.* per annum or more. I would even go further and say that before a money lender should be allowed to trade he should deposit such a sum in consols with a Governmental department as an earnest of his ability to carry on such business, say a sum of 500*l.* or 1,000*l.* In the case of limited companies, then I would suggest the registration of the names of its responsible administrators. This would work to the advantage of the genuine money lenders.

(2.) *Interest.*—Mr. Farrow next deals with this question quite irrespective of the particular risk, but says that it shall be fixed at 25 per cent., as in the case of pawnbrokers. He overlooked the fact that the pawnbroker holds a good and realisable security of a tangible and certain nature with a generous margin.

I respectfully draw your attention to the interest received by pawnbrokers—25 per cent. applies to loans under 2*l.*, above that sum the pawnbroker can make a special contract upon terms to be mutually agreed. Above 10*l.* the pawnbroker then becomes a money lender, but with a good security, and can make any charge he likes, and which the borrower agrees to pay. In the ordinary cases under 2*l.* (that is without special contract) 25 per cent. for one month is charged although the article may be in pledge one day only. After the first month one day is counted half a month. In the case of the working classes they generally pledge on Mondays and redeem on Saturdays. In this [illegible] they make four pledges per month, which seems really the payment of 100 per cent. interest on the original [illegible]ced.

[illegible] reform is in reality an attempt to have a fixed rate of profit utterly regardless of considerations

interference by the Legislature with the rights of persons capable of contracting [illegible]ommerce of this country, and would lead to other difficulties in the ordinary [illegible] I suggest that the law recognises a valid contract between all parties, and [illegible]btained an advance, with a full knowledge of the burden it bears, I see [illegible]l other forms of legal obligation, be expected to faithfully carry out

[illegible]stion, and having placed the company's books before the [illegible]opted for years.

[illegible] statute, and the form adopted by my

[illegible]s of Mr[illegible]ow are already [illegible]payment—

APPENDIX, No. 10.

PAPER handed in by the *Chairman*, 27 July 1897.

**

Sir, Ty Gwyn, Abergavenny, 24 July 1897.

WHEN I had the honour of giving evidence before your Committee, on Tuesday last, you asked me to send to you, if I were able to do so, a definition of the words "money lender," or "money lending."

I am sorry to say that I have failed to give a definition which would be sufficient, and exhaustive. You will, probably, agree with me in thinking that a definition which does not cover every case would be worse than useless.

Mr. Loyd was good enough to refer me to the definition of "hawker," given in the Hawkers Act, 1881 (51 & 52 V. c. 33). I have looked at it, and also at the definition of "pedlar," given in the Pedlars Act, 1871 (34 & 35 V. c. 96). Those definitions seem to me to be very complicated, and besides that, in the case of Gregg *v.* Smith, L.R. 8. Q.B. 302, the judges of the Court of Queen's Bench apparently thought that the definition of "pedlar" in the Act was not satisfactory.

In the Acts relating to bankers no definition is given, the words used being "persons carrying on the business of bankers," but in the Bills of Exchange Act, 1882 (45 & 46 V. c. 61), Section 2, the following definition is given: "Banker includes a body of persons, whether incorporated or not, who carry on the business of banking."

In the Pawnbrokers Act, 1872 (35 & 36 V. c. 93), Section 5, the definition is "Pawnbroker includes every person who carries on the business of taking goods and chattels in pawn."

I find no definition given in the Medical Acts, such as the Apothecaries Act, 1815, the Pharmacy Act, 1852, the Medical Act, 1858, and the Veterinary Surgeons Act, 1881, the reason being, I apprehend, that no one can be registered under those Acts who does not pass the specified examinations.

In the Auctioneers' Licence Act, 1845 (8 & 9 V. c. 15), there is no definition given, but in Section 4 there is a full description of the persons to whom the Act applies.

These are the only definitions of trades which I can find.

I venture to suggest to you, for your consideration, that, even if a satisfactory definition of "money lender" can be given, it would not be advisable, in any Act which may result from the Report of your Committee, to attempt to give a definition, but in lieu of a definition I suggest a clause to this effect:—

> "No person, partnership, or company who exercise or carry on the trade or business of money lending shall be entitled to recover in any court of law any money lent or any interest, commission, reward, fee, fine, expenses, profit or other payments whatsoever in respect of any money lent or in respect of any application or offer to lend or borrow money unless duly registered and licensed as provided by this Act."

It would then be a question of fact, for a judge or jury, in each case, whether the plaintiff seeking to recover was a money lender.

I wish to call your attention to the Betting and Loans (Infants) Act, 1892 (55 V. c. 4), as another instance, in addition to those which I gave to the Committee, in which Parliament has interfered for the protection of borrowers in money-lending cases.

To T. W. Russell, Esq., M.P.,
&c. &c.

I am, &c.
(signed) *W. S Owen.*

APPENDIX, No. 8.

PAPER handed in by Mr. *Isaac Samuells*, 1 July 1897.

I THINK the method of stating the exact amount to be charged for discounting a bill of exchange is better than stating on the face of the bill the rate of interest per annum.

It is clear information without the necessity of any calculation, and I venture to submit it brings the transaction home to the borrower in the most effective manner.

Furthermore, the deduction of discounting charges from the face value of the bill of exchange is the universal practice and could not be altered without inconvenience.

For instance, bankers now send out bills for collection by "walk clerks," and each of the numerous bills shows on its face the amount to be received.

If the bills stated that it was for £ , with interest at the rate of £ per cent. per annum, it would involve the labour of calculating on every bill the amount of interest payable, and should the acceptor fail to calculate the amount correctly, it might lead to delay and inconvenience, and might affect the value of the presentation of the Bill.

Re Promissory Notes with Interest per annum on face of Note.

Secondly, it is not fair to turn the amount agreed to be paid for a short loan into an annual rate, as it would not fairly represent the transaction, in addition it would press hardly upon the maker of bill and note ; thus, under the present system, when a bill or note arrives at maturity it ceases to bear interest except possibly at 5 per cent. per annum under the Bills of Exchange Act. If the bill contained a stipulation to pay interest at a fixed rate it would continue to do so until actually paid ; thus, in cases when payment is delayed by death or other causes, the bill continues to bear a rate of interest originally intended to be paid for a short loan only.

APPENDIX, No. 9.

PAPER handed in by the *Chairman*, 20 July 1897.

Sir, Treasury, Whitehall, S.W., 19 July 1897.

I HAVE the honour to return the proof of my evidence duly corrected.

Mr. A. K. Loyd asked me (Questions 3550, 3551, 3581) to consider certain points relating to the subject of the inquiry.

With reference to Question 3550, I should think that, assuming the conditions stated by the honourable Member to exist in any particular case, the contract might, under the existing law, be set aside for fraudulent misrepresentation.

In the absence of any fraudulent misrepresentation, I should hesitate to give the power suggested.

With reference to Question 3551, I am not very familiar with the subject referred to by the honourable Member, but I think I am right in saying that other considerations besides the relief of the person entering into the contract come in. I think really my answer to Question 3550 would be applicable to this question.

See Judgment in Tynte *v.* Hodge, p. 296. 2 Hem & Mil, 287.

With reference to Question 3581, it seems to me there would be considerable difficulty in making a system of licensing effective. It is not at first sight easy to give a satisfactory definition of a "money lender," and if the lending of money without a license were made a penal offence, the results might perhaps be a little startling. It is also difficult to see what offence by the money lender would involve the forfeiture of the license. It would hardly be such an offence to avail himself of remedies given him by the law, or to charge a high rate of interest.

I can quite appreciate, as every one must appreciate, the desirability of checking in some way the practices of the worst class of money lenders ; but it is very difficult to protect people, being of full age and in possession of their senses, from the consequences of the contracts into which they deliberately enter, unless there be evidence of actual or constructive fraud on the part of the lender by which the borrower is induced to enter into the transaction. Where there is evidence of such fraud, I should have thought the existing law would have been sufficient to meet many cases, and that the real difficulty was that poor persons are not likely to invoke the aid of the law, and are not able always to command professional assistance so as to put their cases properly before a court.

I am, &c.
(signed) *H. Cuffe.*

Sir Everard Doyle, Bart.,
House of Commons.

APPENDIX, No. 10.

PAPER handed in by the *Chairman*, 27 July 1897.

Sir, Ty Gwyn, Abergavenny, 24 July 1897.

WHEN I had the honour of giving evidence before your Committee, on Tuesday last, you asked me to send to you, if I were able to do so, a definition of the words "money lender," or "money lending."

I am sorry to say that I have failed to give a definition which would be sufficient, and exhaustive. You will, probably, agree with me in thinking that a definition which does not cover every case would be worse than useless.

Mr. Loyd was good enough to refer me to the definition of "hawker," given in the Hawkers Act, 1881 (51 & 52 V. c. 33). I have looked at it, and also at the definition of "pedlar," given in the Pedlars Act, 1871 (34 & 35 V. c. 96). Those definitions seem to me to be very complicated, and besides that, in the case of Gregg *v.* Smith, L.R. 8. Q.B. 302, the judges of the Court of Queen's Bench apparently thought that the definition of "pedlar" in the Act was not satisfactory.

In the Acts relating to bankers no definition is given, the words used being "persons carrying on the business of bankers," but in the Bills of Exchange Act, 1882 (45 & 46 V. c. 61), Section 2, the following definition is given: "Banker includes a body of persons, whether incorporated or not, who carry on the business of banking."

In the Pawnbrokers Act, 1872 (35 & 36 V. c. 93), Section 5, the definition is "Pawnbroker includes every person who carries on the business of taking goods and chattels in pawn."

I find no definition given in the Medical Acts, such as the Apothecaries Act, 1815, the Pharmacy Act, 1852, the Medical Act, 1858, and the Veterinary Surgeons Act, 1881, the reason being, I apprehend, that no one can be registered under those Acts who does not pass the specified examinations.

In the Auctioneers' Licence Act, 1845 (8 & 9 V. c. 15), there is no definition given, but in Section 4 there is a full description of the persons to whom the Act applies.

These are the only definitions of trades which I can find.

I venture to suggest to you, for your consideration, that, even if a satisfactory definition of "money lender" can be given, it would not be advisable, in any Act which may result from the Report of your Committee, to attempt to give a definition, but in lieu of a definition I suggest a clause to this effect:—

> "No person, partnership, or company who exercise or carry on the trade or business of money lending shall be entitled to recover in any court of law any money lent or any interest, commission, reward, fee, fine, expenses, profit or other payments whatsoever in respect of any money lent or in respect of any application or offer to lend or borrow money unless duly registered and licensed as provided by this Act."

It would then be a question of fact, for a judge or jury, in each case, whether the plaintiff seeking to recover was a money lender.

I wish to call your attention to the Betting and Loans (Infants) Act, 1892 (55 V. c. 4), as another instance, in addition to those which I gave to the Committee, in which Parliament has interfered for the protection of borrowers in money-lending cases.

To T. W. Russell, Esq., M.P.,
&c. &c.

I am, &c.
(signed) *W. S Owen.*

APPENDIX, No. 11.

PAPER handed in by Mr. *John Smith*, 29 July 1897.

MEMORANDUM.

INQUIRIES have been addressed to the official Receivers in Bankruptcy throughout England and Wales with a view of ascertaining the extent to which usurious claims by money lending came under their notice in the bankruptcies occurring during the last two years in their respective districts.

The replies received, especially in regard to the highest and lowest rates of interest charged, are not of a sufficiently definite nature to enable them to be presented in a tabular form; but the general results may be summarised as follows:—

The receiving orders made during the two years were 8,500, and in these there were about 3,160 claims by money lenders, which may fairly be described as of an usurious nature. The amount of these claims was approximately 445,000*l.*, or about 3½ per cent. of the total liabilities scheduled by the debtors, amounting to 12,400,000*l.* The rates charged, as stated by the official receivers, and when reduced to percentages upon the amounts actually paid to borrowers, range from 10 per cent. to 3,600 per cent. It may be taken that the average ostensible rate of interest is from 60 to 70 per cent. per annum on the original advance; but the actual rate paid would much exceed this rate if regard is had to the periodical reduction of the principal by the weekly or monthly instalments. Moreover the nominal rate may be doubled or trebled if default is made. The promissory notes taken from the gross amount of principal and interest frequently provide that if any default is made in the payment of instalments, the whole amount of the note shall be due and payable forthwith. The usual charge of one money lender, whose operations are extensive, is said to be 260 per cent. Another money lender, who carries on a large business under various names, replied to a draper wanting 65*l.* that he would lend it on receiving a promissory note for 100*l.* repayable in monthly instalments of 10*l.*, "which is the very best, easiest, lowest, and only way I can do it at." The following is a copy of the printed circular communication sent by this money lender to a borrower upon the occurrence of the first default:—

"*Final Notice prior to Writ or Summons being issued.*

"Sir,

"It appears that you have been most troublesome lately, that the instalments have not been paid as punctually as they should have been done, and that you had to be written to over and over again for almost each and every instalment, which is an enormous strain, trouble, as well as expense, and to get money out of you lately was just like getting blood out of a stone, which cannot be continued any longer henceforth, and I have therefore to inform you for the last time that unless the arrears of loan be paid before Twelve o'clock to-morrow and all future instalments prompt to the very day when due, that writ will immediately issue for the full balance of loan owing, and that the bailiffs will be put in possession at the very earliest opportunity, and that you will be sold up stick and stock, and also be made bankrupt promptly if necessary, as I will not be shuffled or humbugged by you any longer in any shape or form whatever.

"This is final, and you will not be written to *re* your account any more after this final notice, and absolutely no excuses of any kind will be tolerated or accepted. You give ten times more trouble than your custom is worth, and I shall be glad to get rid of you, and I wish I would never have seen you or have had anything whatever to do with you; you had better pay up before Twelve o'clock to-morrow, and pay the instalments prompt to the day when due in future, and give no more trouble, as if writ issues and extreme measures be taken, not alone will you have to pay the full balance of loan owing almost at once but another 10*l.* to 20*l.* more for costs.

"No more notice whatever will be taken of any more communications unless accompanied with the arrears of loan in cash, registered, no cheques whatsoever will be taken in payment henceforth any more.

"No more letters whatever will be either written to you, or replied to henceforth in reference to this account either now or at any future time, this being absolutely the final one, and writ will immediately issue as soon as ever any one instalment be in arrear, without further writing or communicating or giving you any more notice whatever in any shape or form, so let this be clearly and distinctly understood, and let there be no mistake whatever on this point."

Another instance of the transactions of the money lender who sent the above circular is contained in the following extract from the Official Receiver's observations on a debtor's statement of affairs:—

"The debtor states that between the years 1887 and 1893 his household and personal expenses exceeded his means, and in consequence he was driven to obtain advances from a creditor (a money lender) at exorbitant rates of interest. In the last-mentioned year the latter appears to have held the debtor's bills of exchange and promissory notes for sums aggregating 17,800*l.*, or thereabouts, for the recovery of which he in July or August 1893, commenced an action against the debtor, who states that at or about this time he obtained a further advance of 250*l.* from the creditor upon a bill of exchange for 1,000*l.* payable at one month. This bill was not met, and the debt was thus increased to about 18,800*l.* The debtor states that in October 1893, he, under pressure, and in consideration of the creditor abandoning the above-mentioned action and returning the bills and promissory notes for the 18,800*l.*, gave the latter a further bill of exchange for 50,000*l.*, dated 25th October 1893, and made payable in Glasgow at the rate of 5,000*l.* per month. No part of this bill was paid, and on the 14th December 1893, the creditor obtained judgment for the full amount of the debt and costs in the Scotch Courts."

The number of bills of sale given in connection with the bankruptcies for the two years was about 690, and the amount covered by them was approximately 132,800*l.* The practice of requiring debtors to give warrants of attorney enabling judgment to be obtained in the absence of the debtor does not appear to be widely extended. In only one district, namely that of York, has such a practice come under the notice of the Official Receivers; but it is quite possible that it may have existed in other districts without coming under special observation.

As regards the operation of Section 23 of the Bankruptcy Act, 1890, under which proofs for money lent may for the purposes of dividend be reduced to the extent of any interest in excess of 5 per cent. per annum, the general opinion of Official Receivers appears to be that this section has had little or no influence in preventing excessive charges by money lenders, but may on the other hand be said to have stimulated their ingenuity to evade the provisions. It is useful to a certain extent in enabling the trustee to reduce proofs containing excessive interest, but the operation of the section is frequently defeated by the system under which a debtor, who is unable to meet his instalments, gives a fresh promissory note, including principal and interest, thus creating a new principal debt to which the section cannot be effectively applied. The section is also defeated by the right, which money lenders secure to themselves, of appropriating the earlier repayments to interest, thus leaving the principal sum wholly or partially unliquidated at the date of the bankruptcy. It is also noted that where a money lender holds partial security he is entitled to appropriate it to any claim which he may have for interest under the terms of his contract. An Official Receiver remarks that the section is useless where securities are held to any great extent. Moreover the section does not appear to apply to debts provable in respect of bills or notes which have been assigned to third parties nor to compositions or schemes of arrangement where there is an undertaking to pay a definite sum in the £ on all the debts proved.

The

The following general observations by various Official Receivers may be of interest:—

High Court.—One of the Official Receivers reports:—"Usurious finance is not confined to professional or avowed money lenders; many solicitors, accountants, auctioneers, and even bankers more or less openly flourish, not on their legitimate calling, but on money lending, at high rates of interest, often with disastrous results to those whose moneys and securities entrusted to them for proper investment or safe custody they have misappropriated.

"Money lenders by the very nature of their occupation take very great risks. Their customers are in many instances men or women whose necessities render them reckless of consequences and devoid of scruple. These sign declarations and swear affidavits of solvency for the purpose of procuring loans, which are untrue and fraudulent to a degree. Against such devices money lenders protect themselves by charging usurious interest, and in case of need use the documents as a means of coercing the debtor to pay extortionate sums to renew loans."

Bolton.—"No amendment of the law will protect a foolish borrower, but the official receiver thinks the abolition of imprisonment for debt would make money lending to the poorer and operative classes, who have nothing to offer but personal security, such an unprofitable and dangerous business that it would die out in time, except where it was confined to persons who had security and ought to protect themselves."

Cambridge.—"Unless there is prospect of a substantial dividend the money lenders rarely prove in bankruptcy. I have come across cases in which they have applied pressure after the bankruptcy on bankrupts' wives, and have obtained money from them."

Chester.—"The chief ingredient of 'credit' in a money lender's eyes is the degree of terror which can be produced in a borrower by the threat of process and exposure. In proof and exemplification of this, the Official Receiver would refer to the fact that in none of the cases in his district during the last two years (or indeed as far as his recollection goes during the previous five years) did a money lender hold a bill of sale. The registration of a bill of sale would be sufficient to bring about bankruptcy at once. This does not suit the money lender. He wishes the borrower to keep on his legs, confident in his power to extract small instalments with promissory notes for more and more exorbitant rates of interest as the borrower's financial position gets worse and worse."

Derby.—"It is useless to attempt to protect the individual, and any change in legislation should be directed to protecting the estate for the benefit of ordinary *bonâ-fide* creditors. For instance, I find that constantly when a man is hopelessly insolvent he goes to a money lender, and for the sake of enabling him to maintain his position for a few months, or even weeks, he gives a bill of sale as security for a loan at usurious interest. Presently he makes default in payment of an instalment, and the whole, or at all events the greater part, of his estate is swept away to the exclusion of the rest of his creditors."

Gloucester.—"When people are foolish or dishonest enough to borrow from usurers they seem to be utterly regardless of the rate per cent., or whether that rate is per week, month, or year."

Ipswich.—"When once an estate is in bankruptcy the money lender takes no further trouble with the matter, and whether his proof is admitted for a larger or smaller sum is not a matter of much interest to him, as he can only receive a dividend on the amount, whatever it may be."

Lincoln.—"Within my experience I have known more than one person saved from ruin by being able to borrow, even at a high rate of interest, a sum of money sufficient to carry him over his difficulties."

Macclesfield.—"The injury done by usurious transactions is two-fold, viz.: (a) to the *bonâ fide* trade and other creditors of the bankrupt, and (b) to the bankrupt himself. As to (a) the money lender by means of pressure often obtains payment of money shortly before the bankruptcy, and in one case under my supervision a money lender received 105*l.* within a month of the receiving order, which it appeared the bankrupt raised by borrowing from two *bonâ fide* creditors, who had to prove in the bankruptcy. As to (b) a man who borrows money at even 15 or 20 per cent. is almost sure, before long, to come into the bankruptcy court. Those who suffer from money lenders are often persons in humble circumstances, such as small farmers, small tradesmen, &c. They are often illiterate, and may therefore be said to be entitled to protection, nor can it be expected that such persons can properly understand the intricate terms on which money lenders are in the habit of advancing money, or know the actual rate of interest per annum charged.

"A needy borrower in the present day is far more at the mercy of a money lender than a tenant is at the mercy of a landlord."

Manchester.—"I have only to add that I am surprised to find how frequently the borrowers obtain loans by false representations. In my judgment it is often a case of 'diamond cut diamond.'"

Salisbury.—"The practice of a money-lending bank which I have come in conflict with on several occasions is to advertise money at 5 per cent., but the wording of their bills of sale is '5 per cent. per month.' Numerous small tradesmen and farmers of Wilts, Dorset, and Somerset have been victimised by this bank simply because they had no idea of the meaning of the term '5 per cent. per month'; they always appear to have understood it as being 5 per cent. per annum paid by monthly instalments."

Shrewsbury.—"Our experience is that many of the borrowers who afterwards go into bankruptcy can have no expectation or intention of paying back either principal or interest, and their circumstances are such that a loan would be impossible except upon money lenders' terms; in other words, that the borrower is as dishonest as the money lender is rapacious. In other cases, the honest but foolish borrower is ruined by his dealings with them."

28 July 1897. *J. Smith.*

APPENDIX, No. 12.

PAPER handed in by the *Chairman*, August 1897.

PROVINCIAL UNION BANK.—DEFAULT PROMISSORY NOTE.

Brighton, day of 18 .

I PROMISE to pay the Provincial Union Bank, or order, the sum of pounds shillings and pence, for value received, by instalments in manner following, that is to say, the sum of pounds shillings and pence on the day of , and the sum of pounds shillings and pence on the day in every succeeding until the whole of the said pounds shillings and pence shall be fully paid, and in case default is made in payment of any one of the said instalments the whole amount remaining unpaid shall become due and payable forthwith, together with interest at the rate of a halfpenny in the shilling per week from the date of such default on the aggregate amount of the instalments then remaining unpaid, until the actual payment thereof.

Payable at 69, Ship-street, Brighton.

THE CLERICAL AND MEDICAL BANK.—BRANCH, BATH.

Sir, 6, St. Stephen's Avenue, Bristol, 189 .

IN submitting to you the following prospectus of "The Clerical and Medical Bank" I beg to call your attention to the facilities it offers for advances to members of the two professions from whence it takes its name.

Occasions not unfrequently arise where the temporary command of a considerable sum, apart from ordinary capital or income, is, to a professional man, desirable, and may be imperative, and the above bank is especially fitted above all other competitors, to meet and satisfy demands of this nature; for whereas, it is unusual for ordinary banking firms to grant advances or permit overdrafts without ample cover or security, which to the client may often be inconvenient, or even if this be waived, then without vexatious explanation, even more undesirable, the above named bank is prepared to lend to gentlemen of assured and established position, any sum from 50*l.* to 1,000*l.*, on note of hand alone, and that without objectionable enquiry or delay.

Again, many capitalists require security by way of mortgage on personal effects, while others, though offering advances, invariably ask and insist in the end upon collateral security in the form of a second signature, which to a clergyman or medical man is often prohibitive, not because he is unable to find a guarantor, but in so doing the essential privacy of the transaction would be destroyed.

Clergymen who require say 100*l.* on entering an incumbency, which is generally attended by heavy expenses and charges, or pending the collection of tithes, this bank offers facilities which are not to be found elsewhere. To the medical man who requires an advance towards purchasing a practice, or pending the collection of his accounts, the above remarks are equally applicable, and during the many years this bank has now been established, advances on notes of hand alone with no other signature than that of the applicant to such note has procured in most cases the amount of overdraft desired.

With professional men it is preferable to do business, in whatever capacity, with those accustomed to their requirements.

I am, &c.
(signed) *A. B. F. Stone*,
Manager.

FORM OF PROPOSAL.

Give all Christian names. Full name?—

Give county. Full address?—

Are you the incumbent?—

Is there any charge on the living?—

How long in residence?—

Amount required?—

Not including the amount of this proposal. Amount of debts and liabilities?—

Value of your furniture?—

On what date do you require the advance?—

I declare the answers to the foregoing questions to be true and correct, and I thoroughly understand that this advance is obtained by me on the faith that such statements on my part are true.

Signature

Date

To the Clerical and Medical Bank, Bristol and Bath.

THE CARLTON BANK, LIMITED.

L.C.S.

Private and Confidential Circular to Clergymen and Ministers.

Reverend Sir, 38, Finsbury Pavement, London, E.C.

THE Carlton Bank, Limited, of the above address, was formed in 1880, for the purpose of affording financial aid to clergymen and ministers on reasonable terms, and to enable them without publicity or an appeal to friends, as a matter of business and without any sense of obligation or loss of dignity, to obtain such accommodation with promptitude and privacy.

During the last 12 years a large and increasing business has been conducted, as the following comparison will show. In the first year it accommodated 204 persons, now it possesses upwards of 3,000 customers, a large proportion of whom are clergymen and ministers.

It has been often suggested that the facilities the Bank affords should be made more widely known, and with this object, I address this circular especially to clergymen and ministers.

The method of procedure is short and practical. Immediately a communication is received, a simple document is forwarded to be duly filled up by the applicant, and on its return the matter is immediately considered and decided upon.

There is no fee or charge of any kind unless the advance be made. If granted, an ordinary form of promissory note and receipt is by return of post sent on accompanied by a cheque.

The terms for advances of not less than 10*l.* or multiples thereof, are as follows :— and include all charges.

If one surety is given, repayable by 12 monthly instalments of 1*l.*

If no surety is given, repayable by 10 monthly instalments of 15*l.*

To meet the convenience of customers who prefer not to give security or to repay by monthly instalments, the bank is prepared to advance 10*l.* and multiples thereof, repayable at the expiration of

	£.	s.	d.
One month - - - - - -	10	10	–
Two months - - - - - -	10	15	–
Three months - - - - - -	11	–	–

Should any other form of repayment be considered desirable by the customer his convenience would be consulted.

If upon a promissory note becoming due, it is not convenient to discharge the whole, the Bank will generally renew it on the above specified terms or receive any sum from 1*l.* upwards in reduction. In the case of a renewal of a previous transaction, nothing is needed but an intimation from the customer to that effect.

I am pleased to state that many clergymen and ministers have expressed to the Directors of the Bank their great satisfaction at the manner in which its business is conducted, and intending customers may rest assured that all communications entrusted to me will be treated in an honourable manner, and as strictly private and confidential.

Yours, &c.
(signed) *Alexander Doig*,
Manager.

THE CARLTON BANK, LIMITED.

L.C.A.

Introduced by

[Strictly private and confidential.]

Special Form for Clergymen and Ministers only.

APPLICATION FORM FOR AN ADVANCE.

1. Christian and surname ?—

2. Address ?—

3. Are you a householder ?—

4. Is the whole of the furniture in your house owned by yourself and quite unencumbered ?—

5. Please state your position in your church, whether rector, curate, &c. ?—

6. What time have you been in your present sphere ?—

7. What is your yearly income ?—
(This answer is optional, but may assist in securing an advance.)

8. Amount required ?

9. For how long and how repayable ?—

10. What security (if any) do you offer ?—

THE CARLTON BANK, LIMITED.

SPECIAL CIRCULAR to Tradesmen and others requiring Financial Assistance for developing Business or other purposes, issued by the Carlton Bank, Limited, 38, Finsbury Pavement, and having Agencies at Bath, Bristol, Canterbury, Chatham, Colchester, Croydon, Dover, Folkestone, Grantham, Gravesend, Hastings, Liverpool, Lowestoft, Maidstone, Margate, Newcastle, Norwich, Nottingham, Oxford, Peterboro', Plymouth, Portsmouth, Sheffield, Southampton, St. Helens, Stockton, Swansea, Swindon, Walsall, and in nearly every important Town in England.

MONEY.

This word heads advertisements in every London and Provincial paper. This fact, and the existence of the great banking institutions, afford the best evidence of the enormous amount of business done in lending and borrowing money, and that it would be impossible to carry on the business of this country, considering the enormous amount of credit that has to be given, except with the assistance of borrowed capital, and that, if these sources were stopped, business would collapse altogether.

Ordinary bankers, although they are practically money lenders, do not render that assistance to the trading community which its importance and its requirements demand, for while there may be thousands who command the confidence of the banking institutions of the country, and who can get what they want at the bank rate, yet there are hundreds of thousands who, although quite as honest and perhaps in a better position than many in a larger and apparently more flourishing way of business, are not financially strong enough to command such confidence. This latter class possess all the elements of success in business, and are the backbone of the country, but, for want of a little financial help at a time of emergency, or for the ordinary development of their business, their progress is hindered, because ordinary bankers refuse to meet the difficulty, and apparently despise this class of business, whereas, if reasonable financial assistance were afforded, a constant source of anxiety and worry would be removed, and time afforded for attending to business, which, under existing circumstances, has to be spent in planning and contriving how the obligations of the morrow are to be met.

The Carlton Bank, Limited, was 14 years ago instituted to meet what was then considered to be, and still is, a public want, and the best evidence of its appreciation is the enormous success attending its operation.

It carries on its business in nearly every important town in England and also in Wales. It has advanced more than a quarter of a million of money, and has nearly three thousand customers, many of whom have been so for years. It has lent money to many thousands of people, and letters of gratitude for timely help received have, without solicitation, been given, but of course, as every officer and agent is pledged to secrecy, these letters cannot be published as tradespeople publish testimonials.

It is not desired to criticise other banks or private money lenders (so called), or to suggest an application before going elsewhere. It is thought that the bank's terms will compare favourably with those of others, and it is suggested whether it would not be best to apply to other sources first, and then see whether the bank does not offer better facilities. At any rate, it is not wise to pay heavy fees to anybody, for there are persons who have no money to lend, and who, to obtain fees, will make promises incapable of fulfilment. The agents of the Carlton Bank do not charge any fee whatever except where travelling expenses are incurred, in which case they are authorised to charge a small sum to cover actual out-of-pocket expenses.

The special features which have placed the bank in the position it now occupies are (*a*) no unnecessary fees; (*b*) the promptitude and dispatch with which applications are attended to; (*c*) the fixed and varied scale of repayments; (*d*) the officers and agents of the bank being strictly pledged to secrecy.

A personal visit to the agent is always preferable, as it prevents unnecessary journeys and delays, but if it should be desired to communicate in writing, despatch will be greatly assisted by tearing off the application form, filling it in, and posting it to the address of the agent for the district mentioned on the other side. It would also facilitate business if intending customers would send as much information as may suggest itself as being necessary, in a letter accompanying the application.

APPLICATION.

1. Every Christian and surname in full?—

2. If a lady, are you single, married, or a widow?—

3. Residence?—

4. How long at that address?—

5. Are you the householder?—

6. Are you a lodger only?—

7. Trade or occupation?—

8. Amount required and how repayable?—

THE CARLTON BANK, LIMITED.

Balance Sheet, 31st December 1895.

Dr. *Cr.*

Liabilities:	£. s. d.	£. s. d.	Assets:	£. s. d.
Authorised Capital - - - £72,000.				
To Capital Subscribed—			By Cash - - - - - - -	1,543 4 –
8,472 First Preference Shares of 1*l.* each -	8,472 – –		Sundry Debtors - - - -	428 13 11
500 Second Preference Shares of 10*l.* each -	5,000 – –		Bank Premises and Furniture - -	633 9 3
2,000 Deferred Shares of 1*l.* each - - -	2,000 – –		Bills Discounted, Loans and Advances	29,821 15 5
		15,472 – –		
Deposits and Current Accounts - -		6,323 13 9		
Sundry Creditors - - - -		355 – 11		
Rebate Account for interest outstanding - - - - - - -		3,258 13 6		
Reserve Fund - - - - - -		1,467 4 7		
Surplus - - - - - - -		5,550 9 10		
	£.	32,427 2 7	£.	32,427 2 7

Profit and Loss Account, for the Year ended 31st December 1895.

Dr. *Cr.*

	£. s. d.		£. s. d.
To Current Expenses, including salaries, rent, stationery, agents, directors' and auditors' remuneration, and 231*l.* 8*s.* 3*d.* for extraordinary expenses - -	8,004 19 5	By Balance brought down, being undivided profit brought forward from last year - - - - - - - -	2,741 6 6
Amount carried to Profit and Loss, new account, being rebate on bills discounted not yet due, and interest outstanding	3,258 13 6	Gross Profit for the year, after provision for bad and doubtful debts and contingencies - - - - - - -	13,332 4 9
Dividends paid to 31st December 1895 -	1,214 8 6	Reserve Fund, brought into Profit and Loss Account as per special resolution of shareholders on 30th July 1895 -	2,800 – –
Bonus paid to Shareholders - - -	845 – –		
Surplus as per Balance Sheet - -	5,550 9 10		
£.	18,873 11 3	£.	18,873 11 3

G. I. Beverley,
A. Doig,
E. J. Oliver, } Directors.
Thomas North, Secretary.

I hereby certify that during the year 1895 I have personally conducted an independent continuous monthly audit of all the books of the bank, and I have each month sent to each director my report on the same.

I further certify that I have examined the above balance sheet with the books, vouchers, and securities of the bank, and find the same correct; such balance sheet is a full and fair balance sheet, and is properly drawn up so as to exhibit a true and correct view of the state of the bank's affairs on 31st December 1895.

14th March 1896.

J. R. Woodley,
Accountant and Auditor.

Mr. Edwin Franks,
28, Glasshouse Street,
Regent Street,
London, W.

Cheques crossed Union Bank, London. P.O.O. payable at Regent Street.

Notice.

Should you or any of your friends require an advance without delay or trouble I would advise you to write or see me personally, and I shall be pleased to do business with you on the most reasonable terms. I do not require references, nor ask you to give me unreasonable security, nor to pay an exorbitant rate of interest such as no honest person could hope to do. My business is done in a straightforward way and you can rely on no enquiries being made in your neighbourhood.

I would draw your attention to the importance of applying Direct to the Lender, and warn you against loan offices and self-styled banks.

No genuine application refused, and if you cannot obtain an advance from me then you cannot obtain it anywhere.

I will send my secretary with the cash to arrange personally any advance you may require should you wish it Distance no object.

All communications to be addressed to Mr. Franks, at 28, Glasshouse-street, London, W.

Office hours, 10 to 5. Saturdays, 10 to 1.

SCALE OF INTEREST.

The following rate of interest is charged for advances upon approved promissory notes alone. Advances also made on furniture and stock-in-trade without removal, farm stock, plant, growing crops, and to assist persons in business. Loans are repayable by weekly, monthly, or quarterly instalments, as arranged.

ONE YEAR.

These payments include both principal and interest.

£.		£.	s.	d.
25	Twelve monthly repayments of	2	2	9
50	ditto - - ditto	4	17	6
100	ditto - - ditto	8	15	–
200	ditto - - ditto	17	10	–
300	dieto - - ditto	26	5	–
400	ditto - - ditto	35	–	–
500	ditto - - ditto	43	15	–
1,000	ditto - - ditto	87	10	–

or for two, three or four years. Quarterly and special arrangements, to suit borrowers' own convenience, in proportion.

Loans advanced immediately without any deduction. Bills of sale and executions paid out. Special terms for reversions and life interests.

APPLICATION FORM.

Fill up correctly and plainly the following blanks; an error therein will cause delay in granting the advance.

Amount of money required, £. ?—

Date of application ?—

For how long ?—

How proposed to be repaid ?—

Christian and Surname in full ?—

Address in full ?—

Nearest railway station ?—

Distance therefrom ?—

Occupation or Profession in full ?—

Applicants sending from any part of the country will receive the same prompt attention as my London clients, and urgent cases will receive immediate attention.

Having a large amount of capital ready for investment upon the deposit of deeds, life policies, stocks or shares, also upon mortgage of furniture and effects (without removal), legacies, reversions, or promissory notes, I shall be happy at any time, should you require temporary assistance, to do business with you, to our mutual advantage.

APPENDIX, No. 13.

MEMORANDUM handed in by Mr. *Thomas Farrow*.

I HAVE the permission of the Select Committee to furnish details of specific cases of evils arising from money-lending transactions, which it was impossible to introduce in the time allotted to my examination.

Those details, which, in my judgment, should be brought under the notice of the Committee, will more conveniently be furnished when the money lenders concerned come up for examination.

Particulars of any cases which may not happen to be investigated will, if considered necessary, be published in the form of Appendices at the close of the Inquiry.

There are obvious reasons why it is undesirable to publish the information at the present juncture.

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AND

DIGEST OF EVIDENCE.

[*N.B.*—In this Index the Figures following the Names of the Witnesses, and those in the Digest of Evidence of each Witness, refer to the Questions in the Evidence; the Figures following *App.* to the Pages in the Appendix; and the Numerals following *Rep.* to the Pages in the Report and Proceedings of the Committee.]

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BILLS OF SALE:

1. *Complaints as to the Operation of Bills of Sale, and as to evasions and abuses on the part of Money Lenders in connection therewith.*
2. *Amendments and Restrictions suggested.*
3. *Explanations on the part of Money Lenders.*

1. *Complaints as to the Operation of Bills of Sale, and as to evasions and abuses on the part of Money Lenders in connection therewith:*

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[Seventh Examination.]—Withdrawal by witness of an estimate (made for him by some one else) that the charges of Fieldings in the Oxford case amounted to about 5,000 per cent.; re-calculation that the charge is about 175 per cent., 2680–2691.

Farrow, Mr. Statement as to the very objectionable steps taken by Mr. Farrow by means of circulars and advertisements in order to obtain information from defaulting borrowers, discharged clerks, and others, as to the practices of money lenders, *Kirkwood* 3970–3972——Strong comments upon the reckless and unsupported statements (with a few exceptions) made by Mr. Farrow in his evidence before the Committee as to malpractices by money lenders, *ib.* 3972–3980.

Right or privilege claimed by witness to put some questions to Mr. Farrow; arrangement as to questions being put through the Committee, if approved by them, *Kirkwood* 4351–4360. 5249–5265——Vile, malicious, and unfounded accusations alleged by witness to have been brought against him by Mr. Farrow (whom he designates as a "scoundrel"), *ib.* 4944–4951.

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Statement respecting the case of a bank clerk who not only paid a preliminary fee of 10*s.* to Mr. Bevan, of Buckingham-street, Strand, and also a fee to the Strand Bank, but paid a fee of 1*l.* 1*s.* and 3*l.* 10*s.* in advance to Mr. Miller, of Glasshouse-street, without any loan having been granted, *Farrow* 561–582——Particulars of the case of a small farmer in Lincolnshire who paid fees to several money lenders without obtaining a loan; payment of a fee of 10*s.* to Mr. King, of Queen Victoria-street, though the latter in his advertisement advised borrowers not to pay any fees, *ib.* 583–603.

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respecting the case of an intending borrower at Southsea, who applied to Mr. H. E Froud, of Southsea, for a loan of 30*l.*, and paid him a fee of 10*s.*; excuse on the part of the latter that the security was insufficient, *Farrow* 609-613——Abolition or restriction suggested as regards preliminary fees, *ib.* 1362.

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FIELDINGS, LIMITED:

1. *Statements by Mr. Farrow on several Points, with Explanations on the part of the Company.*
2. *Case of a Lady Boarding-house Keeper at Oxford.*
3. *Case of Mr. Hope, a Farmer, in Herefordshire.*

1. *Statements by Mr. Farrow on several Points, with Explanations on the part of the Company:*

Information as to the names of the directors and shareholders of "Fieldings, Limited,' and as to the nominal capital and amount paid up, *Farrow* 945–956——Total of seven directors the name of each being Samuel (there being no Fielding in the concern), and each holding only one 1*l.* share, *ib.* 945–950——List of shareholders, all, except two, bearing the name of Samuel, *ib.* 950——Statement showing that "Fieldings" are not, as bankers, complying with the Companies Act and could be prosecuted, *ib.* 956–959.

Explanation as regards Fieldings, Limited, that the head office of the company is at Cardiff, with eleven or twelve branches in the United Kingdom, *Samuel* 1703, 1704. 1716–1720——Statement with reference to a recent advertisement of the company in the "Oxford Journal," stating that Fieldings do not charge fees or fines, that travelling expenses are charged but not fees, *ib.* 1705–1715.

Explanation as to the company having been registered in 1889 as "J. S. Fielding & Co.," and having been subsequently abbreviated into "Fieldings;" there are only eight or nine shareholders, these consisting exclusively of witness and some of his family or relatives, *Samuel* 1720–1723. 1738–1748. 1843–1849——Discontinuance of the taking of fees by the company whilst they have never charged fines, *ib.* 1786–1792.

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Explanation as to written copies of the balance sheet being sent to the shareholders, witness not having known that the Act of 1862 prescribed printed copies, *Samuel* 2116–2121. 2193, 2194——Examination upon the question whether upon the paid-up capital (44,538*l.*) the net profits of Fieldings for 1896 were not about 33 per cent., instead of 11 per cent.; calculation that the return is only at the latter rate if all the money advanced be taken into consideration, *ib.* 2122–2150. 2195, 2196.

Stringent notice issued by Fieldings as to discrepancies being reported to the office, this being done as a check upon irregularities on the part of employés, *Samuel* 2160–2162——Information respecting a card issued by Fieldings at Chester, where they have a room, stating the terms upon which loans may be repaid; doubt as to the actual rate per cent., *ib.* 2271–2288. 2300, 2301.

Paper handed in by Mr. Farrow, containing information relative to the constitution of J. S. Fielding & Co., Limited, and Fieldings, Limited, and showing the memorandum and articles of association, amount of capital, number of shareholders, &c., *App.* 270.

Paper showing the objects of the company, the various classes of business undertaken, the conditions of the deposit department, and the particulars required when application is made for an advance, *App.* 272–274.

2. *Case of a Lady Boarding-house Keeper at Oxford:*

Particulars of the case of a lady keeping a boarding-house at Oxford who applied to J. Fielding & Co. for a loan of 50*l.*, depositing some silver plate as a security; enormous charges for interest, &c., before the loan was repaid, she having received only 30*l.*

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2. *Case of a Lady Boarding-house Keeper at Oxford*—continued.

instead of 50*l.*, *Farrow* 718–761——Rough calculation (made for witness) showing the amount of interest charged by Fielding & Co. upon the loan to the lady boarding-house keeper at Oxford; enormous rate per cent. per annum, *ib.* 1155–1157.

Examination in considerable detail respecting the money transactions between Messrs. Fieldings and witness in March 1893 and subsequently; she professes to be quite unable to supply particulars with any accuracy, and deprecates publicity in the matter in view of her position in Oxford, *Mrs. Russell* 1553 *et seq.*——General statement that witness has finally settled matters with Messrs. Fieldings, that she is now quite satisfied with their treatment of her (having seen their agent quite recently), and that Mr. Farrow has much misunderstood the circumstances, *ib.* 1553 *et seq.*

Withdrawal by witness of an estimate (made for him by someone else) that the charges of Fieldings in the Oxford case amounted to about 5,000 per cent.; re-calculation that the charge is about 175 per cent., *Farrow* 2680–2691.

Consideration of statements and queries submitted to witness on the part of the Committee as to the actual amount borrowed by her and the payments for interest thereon; admission as to her having written very strongly about her treatment by Messrs. Fieldings, though she now considers she was mistaken on several points, *Mrs. Russell* 1560 *et seq.*

Information in detail respecting the Oxford case and the transactions of Fieldings with the lady resident there in 1893, witness denying the accuracy of certain evidence of Mr. Farrow as regards the charge for interest, &c., *Samuel* 1766 *et seq.*; 1972–1980——Explanation that in the foregoing case the local commission agent, Mr. Beechy, made certain charges without the previous cognisance of Fieldings; commission paid to Beechy for introducing the business, *ib.* 1777–1792. 1977–1979——The company had no office at Oxford when this loan was worked from Reading, *ib.* 1779.

Security taken in the Oxford case in the form of some plate; a pawnbroker's licence is not necessary for this purpose, *Samuel* 1793–1798. 1972–1974——Examination upon the repayments and the charges for interest, witness contending that upon the whole transaction the interest works out at about 59 per cent., or 4,941 per cent. less than was stated by Mr. Farrow, *ib.* 1799–1825. 1896–1900——Total of about 179 per cent. represented by the 15*l.* deducted for three months' interest out of the loan for 50*l.*, *ib.* 1799–1801. 2016, 2017.

Explanations with further reference to the circumstances under which the loan to the lady at Oxford was negotiated, Fieldings not having had a regular office in Oxford at the time, but only the use of a room, *Samuel* 2237–2275.

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3. *Explanatory Statements on the part of Money Lenders.*

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Renewals of Loans. Explanation respecting renewals of loans and the practice of money lenders in enormously increasing the indebtedness of borrowers by excessive additions of interest when loans are renewed, *Farrow* 110–113——Several illustrations of the practice of many money lenders to put temptation in the way of borrowers to renew their loans; excessive charges for interest, &c., in these cases, *ib.* 961 *et seq.*

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REPORT

S2140

FROM THE

SELECT COMMITTEE

ON

MONEY LENDING;

TOGETHER WITH THE



ROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

APPENDIX AND INDEX.

[COMUNICATED FROM THE COMMONS TO THE LORDS.]

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1898.

(214.)

Select Committee on Money Lending.

Ordered,—[16*th February* 1898]:—That a Select Committee be appointed to Inquire into the alleged evils attendant upon the system of Money Lending by professional Money Lenders, at high rates of interest, or under oppressive conditions as to repayment, and to Report thereon.

The Committee was accordingly nominated of—

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Caldwell.
Captain Chaloner.
Mr. Garfit.
Mr. Hazell.
Mr. Jeffreys.
Mr. Lloyd-George.
Mr. A. K. Loyd.
Dr. M'Donnell.
Mr. Price.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley.
Mr. Yerburgh.

That the Committee have power to send for Persons, Papers, and Records.

That Five be the Quorum.

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REPORT.

THE SELECT COMITTEE appointed to inquire into the alleged evils attendant upon the system Money Lending by Professional Money-Lenders, at high rates of Interest or und oppressive conditions as to Repayment;——HAVE agreed to the following REDRT:—

A SELECT COMMTEE was appointed last Session for a similar purpose, and at the end of July 18, after holding sixteen sittings, they reported that at that late period of the Sessio it was not in their power to conclude the inquiry. They reported the evidence ready taken, and recommended that a Committee on the same subject should be appoted in the next Session of Parliament.

Your Committee ave held ten sittings this Session, and the following Report deals with the evidenctaken during both Sessions.

The first witness amined was Mr. Thomas Farrow, Honorary Secretary of the Agricultural Banks ssociation, a philanthropic body, established to encourage the formation of villacredit societies in England, on the lines of those in existence in Germany, Italy, anelsewhere.

This gentleman l investigated the subject of money lending for a period of over three years immeately prior to his giving evidence.

His examination sted six days, and your Committee are indebted to him for a very complete survey the whole subject.

Forty other witnses have been examined, including two Judges of the High Court, several Judges f County Courts, the Director of Public Prosecutions, the Inspector General in lnkruptcy, the Recorder of Dublin, the Chief Registrar in the Bankruptcy Court of eland, persons who have borrowed money from money-lenders and several money-lenrs.

Your Committee ve also received a Report made by a Special Committee of the Council of the Inporated Law Society of the United Kingdom, and adopted by that Council, suggding certain alterations in the law in regard to money lending. Appendix.

The nature of tl evils alleged to be attendant upon the system of money lending are well kno, and your Committee do not therefore propose to give any detailed statement of t various matters into which they have inquired.

It will, however, l seen from the evidence that the inquiry has been of a most minute nature, and th the allegations have been examined from all sides.

The evidence sh's that money-lending transactions frequently owe their inception to misrepresntation of a fraudulent character.

Misleading advertments, or circulars, offering to lend money "without sureties" "at low rates of inter," or at "5 per cent.," when in fact the lenders' practice is to require sureties and thactual rate is 5 per cent. per month, equivalent to 60 per cent. per annum, are v common. Farrow 25-45, 631-635. Ev. 1897. Lewis 1, 5. Ev. 1898.

A professional moy-lender, after exposure under different aliases, will sometimes resort to such driptions as "a wealthy capitalist residing in a private house," a "widow lady," a "nk," a "finance and advance corporation," or even a "bank expressly incorporated nder Act of Parliament to advance money at a low rate of interest to respectable rsons." Falkiner 259-261. Farrow 6-46. Gordon 3161, 3170. Cuffe 3544, 3546 Kirkwood, 4113. Ev. 1897.

The loans are usually advanced on the security of promissory notes, given by the borrower either with or without sureties, or of bills of sale, and the minimum rate of interest is generally 60 per cent. While some money-lenders charge a uniform rate of interest, others charge as much as they can get, and one lender admitted that his rate had sometimes been as high as 3,000 per cent.

Lumley-Smith 4641. Ev. 1897. Lewis 6. Ev. 1898. Gordon 3049–3052. Ev. 1897. Mathew 1517. Ev. 1898.

Although there is little doubt that in some cases borrowers are aware of the terms on which they are obtaining the loan, it is established by the evidence that in many instances they are not.

Sargeant 3829. Ev. 1897. Mathew 1468. Ev. 1898. Faux 3874. Ev. 1897. Lumley-Smith 4648, 4690, 4693. Ev. 1897. Snagge 1835. Ev. 1898. Farrow 874, 875, 876. Ev. 1897.

The promissory note, bill of sale, or other document is often so drawn that it is only with difficulty that the borrower can discover what interest he is agreeing to pay, and your Committee are satisfied that borrowers frequently sign these documents without knowledge of their contents.

Owen 4465, 4573. Ev. 1897. Monck 3432. Ev. 1898. Sargeant 3762. Ev. 1897. Snagge, 1904 1906. Ev. 1898. Farrow 909–1002. Ev. 1897. Hope 2313. Ev. 1897. Owen 4589. Ev. 1897. Lumley-Smith 4648. Ev. 1897. Carless 3711. 3712, 3713. Ev. 1897. Lumley-Smith 4693 4694. Ev. 1897. Kirkwood 4166. Ev. 1897.

The greatest hardship, however, occurs in the event of a borrower failing to keep up his repayments, to the exact day, and the chance of failure is largely increased by varying the amount of the instalments or making the last instalment much heavier than the others.

Your Committee consider that in many cases default is inevitable, and that once a borrower has obtained a loan from a money-lender it is extremely difficult for him to get clear of the transaction. The circumstances are generally such as to force him to obtain renewal after renewal at increasingly extortionate rates until he is utterly ruined.

The promissory note used by one of the largest money-lenders contains a clause to the effect that in case default is made in payment of any instalment, the whole of the amount remaining unpaid becomes due forthwith together with interest at the rate of a halfpenny in the shilling per week from the date of such default. This rate amounts to 216 per cent. per annum.

Another large money-lender admitted in evidence that his "bonus" he charges for a renewal of a bill of exchange or promissory note ranges from to 1,000 per cent. per annum.

Gordon 3067. Ev. 1897.

Lumley-Smith 4648. Ev. 1897.

Moreover when these renewals are granted the costs and interest are all added as principal, and the whole thing starts again with compound interest.

To show the way in which the charges of money-lenders mount up your Committee may refer to the case of Burden.

Between March and December of 1894, the witness Gordon lent this man 5,178*l.* During this period 10,274*l.* 11*s.* 9*d.* was repaid, and when the case came into the Bankruptcy Court subsequently, the money-lender proved for 3,809*l.* 11*s.* 10*d.*

Gordon 3334–3340. Ev. 1897.

These facts were admitted by Mr. Gordon in his evidence; and many similar cases have been proved before your Committee.

In the steps taken to enforce the fulfilment of "unconscionable bargains," money-lenders frequently display great cruelty and harshness. In the case of bills of sale the threat of selling up the home is of course made use of, but in the case of promissory notes the pressure is often of a much worse nature, as will be seen from the following extracts from the evidence of Sir George Lewis and Mr. Justice Mathew.

Smith 3053. Ev. 1897.

Lewis 48 and 49. Ev. 1898.

Sir *George Lewis*:—"The effect of this money lending by all these people in London is that young men are encouraged to bet, because they know they can go to the money-lender next morning and probably raise the money. The money-lender will give them money, not that he thinks that the debtor can pay, but because his father can pay or his relations can pay; and most of the money is squeezed out of the relations in that way. Another mode in which they carry on their business is, that they see that the man must have money, and they say: You must make a sworn declaration what your debts are. He makes a declaration he does not tell the truth (I have nothing to say for him); the money-lender probably well knows it. Then he has his sworn declaration, and if the money is not paid by the father, a summons is taken out at the police court, the charge is brought, and all this disgraceful exposure is hushed up by the money being paid to the money-lender."

Mathew 1441. Ev. 1898.

Mr. *Justice Mathew*:—"Now it is curious the facility with which such loans are sometimes given, and loans of considerable amounts. The money-lender knows that the man is pledging his character and his position, and that in the last resource, he probably is pledging the benevolence and friendship of those to whom he belongs, his family or his friends. The loan then is made with very little difficulty; but the money-lender takes a very different position when the inevitable default is made. Now

Now he is enabl to have recourse to all the resources of the law, and the improvements whic have recently been made in the law, which enable a creditor to obtain a swift reme placed at his disposal; so that he is enabled to say to his unfortunate debtor 'If you do not pay or come to some arrangement with me you will have an executi against you in a few days; I have only got to go to chambers, prove the existence the debt, produce the promissory note or the bill of exchange, and I am entitled, acording to the law, to judgment, and you will have the bailiffs put in possession f your house. Well, what will a man do under these circumstances? It is his money or his life.' He will do anything, and first, as a general rule, he will deavour to conceal from those about him and who know him, what his position is. The money-lender may do with him as he pleases. Now, I think that is not a sition in which one man ought to be placed by the law with reference to another; e ought not to have that power of coercion; he ought not to have his fellow creatu in that state of subjection. It is not blackmailing, but he may so act as to aproach very nearly to the confines of that offence; and, as experience shows, the xactions are, under such circumstances, sometimes excessive and extraordinary."

After carefully cosidering the evidence which has been given in regard to particular transactions nd the general expressions of opinion of persons so well qualified to form a judnent as Sir Henry Hawkins, Sir James Charles Mathew, Sir George Lewis, the Insctor General in Bankruptcy, and the County Court Judges, your Committee have nhesitatingly come to the conclusion that the system of money lending by profsional moncy-lenders at high rates of interest is productive of crime, bankruptcy, uair advantage over other creditors of the borrower, extortion from the borrower's fany and friends, and other serious injuries to the community.

Smith 3584–3587. Ev. 1897.

Hawkins, 438, 434. 439. Mathew, 1441. 1475. 1563–1565 Lewis, 49, 50. 73. Ev. 1898. Owen 4484–4488 Ev. 1897.

And although your ommittee are satisfied that the system is sometimes honestly conducted they are of onion that only in rare cases is a person benefited by a loan obtained from a profesonal money-lender, and that the evil attendant upon the system far outweighs thgood.

Lumley-Smith 4641. 4644. Ev. 1897. Collier, 288, 293. Ev. 1897. Owen 4587–4588. Ev. 1897.

They therefore cor der that there is urgent need for the interposition of the legislature with a view removing the evil.

Lewis, 119.

Remedies.

Your Committee gard it as of the utmost importance that no legislation should interfere with legimate trading, and it has therefore been necessary for them to consider in what y transactions of professional money-lenders may be distinguished from ordinar commercial transactions. No satisfactory definition of the term "money-lender" as been suggested, but several important witnesses have expressed the opinion at the term is sufficiently well understood to render a definition unnecessary, d that any attempt at definition might give rise to risk of confusion. In fact the rm money-lender is used by money-lenders as a term well understood both by theselves and by their customers.

Mathew 1512–1515. Lewis 63–65. Hawkins 423–425. Ev. 1898. Report of Committee of Council of Incorporated Law Society. Scobie 1531. Ev. 1897. Falkiner 273. Ev. 1898.

After careful consiration your Committee have come to the conclusion that the transactions will be suffiently distinguished by the expression "transactions with persons carrying on the usiness of a money-lender in the course of such business."

In connection with his point, however, your Committee desire to draw attention to the following extct from the report of the special committee of the Council of the Incorporated Law ociety:—

"It might be conmient that any new Act of Parliament should contain a preamble showing that is directed against the evils attendant upon the system of money lending by profeional money-lenders, at high rates of interest, or under oppressive conditions a to repayment, and especially in cases where misleading advertisements or circuls have been resorted to, or where young or aged or ignorant persons or married wom have been concerned, or persons under fear of publicity to themselves or their iends, or where the business is carried on under false or misleading names. Thobject of such a preamble (and there are many precedents in forcible language in the d statutes against usury) would be to indicate the class of cases in which the cou is expected to interfere, and not to specify or limit the circumstances which wod justify interference."

While not expressi any opinion as to the particular form of words which should be adopted, your ommittee consider that a preamble such as that suggested might be of service in dicating the kind of transaction which it is intended to control.

The

The two fundamental proposals which have been made to your Committee for remedying the evils are :

Mathew 1460. Ev. 1898.

i. That Parliament should enact that any interest above a certain rate on loans advanced by professional money-lenders should be irrecoverable at law, or

ii. That the courts should have power to go behind any contract with a money-lender, to inquire into all the circumstances of the original loan and of the subsequent transactions, and to make such order as may be considered reasonable.

As regards the first suggestion your Committee consider that a high rate of interest is not in itself incompatible with fair dealing, and that no limit of interest can be prescribed which would be adapted to the widely different conditions under which these loans are contracted, and further, that if a maximum rate were fixed by statute, the interest would tend in all cases to rise to that maximum.

Moreover, the transactions into which your Committee have inquired, show that the greatest possible ingenuity would probably be exercised in circumventing any rules, and they cannot but consider that any hard and fast rule of this nature would be evaded.

Appendix (Indian Papers). For instance, it appears that in the United States, although there is in certain States a usury law of modern enactment limiting interest to 6 per cent., the actual rate of interest, even on mortgages in such States has recently averaged between 7 and 8 per cent., the rates in many cases being far higher.

For these and other reasons your Committee do not recommend any statutory limitation of interest.

Hawkins 450, 451. Ev. 1898. Lumley-Smith 4657–4664. Ev. 1897. Monck 3513–3515. Ev. 1898. Roxburgh 3871. Ev. 1898. Falkiner 250, 276. Ev. 1898.

The second proposal is supported by several legal witnesses, including Mr. Justice Hawkins, Judge Lumley Smith, Sir F. Falkiner, Recorder of Dublin and Judge of the County Court, Mr. Monck, Chief Registrar in Bankruptcy in Ireland, and Mr. Roxburgh, Assistant Judge of the Lord Mayor's Court of London.

Lewis 7. Ev. 1898. Willis 1763–1770. Ev. 1898. Appendix.

It also appears from the opinions printed in the Appendix that a large number of the Indian judges and high officials in India, who have recently been consulted by the Indian Government on the subject of usury, are in favour of giving discretion to the courts rather than of laying down any hard and fast rule, and the Council of the Incorporated Law Society have made a similar recommendation.

Mathew 1459, 1460, 1460* Ev. 1898.

Mr. Justice Mathew was, however, of opinion that such a proposal would lead to a great variety of judgments, and that it would be preferable to limit the rate of interest on these transactions to 10 per cent.

Your Committee have, of course, attached great weight to the opinion of so eminent a judge, but having regard to the results which have followed from the exercise of the equitable jurisdiction of the Chancery Division of the High Court, they do not think that in practice there would be such divergence of opinion as to constitute any serious objection to the adoption of this proposal.

After carefully considering the whole of the evidence and opinions, your Committee have arrived at the conclusion that the only effective remedy for the evils attendant upon the system of money lending by professional money-lenders is to give the courts absolute and unfettered discretion in dealing with these transactions.

Lewis 450, 451 Falkiner 276. Ev. 1898.

They therefore recommend that all transactions, by whatever name they may be called, or whatever their form may be, which are, in substance, transactions with persons carrying on the business of a money-lender, in the course of such business should be open to complete judicial review.

That in all legal proceedings to enforce, or for any relief in respect of, a claim arising out of such transactions the court should have power to inquire into all the circumstances of such transactions, from the first transaction up to the time of the judicial inquiry.

Lumley-Smith 4652–4655. Ev. 1897. Lewis 10. Ev. 1898.

That in such proceedings the court should have power to reopen any account stated in the course of such transactions, to direct that an account be taken upon the basis of allowance of such a rate of interest as shall appear to be reasonable, having regard to all the circumstances, and to make such order as the court may think fit.

Lewis 8–11 Ev. 1898.

That

That, having regard especially to the fact that money-lenders frequently take from borrowers promissory notes or bills of exchange, which are negotiable, and to which, consequently the borrower would have no defence against the claims of a holder in due course as well as to other considerations, it is necessary to provide in order to do complete justice between the parties, that the court should have power to direct repayment by the money-lender to the borrower of any amount which, upon taking the account, may appear to have been paid by the borrower to such holder over and above the amount which the court may direct to be reasonably due to the money-lender under all the circumstances. Lewis 13. Ev. 1898.

That a borrower from a money-lender should be enabled, notwithstanding any provision or agreement to the contrary, to apply to the court at any time to redeem any security, or for relief on the part of himself and any other person who acts as surety, or otherwise, upon payment of the principal sum advanced and such interest as the court may consider reasonable.

That the discretion suggested should be exercisable by any Judge of the High Court or any Judge of a County Court. Hawkins 451, 452. Ev. 1898.

That from any decision given under these powers, by the judicial authority, there should be no right of appeal by either party except by leave of the court. Hawkins 452. Ev. 1898.

That no transaction between a judgment debtor and a judgment creditor by way of a renewal of the loan should be valid so long as the judgment remains unsatisfied. Lumley-Smith 4668. Ev. 1897. Report of Committee of Council of Incorporated Law Society.

Your Committee are satisfied that money-lenders often take into consideration, as part of the security for payment for unjust claims, the dread of the consequences to the borrower of any publicity of the transactions with them, into which his misfortunes have led him. They are satisfied that borrowers will often submit to almost any degree of oppression in order to hide the consequences of their folly or misfortunes. Snagge 1774. Matthew 1441.

The Committee therefore consider that to render the remedies proposed really effective, it is essential that wherever it may appear to the court desirable, the court should have power to hear any money-lending case in private. Report of Committee of Council of Incorporated Law Society.

In addition to the two fundamental remedies already dealt with, your Committee have had under their consideration proposals for the alteration of the law in regard to Bills of Sale, Bankruptcy Proceedings, and other matters connected with money lending, and also certain suggestions as to the registration and licensing of money-lenders, and the desirability of establishing co-operative banks.

Bills of Sale.

It appears from the evidence that money-lenders do not use bills of sale so much as they used to do; indeed, more than one money-lender informed your Committee that he never took them. The evidence, however, shows that they are still largely used by the poorer classes. Samuel 1868, 1876. Owen 4464. Gordon 3022. Ev. 1897.

Mr. Justice Mathew, when speaking of bills of sale, expressed the opinion that they "are a terrible curse to poor people," and your Committee have already stated that they consider these documents are frequently signed by borrowers without knowledge of their contents. Mathew 1489. Ev. 1898.

With a view to removing these evils, it has been suggested that money-lenders should not be allowed to take bills of sale as security for loans, but your Committee feel that this might press hardly on the poorer classes, who often have no other security to offer, and further, that other remedies are available. Farrow 1302. Ev. 1897. Lewis 120. Ev. 1898.

At the same time, it appears to them that the minimum limit for all bills of sale should be raised from 30*l.* to 50*l.*, and that some statutory provision should be made to secure that this limit shall be adhered to. Owen 4423. Ev. 1897.

The evidence shows that the present limit is often evaded by a part of the loan being immediately handed back to the money-lenders. Farrow 331–333. Ev. 1897.

The

The recommendations of your Committee in regard to Bills of sale are as follows:—

(*a*) That Section 13 of the Bills of Sale Act, 1878, Amendment Act, 1882, should be amended by the substitution of "twenty-one clear days" for "five clear days";

(*b*) That goods assigned under a bill of sale made or given by way of security for the payment of money advanced by or through a person carrying on the business of a money-lender should not be removed by the grantee or any person to whom such bill of sale may have been transferred or assigned without an order of the judge of the county court of the district in which the borrower resides;

(*c*) That every bill of sale should be attested, and fully explained by, the registrar of the county court of the district in which the borrower resides, and that the money should be handed over to the grantor in the presence of the registrar, or proof otherwise given to the satisfaction of the registrar that the whole amount secured by the bill of sale has been *bonâ fide* paid over to or on account of the grantor.

(*d*) That every bill of sale made or given in consideration of any sum under 50*l.* should be void, and that the instrument should also be void if the borrower does not actually receive and enjoy the use of the full sum stated to have been advanced;

(*e*) That in the case of all such instruments the exact amount of principal advanced, the rate of interest per annum charged, and the amount and date of instalments including interest should be clearly stated;

(*f*) That only certified bailiffs of the county court of the district in which the goods are situate should be authorised to seize or take possession of goods assigned under a bill of sale, and that no such bailiff should be allowed to carry on the business of a money-lender;

(*g*) That the holder of a bill of sale on receiving payment of the money secured by such instrument should be required to enter up satisfaction in the High Court or county court;

(*h*) That any bill of sale made with a view to, or which may result in, the evasion by the grantee of the provisions of the Bills of Sale Acts or any Acts amending those Acts should be void.

Absolute Bills of Sale taken in connection with Hire Purchase Agreements.

Farrow 109. Ev. 1897. Farrow 426–461. Ev. 1897.

The evidence shows that money-lending transactions are conducted by means of absolute bills of sale accompanied by a hire purchase agreement. In such cases the money-lender is in possession of the goods, and enabled to seize them immediately default is made in the payment of any of the instalments under the hire purchase agreement. The scheme appears to involve an evasion of the provisions of the Bills of Sale Acts.

Samuel 1841. Ev. 1897.

Owen, 4622, 4623. Ev. 1897.

One money-lender, however, stated that this system was not now adopted by money-lenders, in consequence of a recent decision of the Courts, that the arrangement was illegal, and another witness (Judge Owen), considered that the court had sufficient power to deal with such cases.

Lewis 114–117 Ev. 1898.

Your Committee have not been furnished with a reference to the case, but they consider that in the event of the system not being illegal, it should either be declared so, or the hire purchase agreement should be registered with the bill of sale.

Warrants of Attorney and Cognovits.

Farrow 324–424. Ev. 1897.

Your Committee consider that Warrants of Attorney and Cognovits have been and still may be instruments of oppression, and they recommend that the use of such documents should be abolished in connection with all loans advanced by persons carrying on the business of a money lender in the course of such business.

Your

Procedure.

Your Committee are satisfied that borrowers are often placed at a serious disadvantage by the money-lender suing in a distant court, and they, therefore, recommend that in all cases where proceedings are taken in the county court, the money-lender should sue only in the county court of the district where the borrower resides. Owen 4550-4563. Ev. 1897.

Statutory Declarations in connection with Money-Lending Transactions.

Your Committee have already stated that they are satisfied that borrowers frequently sign these documents without knowledge of their contents, and they therefore recommend that every statutory declaration made in connection with transactions with a person carrying on the business of a money-lender, in the course of such business should in future be made only before the registrar of the county court, who should be required to fully explain their purport to those making them.

Bankruptcy Proceedings.

The evidence furnished by Mr. Smith, the Inspector General in Bankruptcy, shows that the provisions of Section 23 of the Bankruptcy Act, 1890, are frequently evaded, by reason of the official receiver or trustee not having power to review the whole transaction with the money-lender.

Your Committee have already referred to the evidence that borrowers are generally forced to obtain renewal after renewal at increasingly extortionate rates of interest, and that at each renewal the costs and interest are all added in as principal. The result is that the amount of principal claimed under the last contract prior to bankruptcy is out of all proportion to the sum actually advanced.

Several cases have been brought before your Committee showing that the claims of creditors, other than money-lenders, are often swamped by the claims of the money-lender. Snagge 1857, 1858. Ev. 1898. Hope 2370-2405. Ev. 1897.

Your Committee therefore recommend the following addition to Section 23 of the Act of 1890:

"Where a debt (in respect of which proof has been made on a bankrupt's estate) arises out of a series of transactions with a person carrying on the business of a money-lender, in the course of such business, extending over any period during the whole of which the indebtedness, or some portion of it, has subsisted (and whether there purports to have been a final settlement of account or not), the official receiver or trustee may require the creditor making the proof of debt to furnish a statement of account, certified by affidavit, showing the whole of such transactions from the date of the first advance, and distinguishing the amounts actually advanced to or for the use of the debtor, the amounts of any repayment, whether of principal, interest, commission, bonus, or other charges, and the amount of any interest, commission, bonus, or other charges included in the account; and where any such repayments include or have been appropriated to payment of interest, commission, bonus, or other charges, in excess of 5 per cent. per annum on such advances, the amount of such excess shall be deducted from the amount of the proof without prejudice to the right of such creditor to prove for the remainder of his debt or so much thereof as the court shall allow after all the debts proved on the estate have been paid in full." Your Committee also recommend that in the administration of an estate in bankruptcy the court should have the same discretion and powers which they propose that the legislature should confer upon the judges of the High Court and of the county court. They think that in bankruptcy the power should be in the hands of the judge alone. Smith 3605. Ev. 1897.

Scotch Procedure under Summary Diligence.

Cases have been brought before your Committee showing that great hardship is sometimes inflicted upon debtors in England by their being sued in Scotland under the process of Summary Diligence, and your Committee therefore recommend that this process should not be applicable in connection with any transactions with a person carrying on the business of a money-lender in the course of such business, unless the borrower has a domicile in Scotland. Farrow 147. Corbett 2624, 2628. Gordon 3102, 3106. Ev. 1897.

Garnishee Proceedings.

It is provided by the Wages Attachment Abolition Act, 18[illegible] that "no order for the attachment of the wages of any servant, labourer, or workm[illegible], shall be made by the judge of any court of record or inferior court," but it has be[illegible] held that clerks and other such persons in receipt of small salaries are not entitled [illegible] protection under that Act.

33 & 34 Vict. c. 30.

Gordon v. Jennings, 9 Q.B.D. 45.

Roxburgh, 3558. Ev. 1898.

Evidence has been submitted to your Committee, showing [illegible]at the garnishee summons may be, and is, used as an instrument of oppression [illegible]ainst clerks, and persons in similar positions; and it appears from the evidence of [illegible]r. Roxburgh, the Assistant Judge of the Mayor's Court of London, that 99 out [illegible] every 100 such summonses issued by that court are obtained by money-lenders.

Farrow, 1243–1258. Ev. 1897.

Lewis 109–113. Ev. 1898.

Roxburgh, 3602–3612. Ev. 1898.

Roxburgh, 3609. Ev. 1898.

Your Committee therefore recommend that the protection [illegible]nted by the Act of 1870 should be extended to any person whose wages or salary [illegible]together with any other income, does not exceed the sum of 200*l.* per annum.

Roxburgh, 3604 Ev. 1898.

Registration of Money-Lenders.

Several witnesses have suggested that money-lenders shou[illegible] be registered, and your Committee consider that this suggestion should be adopted.

Scohie 1467. Ev. 1897. Mathew 1524. Ev. 1898. Snagge 1780, 1781. Ev. 1898. Owen 4415. Ev. 1897.

They therefore recommend that:

(*a.*) All persons carrying on the business of a m[illegible]ey-lender, whether individually, in partnership, or as a company, should be [illegible]istered as such.

(*b.*) That such persons should be registered in every c[illegible]nty court district in which any premises from which any communications are [illegible]dressed, or in which any money-lending business is carried on, are situate.

(*c.*) That the registrar of the county court in whic[illegible] such premises are situate should be the registrar; that a fee of 5*l.* should [illegible] charged in respect of every registration, and that the register should at all [illegible]easonable times be open to public inspection free of charge.

(*d.*) That the registrar of the county court should be [illegible]quired within three clear days after registration to transmit to the registrar u[illegible]der the Bills of Sale Act, 1878, a copy of the entry in his register, and that [illegible]ch registrar should be required to copy such entry into a book specially kept [illegible]or the purpose, and that such book should be open to public inspection at all [illegible]easonable times free of charge.

(*e.*) That no money-lender should be allowed to trade [illegible]dividually otherwise than in his own name, and that when he trades in partn[illegible]hip the firm should be registered and the names and addresses of the partne[illegible] given.

(*f.*) That it should be declared an offence for any mon[illegible]-lender, individually or in partnership, to carry on the business of a money-l[illegible]der under the name of "bank," "trust," "corporation," or other misleadin[illegible]itle, or to issue or publish any false or misleading prospectus, circular, or a[illegible]ertisement, and that it should be the duty of the registrar of each county c[illegible]rt to report to the Public Prosecutor any such offence which may be brou[illegible]t to his knowledge, or of which he may become cognisant.

That on conviction for any of these offences it shou[illegible] be competent to the court to strike the name of such money-lender off the [illegible]ister for any period, and to impose a penalty to be prescribed by statute.

That no money-lender should be capable of recoverin[illegible]ny debts incurred in connection with money-lending transactions during th[illegible] period for which he has been struck off the register.

(*g.*) That any money-lender carrying on such business [illegible]hout being registered should be incapable of recovering any debt incurred in c[illegible]nection with money-lending transactions. In cases where the business [illegible] a money-lender is carried on by a company registered under the Compa[illegible]s Acts, the company should be described in the register and in all cir[illegible]lars, advertisements, documents, or letters, as "subject to the provisions [illegible]pplicable to persons carrying on the business of a money-lender," and the [illegible]ove recommendations should apply to such a company, and the responsibility [illegible]r any of the offences above referred to, or for the evasion of any of the abo[illegible]mentioned provisions should attach to the managing directors and other office[illegible].

Licensing of Money-Lenders.

It has also been proposed that money-lenders should be required to take out a licence in addition to being registered. Farrow, 1356. Ev. 1897. Lewis, 34. Hawkins, 429. Ev. 1898. Cuffe 3573–3580. Ev. 1897.

Your Committee have considered this proposal, but in view of the serious difficulties of carrying out a system of licensing efficiently, and of the opportunity which the money-lender would have under such system of advertising himself as "licensed under Act of Parliament," and thereby implying a guarantee of respectability and fair dealing, they do not recommend its adoption. Mathew, 1507, 1509, 1526–1532. Ev. 1898.

Accounts of Money-Lenders.

A further safeguard to which your Committee attach some importance is that every person or company carrying on the business of a money-lender should be required to keep regular and strictly accurate accounts of each transaction, and to furnish to the borrower, on every date when an instalment falls due, a clear statement of his account up to date. Owen 4423. Ev. 1897.

Cases have been brought to the notice of your Committee in which borrowers have been kept in complete ignorance of the state of their accounts until they have been on the verge of ruin. Farrow 135, 136, 1151–1154. Ev. 1897.

Documents.

Your Committee also recommend that the money-lender should be required to furnish to the borrowers and to the sureties, if any, at the time each transaction is entered into, copies of every document signed by him or them, and that any failure to do this should render the money-lender liable to lose his right of recovery of any money lent. Report of Committee of Council of Incorporated Law Society. Report in Appendix.

Co-operative Banks.

Your Committee have received important evidence as to the operation of co-operative banks on the Continent, and in some parts of the United Kingdom. It appears that the establishment of such banks has been of great use in abolishing, or largely diminishing, the trade of lending money at exorbitant rates of interest to the poorer classes. Wolff. Bottomley. Plunkett. Ev. 1898.

Your Committee are impressed with the extreme usefulness of these institutions, and they are of opinion that they meet a real want, especially in agricultural districts. They do not, however, recommend any State intervention in connection with them at the present time.

29 *June* 1892.

PROCEEDINGS OF THE COMMITTEE.

Tuesday, 22nd February 1898.

MEMBERS PRESENT:

Mr. Yerburgh.
Mr. Caldwell.
Mr.. Ascroft.
Mr. Garfit.
Mr. Hazell.
Mr. T. W. Russell.
Mr. Price.
Mr. Jeffreys.
Mr. Bayley.
Mr. Lloyd-George.
Dr. M'Donnell.

Mr. T. W. RUSSELL was called to the Chair.

The Committee deliberated, and resolved, "That the evidence of all witnesses examined before the Committee shall be taken on oath."

Motion made, and Question proposed,—"That this Committee recommend that the railway fares and out-of-pocket expenses of Mr. Thomas Farrow, not exceeding 50*l.*, be allowed by the Treasury"—(Mr. *Ascroft*).—Question put—The Committee divided:

Ayes, 3.	Noes, 5.
Mr. Ascroft.	Mr. Thomas Bayley.
Mr. Garfit.	Mr. Hazell.
Dr. M'Donnell.	Mr. Jeffreys.
	Mr. Price.
	Mr. Yerburgh.

[Adjourned till Thursday, 10th March, at Twelve o'clock.

Thursday, 10th March 1898.

MEMBERS PRESENT:

Mr. T. W. RUSSELL, in the Chair.

Mr. Jeffreys.
Mr. Ascroft.
Mr. Yerburgh
Mr. Caldwell.
Captain Faloner.
Mr. Garfit.
Mr. A. K. Loyd.
Mr. Warr.

Sir *George Lewis*, Sir *F. R. Falkener*, Q.C., (Recorder of Dublin), his Honour Judge *Collier*, and Mr. *James Dodwell*, were sworn, and examined.

[Adjourned till Tuesday, 15th March, at Eleven o'clock.

Tuesday, 15*th March* 1898.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair

Mr. Jeffreys.
Mr. A. K. Loyd.
Mr. Garfit.
Mr. Price.
Mr. Haell.
Mr. Warr.
Mr. George Whiteley
Mr. Yerburgh.
Dr. M'Donnell.
Captain Chaloner.
Mr. Caldwell.

Sir Henry Hawkins was examined.

Mr. H. W. Wollff was sworn and examined.

[Adjourned till Thursday next, at Twelve o'clock.

Thursday, 17*th March* 1898.

MEMBERS PRESENT:

Mr. Jeffreys.
Mr. Ascroft.
Mr. Thomas Bayley.
Captain Chaloner.
Mr. Haze.
Mr. Caldwell.
Mr. Yerburgh.
Mr. Price.
Mr. Garfit.
Mr. A. K. Loyd.
Mr. Warr.

In the absence of the Chairman, Mr. JEFFREYS was called to the Chair.

Room cleared. The Committee deliberated, and decided that some further evidence on certain points connected with West End money-lending practices, be called.

Mr. Edward Shuckburgh sworn and examined.

[Adjourned till Tuesday next, at Eleven o'clock.

Tuesday, 22*nd March* 1898.

MEMBERS PRESENT:

Mr. T W. RUSSELL in the Chair.

Mr. Ascroft.
Mr. Jeffreys.
Mr. A. K. Loyd.
Mr. Garfit.
Mr. Caldwell.
Mr. Yerburgh.
Mr. Thomas Bayley.
Dr. M'Donnell.
Mr. George Whiteley.
Mr. Warr.

Mr. Justice *Mathew* was examined.

Professor *Bottomley* and Mr. *Willis* were sworn and examined.

[Adjourned till Thursday next, at Half-past One o'clock.

Thursday, 24th March 1898.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Jeffreys.	Mr. Thomas Bayley.
Mr. Caldwell.	Mr. Warr.
Mr. Garfit.	Captain Chaloner.
Mr. Ascroft.	

His Honour Judge *Snagge* was sworn and examined.

[Adjourned till Thursday next, at Twelve o'clock.

Thursday, 31st March 1898.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Caldwell.	Mr. Yerburgh.
Mr. Thomas Bayley.	Mr. Garfit.
Mr. Ascroft.	Mr. Warr.
Captain Chaloner.	Mr. George Whiteley.

Right Hon. *Horace Plunket*, a Member of the House, Mr. *G. W. Russell*, Mr. *P. J. Hannan*, and Mr. *J. Pratt* were sworn and examined.

[Adjourned till Tuesday next, at Eleven o'clock.

Tuesday, 5th April 1898.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.	Mr. Warr.
Mr. Garfit.	Mr. A. K. Loyd.
Mr. Thomas Bayley.	Mr. Caldwell.
Captain Chaloner.	

Mr. *A. A. Moore*, Mr. *W. Jay*, and Mr. *J. Wolff*, were sworn and examined.

[Adjourned till Tuesday, 26th April, at Twelve o'clock.

Tuesday, 26th April 1898.

MEMBERS PRESENT:

Mr. Ascroft.	Captain Chaloner.
Mr. Garfit.	Dr. M'Donnel.
Mr. Thomas Bayley.	Mr. A. K. Loyd.
Mr. Caldwell.	Mr. Price.
Mr. Yerburgh.	Mr. T. W. Russell.
Mr. Hazell.	Mr. Warr.

In the absence of the Chairman, Mr. A. K. LOYD was called to the Chair.

Mr. *W. K. S. Monck* and Mr. *Francis Roxburgh*, were sworn and examined.

[Adjourned till Tuesday, 10th May, at Twelve o'clock.

Tuesday, 10*th May* 1898.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Jeffreys.	Mr. Thomas Bayley.
Mr. Warr.	Mr. Ascroft.
Mr. Garfit.	Dr. M'Donnell.
Mr. George Whiteley.	Mr. A. K. Loyd.
Mr. Hazell	Mr. Lloyd-George.
Mr. Caldwell.	

The Committee deliberated.

[Adjourned till Wednesday the 18th, at Twelve o'clock.

Wednesday, 18*th May* 1898.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Ascroft.	Mr. Caldwell.
Mr. Thomas Byley.	Mr. Garfit.
Mr. Hazell.	Mr. Jeffreys.
Capt. Chalone.	Mr. Yerburgh.
Mr. Warr.	Mr. George Whiteley.
Mr. A. K. Loyd.	

The Committee delibrated.

[Adjourned till Thursday, 23rd June, at Twelve o'clock.

Thursday, 23*rd June* 1898.

MEMBERS PRESENT:

Mr. T. W. RUSSELL in the Chair.

Mr. Thomas Byley.	Mr. Lloyd-George.
Capt. Chalone.	Mr. A. K. Loyd.
Mr. Garfit.	Mr. Price.
Mr. Hazell.	Mr. Warr.

DRAFT REPORT, proposed by the *Chairman*, brought up and read the first time, as follows:

"1. A Select Commitee was appointed last Session for a similar purpose, and at the end of July 1897, after holding 16 sittings, they reported that at that late period of the Session it was not in their power to conclude the inquiry. They reported the evidence already taken, and recommended that a Committee on the same subject should be appointed in the next Session of Parliament.

"2. Your Committee have held 10 sittings this Session, and the following Report deals with the evidence taken during both Sessions.

"The first witness examined was Mr. Thomas Farrow, the honorary secretary of the Agricultural Banks Association, a philanthropic body, established to encourage the formation of village credit societies in England, on the lines of those in existence in Germany, Italy, and elsewhere.

"This gentleman had investigated the subject of money lending for a period of over three years immediately prior to his giving evidence.

"His examination lasted six days, and your Committee are indebted to him for a very complete survey of the whole subject.

"Forty other witnesses have been examined, including two Judges of the High Court, several Judges of County Courts, the Director of Public Prosecutions, the Inspector General in Bankruptcy, the Recorder of Dublin, the Chief Registrar in the Bankruptcy Court in Ireland, persons who have borrowed money from money-lenders, and several money-lenders.

"Your Committee have also received through Mr. A. K. Loyd, a Report made by a Special Committee of the Council of the Incorporated Law Society, and adopted by that Council, suggesting certain alterations in the law in regard to money lending. Appendix.

"3. The nature of the evils alleged to be attendant upon the system of money lending are well known, and your Committee do not therefore propose to give any detailed statement of the various matters into which they have inquired.

"It will, however, be seen from the evidence that the inquiry has been of most minute nature, and that the allegations have been examined from all sides.

"4. The evidence shows that money-lending transactions frequently owe their inception to misrepresentation, in some cases amounting almost, or quite, to fraud.

Farrow 25–40, 631–635. Lewis 1, 5.

"Misleading advertisements, or circulars, offering to lend money 'without sureties,' 'at low rates of interest,' or at '5 per cent.,' when the actual rate is 5 per cent. per month, are very common.

Farrow 27, 46. Gordon 3161, 3170. Cuffe 3544, 3546. Kirkwood 4113.

"The lender is frequently described as 'a wealthy capitalist residing in a private house,' a 'widow lady,' a 'bank,' a 'finance and advance corporation,' or even a 'bank expressly incorporated under Act of Parliament to advance money at a low rate of interest to respectable persons.'

"5. The loans are usually advanced on the security of promissory notes or bills of sale, and the minimum rate of interest is generally 60 per cent. While some lenders charge a uniform rate of interest, others charge as much as they can get, and one lender admitted that his rate had sometimes been as high as 3,000 per cent.

Smith 4641. Lewis 6. Gordon 3049–3052.

"6. Although there is little doubt that in some cases borrowers are aware of the terms on which they are obtaining the loan, it is established by the evidence that in many instances they are not.

Mathew 1517.

"The promissory note, bill of sale, or other document is so drawn that it is only with difficulty that the borrower can discover what interest he is agreeing to pay, and your Committee are satisfied that borrowers frequently sign these documents without knowledge of the contents.

Sargeant 3829. Mathew 1488. Faux 3874. Smith 4648, 4690, 4693. Snagge 1815. Farrow 874, 875, 876. Owen 4465, 4573. Monck 3482. Sargeant 3762. Snagge 1904, 1906.

"7. The greatest hardship, however, occurs in the event of a borrower failing to keep up his repayments, and the chance of failure is largely increased by varying the amount of the instalments or making the last instalment much heavier than the others.

"Your Committee consider that in many cases default is inevitable, and that once a borrower has obtained a loan from a money-lender it is extremely difficult for him to get clear of the transaction. The circumstances are generally such as to force him to obtain renewal after renewal at increasingly extortionate rates until he is utterly ruined.

Farrow 999–1002. Hope 2313. Judge Smith 4648. Carless 3711, 3712, 3713.

"8. The promissory note used by one of the largest money-lenders contains a clause to the effect that in case default is made in payment of any instalment, the whole of the amount remaining unpaid becomes due forthwith together with interest at the rate of a halfpenny in the shilling per week from the date of such default. This rate amounts to about 216 per cent.

Smith 4693, 4694. Kirkwood 4166.

"Another large money-lender admitted in evidence that the 'bonus' he charges for a renewal of a bill of exchange or promissory note ranges up to 1,000 per cent.

Gordon 3067.

"Moreover when these renewals are granted the costs and interest are all added as principal, and the whole thing starts again with compound interest.

Judge Smith 4648.

"To show the way in which the charges of money-lenders mount up your Committee may refer to the case of Burden.

"Between March and December 1894, Gordon lent this man 578*l.* During this period 10,274*l.* 11*l.* 9*d.* was repaid, and when the case came into the Bankruptcy Court subsequently, the money-lender proved for 3,809*l.* 11*s.* 10*d.*

Gordon 3334–3340.

"These facts were admitted by Gordon in his evidence; and many similar cases have been proved before your Committee.

"9. In the steps taken to enforce the fulfilment of unconscionable bargains, money-lenders frequently display great cruelty and harshness. In the case of bills of sale the threat of selling up the home is of course made use of, but in the case of promissory notes the pressure is often of a much worse nature, as will be seen from the following extracts from the evidence of Sir George Lewis and Mr. Justice Mathew.

Smith 3653.

Lewis 48 and 49. Mathew 1441.

"Sir *George Lewis*:—'The effect of this money lending by all these people in London is that young men are encouraged to bet, because they know they can go to the money-lender next morning and probably raise the money. The money-lender will give them money, not that he thinks that the debtor can pay, but because his father can pay or his relations can pay; and most of the money is squeezed out of the relations in that way. Another mode in which they carry on their business is, that they see that the man must have money, and they say: You must make a sworn declaration what your debts are. He makes a declaration; he does not tell the truth (I have nothing to say for him); the money-lender pretty well knows it. Then he has his sworn declaration, and if the money is not paid by the father, a summons is taken out at the police court, the charge is brought, and all this disgraceful exposure is hushed up by the money being paid to the money-lender.'

Mr. *Justice Mathew*:—"Now it is curious the facility with which such loans are sometimes given, and loans of considerable amounts. The money-lender knows that the man is pledging his character and his position, and that in the last resource, he probably pledging the benevolence and friendship of those to whom he belongs, his family or his friends. The loan then is made with very little difficulty: but the money-lender takes a very different position when the inevitable default is made. Now he is enabled to have recourse to all the resources of the law, and the improvements which have recently been made in the law which enable a creditor to obtain a swift remedy placed at his disposal; so that he is enabled to say to his unfortunate debtor: If you do not pay or come to some arrangement with me you will have an execution

against you in a few days; I have only got to go to chambers, prove the existence of the debt, produce the promissory note or the bill of exchange, and I am entitled, according to the law, to judgment, and you will have the bailiffs put in possession of your house. Well, what will a man do under these circumstances? It is 'his money or his life.' He will do anything, and first, as a general rule, he will endeavour to conceal from those about him and who know him, what his position is. The money-lender may do with him as he pleases. Now, I think that is not a position in which the man ought to be placed by the law with reference to another; he ought not to have that power of coercion; he ought not to have his fellow creature in that state of subjection. It is not blackmailing, but he may so act as to approach very nearly to the confines of that offence; and, as experience shows, the exactions are, under such circumstances, sometimes excessive and extraordinary."

"10. After carefully considering the evidence which has been given in regard to particular transactions and the general expression of opinion of persons so well qualified to form a judgment on the system of money-lending as Sir Henry Hawkins, Sir James Charles Mathew, Sir George Lewis, the Inspector General in Bankruptcy, and the county court judges, your Committee have unhesitatingly come to the conclusions that the system of money-lending as practised by the professional money-lender, is productive of crime, bankruptcy, and other serious injuries to the community, and that only in rare cases is a person benefited by a loan from a money-lender. Hawkins 433, 434, 439. Mathew 1441, 1563, 1564, 1565. Lewis 49, 50, 73. Smith 3585–3587. Owen 4484, 4488. Lewis 119. Snagge 1903.

"They therefore consider that there is urgent need for the interposition of the Legislature with a view to removing the evils.

"REMEDIES.

"11. Your Committee regard it as of the utmost importance that no legislation should interfere with legitimate trading, and it has therefore been necessary for them to consider in what way the transaction of money-lenders may be distinguished from other transactions. No satisfactory definition of the term 'money-lender' has been suggested, but several important witnesses have expressed the opinion that the term is sufficiently well understood to render a definition unnecessary, and that it would be much better not to attempt any definition. Mathew 1512–1515. Lewis 63–65. Hawkins 423–425. Report of Committee of Council of Incorporated Law Society. Scobie 1531. Falkiner 173.

"After careful consideration your Committee have come to the conclusion that the transactions will be sufficiently distinguished by the expression 'transactions with persons carrying on the business of a money-lender in the course of such business.'

"12. The two fundamental proposals which have been made to your Committee for remedying the evils are:

"i. That Parliament should enact that any interest above a certain rate on loans advanced by professional money-lenders should be irrecoverable at law, or Mathew 1459.

"ii. That the courts should have power to go behind any contract with a money-lender to inquire into all the circumstances of the original loan and of the subsequent transactions, and to give judgment according to equity.

"13. As regards the first suggestion your Committee consider that no single rate of interest would suit the widely different conditions under which these loans are contracted, and further that if a maximum rate were fixed by statute, the interest would tend in all cases to rise to that maximum.

"Moreover, the transactions into which your Committee have inquired, show that the money-lender is a person of the greatest possible ingenuity in circumventing any rules, and they cannot but consider that any hard and fast rule of this nature would be evaded.

"From a letter dated 10th August, 1895, and addressed by Mr. F. A. Nicholson, the collector of Anantapur, to the Chief Secretary of the Government of Madras (a copy of which is printed in Appendix No. 6), it appears that in the United States, where there is in certain States a usury law of modern enactment limiting interest to 6 per cent., the Census disclosed that the average rate of interest, even on mortgages in such States, averaged between 7 and 8 per cent., the rates in many cases being far higher.

"For these and other reasons your Committee do not recommend any statutory limitation of interest.

"14. The second proposal is supported by several legal witnesses, including Mr. Justice Hawkins, Judge Lumley Smith, Sir F. R. Falkiner, the Recorder of Dublin and Judge of the County Court, Mr. Monck, the Chief Registrar in Bankruptcy in Ireland, and Mr. Roxburgh, the Assistant Judge of the Lord Mayor's Court of London. Hawkins 450, 451. Smith 465 664. Monck 3513–3515. Roxburgh 3571.

"It also appears from the opinions printed in the Appendix that a large number of the Indian judges and high officials in India, who have recently been consulted by the Indian Government on the subject of usury, are in favour of giving discretion to the courts rather than of laying down any hard and fast rule, and the Council of the Incorporated Law Society have made a similar recommendation. Falkiner 250, 276.

"15. Mr. Justice Mathew was, however, of opinion that such a proposal would lead to a great variety of judgments, and that it would be preferable to limit the rate of interest on these transactions to 10 per cent. Mathew 1459, 1460, 1469.

"Your Committee have, of course, attached great weight to the opinion of so eminent a judge, but having regard to the results which have followed from the exercise of the equitable jurisdiction of the Chancery Division of the High Court, they do not think that in

practice there would be such divergence of opinion as to constitute any serious objection to the adoption of this proposal.

"16. After carefully considering the whole of the evidence and opinions, your Committee have unanimously arrived at the conclusion that the only effective remedy for the evils attendant upon the system of money-lending by professional money-lenders, is to give the Courts absolute and unfettered discretion in dealing with these transactions.

Lewis 450, 451. Falkiner 276

"17. They therefore recommend that all transactions, by whatever name they may be called, or whatever their form may be, which are, in substance, transactions with persons carrying on the business of a money-lender, in the course of such business should be open to complete judicial review.

"18. That in all legal proceedings to enforce, or for any relief in respect of a claim arising out of such transactions the court should have power to inquire into all the circumstances of such transactions, from the first transaction up to the time of the judicial inquiry.

"19. That in such proceedings the court should have power to review any account or transaction whether settled or not, to direct that an account be taken upon the basis of allowance of such a rate of interest as shall appear to be reasonable, having regard to all the circumstances, and to make such order as the court may think fit.

"20. That, having regard especially to the fact that money-lenders frequently take from borrowers promissory notes or bills of exchange, which are negotiable, and by which, consequently, the borrower would have no defence against the claims of a holder in due course, as well as to other considerations, it is necessary to provide in order to do complete justice between the parties, that the court should have power to direct repayment by the money-lender to the borrower of any amount which, upon taking the account, may appear to have been paid by the borrower over and above the amount which the court may direct to be reasonable under all the circumstances.

"21. That a borrower from a money-lender should be enabled, notwithstanding any provision or agreement to the contrary, to apply to the court at any time to redeem any security, or for relief on the part of himself and any other person who acts as surety, or otherwise, upon payment of the principal sum advanced, and such interest as the court may consider reasonable.

"22. That the discretion suggested should be exercisable by any judge of the High Court or any judge of a county court.

"23. That from any decision given under these powers, by the judicial authority, there should be no right of appeal by either party.

Judge Sutton. 4668. Council of Incorporated Law Society.

"24. That no transaction between a judgment debtor and a judgment creditor by way of a renewal of the loan should be valid.

Council of Incorporated Law Society.

"25. That wherever it may appear to the court desirable, the court should have power to hear any money-lending case in private.

"26. In addition to the two fundamental remedies already dealt with, your Committee have had under their consideration proposals for the alteration of the law in regard to Bills of Sale, Bankruptcy Proceedings, and other matters connected with money lending, and also certain suggestions as to the registration of money-lenders, and the desirability of establishing co-operative banks.

Bills of Sale.

"27. It appears from the evidence that money-lenders do not use bills of sale so much as they used to do; indeed, more than one money-lender informed your Committee that he never took them. The evidence, however, shows that they are still largely used by the poorer classes.

Owen 4464. Gordon 8022.

"28. Mr. Justice Mathew, when speaking of bills of sale, expressed the opinion that they are a terrible curse to poor people, and your Committee have already stated that they consider these documents are frequently signed by borrowers without knowledge of their contents.

Mathew 1489.

"29. With a view to removing these evils, it has been suggested that money-lenders should not be allowed to take bills of sale as security for loans, but your Committee feel that this might press hardly on the poorer classes, who often have no other security to offer and, further, that other remedies are available.

Farrow 1362.

"At the same time, it appears to them that the minimum limit for all bills of sale should be raised from 30*l.* to 50*l.*, and that some statutory provision should be made to secure that this limit shall be adhered to.

"The evidence shows that the present limit is often evaded by part of the loan being immediately handed back to the money-lenders.

"The recommendations of your Committee in regard to bills of sale are as follows:—

"(*a*) That Section 13 of the Bills of Sale Act, 1878, Amendment Act, 1882, should be amended by the substitution of 'twenty-one clear days' for 'five clear days';

"(*b*) That goods assigned under a bill of sale made or given by way of security for the payment of money advanced by or through a person carrying on the business of a money-lender should not be removed by the grantee or any person to whom such bill of sale may have been transferred or assigned without an order of the judge of the county court of the district in which the borrower resides;

"(*c*) That every bill of sale should be attested before, and fully explained by, the registrar of the county court of the district in which the borrower resides, and that the money should be handed over to the grantor in the presence of the registrar;

"(*d*) That every bill of sale made or given in consideration of any sum under 50*l*. should be void, and that the instrument should also be void if the borrower does not actually receive and enjoy the use of the full sum stated to have been advanced;

"(*e*) That in the case of all such instruments the exact amount of principal advanced, the rate of interest per annum charged, and the amount and date of instalments including interest shoud be clearly stated;

"(*f*) That only certified bailiffs of the county court of the district in which the goods are situate should be authorised to seize or take possession of goods assigned under a bill of sale, and that no such bailiff should be allowed to carry on the business of a money-lender;

"(*g*) That the holder of a bill of sale on receiving payment of the money secured by such instrument should be required to enter up satisfaction in the High Court or county court;

"(*h*) That any bill of sale made with a view to, or which may result in, the evasion of the provisions of the Bills of Sale Acts or any Acts amending those Acts should be void.

"ABSOLUTE BILLS of SALE taken in connection with HIRE PURCHASE AGREEMENTS.

"30. The evidence shows that absolute bills of sale in cases of money-lending transactions are accompanied by a hire purchase agreement. In such cases the money-lender is in possession of the goods, and is enabled to seize them immediately default is made in the payment of any of the instalments under the hire purchase agreement. Farrow 100. Farrow 426–461.

"One money-lender, however, stated that this system was not now adopted by money-lenders, in consequence of a recent decision of the courts, that the arrangement was illegal, and another witness (Judge Owen), considered that the court had sufficient power to deal with such cases. Samuel 1841. Owen 4622, 4623.

"Your Committee have not been furnished with a reference to the case, but they consider that in the event of the system not being illegal, it should be declared so. Lewis 114–117.

"WARRANTS of ATTORNEY and COGNOVITS.

"31. Your Committee consider that Warrants of Attorney and Cognovits have been and still may be instruments of oppression, and they recommend that the use of such documents should be abolished in connection with all loans advanced by persons carrying on the business of a money-lender.

"PROCEDURE.

"32. Your Committee are satisfied that borrowers are often placed at serious disadvantage by the money-lender suing in a distant court, and they, therefore, recommend that in those cases where proceedings are taken in the county court, the money-lender should sue only in the county court of the district where the borrower resides. Owen 4559–4563.

"STATUTORY DECLARATIONS in connection with MONEY-LENDING TRANSACTIONS.

"33. Your Committee have already stated that they are satisfied that borrowers frequently sign these documents without knowledge of their contents, and they therefore recommend that every statutory declaration made in connection with transactions with a person carrying on the business of a money-lender, in the course of such business, should in future be made only before the registrar of the county court, who should be required to fully explain their purport to those making them.

"BANKRUPTCY PROCEEDINGS.

"34. The evidence furnished by Mr. Smith, the Inspector General in Bankruptcy shows that the provisions of Section 23 of the Bankruptcy Act, 1890, are frequently evaded, by reason of the official receiver or trustee not having power to review the whole transaction with the money-lender.

"35. Your Committee have already referred to the evidence that borrowers are generally forced to obtain renewal after renewal at increasingly extortionate rates of interest, and that at each renewal the costs and interest are all added in as principal. The result is that the amount of principal claimed under the last contract prior to bankruptcy is out of all proportion to the sum actually advanced.

"Several cases have been brought before your Committee showing that creditors, other than money-lenders, are often swamped by the claims of the money-lender.

"36. Your Committee therefore recommend the following addition to Section 23 of the Act of 1890:

"Where a debt (in respect of which proof has been made on a bankrupt's estate) arises out of a series of transactions with a person carrying on the business of a money-lender, extending over any period during the whole of which the indebtedness, or some portion of it, has subsisted (and whether there purports to have been a final settlement of account or not), the

official receiver or trustee may require the creditor making the proof of debt to furnish a statement of account, certified by affidavit showing the whole of such transactions from the date of the first advance, and distinguishing the amounts actually advanced to or for the use of the debtor, the amounts of any repayment, whether of principal or interest, &c., and the amount of any interest, &c., included in the account; and where any such repayments include or have been appropriated to payment of interest, &c., in excess of 5 per cent. per annum on such advances, the amount of such excess shall be deducted from the amount of the proof without prejudice to the right of such creditor to prove for the remainder of his debt or so much thereof as the Court shall allow after all the debts proved on the estate have been paid in full."

"Scottish Procedure under Summary Diligence.

Farrow 147. Corbett 2624, 2628. Gordon 3102, 3106.

"37. Cases have been brought before your Committee showing that great hardship is sometimes inflicted upon debtors in England by their being sued in Scotland under the process of Summary Diligence, and your Committee therefore recommend that this process should not be applicable in connection with any transactions with a person carrying on the business of a money-lender, unless the borrower has a domicile in Scotland.

"Registration of Money-Lenders.

Scobie 1467. Mathew 1524. Snagge 1780, 1781, &c., &c.

"38. Several witnesses have suggested that money-lenders should be registered, and your Committee consider that it would tend to more straightforward dealing if this suggestion were adopted.

"They therefore recommend that—

"(*a*) All persons carrying on the business of a money-lender, whether individually, in partnership, or as a company, should be registered as such.

Fielden 2220-2275.

"(*b*) That such persons should be registered in every county court district in which any premises from which any communications are addressed, or in which any money-lending business is carried on, are situate.

"(*c*.) That the registrar of the county court in which such premises are situate should be the registrar; that a fee of 5*l*. should be charged in respect of every registration, and that the register should at all reasonable times be open to public inspection free of charge.

"(*d*) That the registrar of the county court should be required within three clear days after registration to transmit to the registrar under the Bills of Sale Act, 1878, a copy of the entry in his register, and that such registrar should be required to copy such entry into a book specially kept for the purpose, and that such book should be open to public inspection at all reasonable times free of charge.

"(*e*) That no money-lender should be allowed to trade individually otherwise than in his own name, and that when he trades in partnership the firm should be registered and the names of the partners given.

(*f*) That it should be declared an offence at law for any money-lender to carry on the business of a money-lender under the name of 'bank,' 'trust,' 'corporation,' or other misleading title, or to issue any false or misleading prospectus, circular, or advertisement, and that it should be the duty of the registrar of each county court to report to the Public Prosecutor any such offence which may be brought to his knowledge, or of which he may become cognisant.

That on conviction for any of these offences it should be competent to the court to strike the name of such money-lender off the register for any period, and to impose a penalty to be prescribed by statute.

That no money-lender should be capable of recovering any debts incurred in connection with money-lending transactions during the period for which he has been struck off the register.

(*g*) That any money-lender carrying on business without being registered should be incapable of recovering any debt incurred in connection with money-lending transactions.

"39. In cases where the business of a money-lender is carried on by a company registered under the Companies Acts, the company should be described in the register and in all circulars, advertisements, documents, or letters, as 'incorporated to carry on the business of a money-lender,' and the above recommendations should apply to such a company, and the responsibility for any of the offences above referred to, or for the evasion of any of the above-mentioned provisions, should attach to the managing directors and other officers.

"Accounts of Money-Lenders.

Owen 4423.

"40. A further safeguard to which your Committee attach some importance is that every person or company carrying on the business of a money-lender should be required to keep regular and strictly accurate accounts of each transaction, and to furnish to the borrower, on every date when an instalment falls due, a clear statement of his account up to date.

Farrow 135, 136, 1151, 1154.

"Cases have been brought to the notice of your Committee in which borrowers have been kept in complete ignorance of the state of their accounts until they have been on the verge of ruin.

"DOCUMENTS.

"41. Your Committee also recommend that the money-lender should be required to furnish to the borrowers and to the sureties, if any, at the time each transaction is entered into, copies of every document signed by him or them, and that any failure to do this should render the money-lender liable to loose his right of recovery of any money lent. Council of Incorporated Law Society. Report in Appendix.

"CO-OPERATIVE BANKS.

"42. Your Committee have received important evidence as to the operation of co-operative banks on the Continent, and in some parts of the United Kingdom. It appears that the establishment of such banks had been of great use in abolishing, or largely diminishing, the trade of lending money at exorbitant rates of interest to the poorer classes. Wolff. Bottomley.

"Your Committee are impressed with the extreme usefulness of these institutions, and they are of opinion that they meet a real want, especially in agricultural districts. They do not, however, recommend any State intervention in connection with them at the present time."

Question proposed, That the Draft Report proposed by the Chairman be read a second time paragraph by paragraph—Question put,—The Committee divided:

Ayes, 6.	Noes, 1.
Mr. Thomas Bayley.	Mr. Price.
Mr. Garfit.	
Mr. Hazell.	
Capt. Chaloner.	
Mr. A. K. Loyd.	
Mr. Warr.	

Paragraph 1, *agreed to.*

Paragraph 2, amended, and *agreed to.*

Paragraph 3, *agreed to.*

Paragraph 4, Amendments made.

Another Amendment proposed in line 6, to leave out the words, "The lender is frequently described," and insert "a professional money lender after exposures under different aliases will sometimes resort to such descriptions"—(*Mr. A. K. Loyd*).

Question, That the words proposed to be left out stand part of the paragraph,—put, and *negatived.*

Question, That those words be there inserted,—put, and *agreed to.*

Paragraph, as amended, *agreed to.*

Paragraph 5, Amendments made.

Another Amendment proposed in line 3, after the word "interest" to insert the words "of 60 per cent."—(*Mr. Bailey*).

Question,—That those words be there inserted,—put, and *negatived.*

Paragraph, as amended, *agreed to.*

Paragraphs 6–8, amended, and *agreed to.*

Paragraph 9, *agreed to.*

Paragraph 10, *postponed.*

Paragraph 11, Amendments made.

Another Amendment proposed, in line 6, after the words "and that," to insert the words "any attempt at definition might give rise to risk of confusion, in fact the term money-lender is used by money-lenders as a term well understood, both by themselves and by their customers"—(Mr. *A. K. Loyd*).—Question, That those words be there inserted,—put, and *agreed to.*

Paragraph, as amended, *agreed to.*

Paragraph 12—Amendment proposed, in line 1, after the word "The," to leave out the word "two"—(Mr. *Price*).—Question put,—That the word "two," stand part of the paragraph.—The Committee divided:

Ayes, 7.	Noes, 1.
Mr. Thomas Bayley.	Mr. Price.
Captain Chaloner.	
Mr. Garfit.	
Mr. Hazell.	
Mr. Lloyd-George.	
Mr. A. K. Loyd.	
Mr. Warr.	

Another Amendment proposed, in line 8, after the word "transactions," to leave out the words "give judgment according to equity," and insert "make such order as may be considered reasonable" (Mr. *Warr*).—Question, That the words proposed to be left out stand part of the paragraph,—put, and *negatived.*

Question, That those words be there inserted,—put, and *agreed to.*

Paragraph, as amended, *agreed to.*

Paragraphs 13 and 14, amended, and *agreed to.*

Paragraph 15.—Amendment proposed, in line 3, to leave out from the words "10 per cent.," down to the end of the paragraph—(Mr. *Price*).—Question, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 8.	Noes, 1.
Mr. Thomas Bayley.	Mr. Price.
Mr. Caldwell.	
Captain Chaloner.	
Mr. Garfit.	
Mr. Hazell.	
Mr. Lloyd-George.	
Mr. A. K. Loyd.	
Mr. Warr.	

Paragraph, *agreed to.*

Paragraph 16.—An Amendment made.

Another Amendment proposed, in line 4, to leave out the words "absolute and unfettered," and insert "an ample"—(Mr. *Garfit*).—Question, that the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 7.	Noes, 2.
Mr. Thomas Bayley.	Mr. Garfit
Mr. Caldwell.	Mr. Price.
Captain Chaloner.	
Mr. Hazell.	
Mr. Lloyd-George.	
Mr. A. K. Loyd.	
Mr. Warr.	

Question, That the paragraph, as amended, stand part of the Report.—The Committee divided:

Ayes, 8.	Noes 1.
Mr. Thomas Bayley.	Mr. Price.
Mr. Caldwell.	
Captain Chaloner.	
Mr. Garfit.	
Mr. Hazell.	
Mr. Lloyd-George.	
Mr. A. K. Loyd.	
Mr. Warr.	

Paragraphs 17 and 18, *agreed to.*

Paragraphs 19 and 20, amended, and *agreed to.*

Paragraphs 21 and 22, *agreed to.*

Paragraph 23.—Amendment proposed to add, at the end of the paragraph "except by leave of the Court"—(Mr. *A. K. Loyd*).—Question put, That those words be there added.—The Committee divided:

Ayes, 5.	Noes 4.
Mr. Garfit.	Mr. Thomas Bayley.
Mr. Hazell.	Mr. Caldwell.
Mr. Lloyd-George.	Captain Chaloner.
Mr. A. K. Loyd.	Mr. Warr.
Mr. Price.	

Paragraph, as amended, *agreed to.*

Paragraph 24, amended, and *agreed to.*

Paragraph 25, *postponed.*

Paragraph 26, amended, and *agreed to.*

[Adjourned till Wednesday next, at Twelve o'clock.

Wednesday, 29th June 1898

MEMBERS PRESENT:

Mr. T. W. RUSSELL, in the Chair.

Mr. Caldwell.	Mr. Yerburgh.
Mr. Warr	Mr. Ascroft.
Mr. A. K. Loyd.	Captain Chaloner.
Mr. Thomas Bayley.	

DRAFT REPORT further considered.

Paragraph 27 and 28, *agreed to.*

Paragraph 29.

Amendment proposed, to leave out from the word "with" in line 1, to the word "money-lenders" in line 9, both inclusive—(Mr. *A. K. Loyd*).

Question proposed That the words proposed to be left out, stand part of the paragraph.

Amendment, by leave, *withdrawn.*

Another amendment, proposed in line 15, after the word "registrar" to insert the words "or proof otherwise given to the registrar that the whole amount secured by the Bill of Sale has been *bonâ fide* paid over to or on account of the grantor"—(Mr. *A. K. Loyd*).

Question, That those words be there inserted—put, and *agreed to.*

Another amendment made.

Paragraph, as amended, *agreed to.*

Paragraphs 30 and 31, amended, and *agreed to.*

Paragraph 32, *postponed.*

Paragraphs 33 and 34, *agreed to.*

Paragraph 35, amended, and *agreed to.*

Paragraph 36, Amendments made.

Another Amendment proposed at the end of the paragraph, after the word "full" to add the words, "The Committee also recommend that in the administration of an estate in bankruptcy the court should have the same discretion and powers which they propose that the legislature should confer upon the judges of the High Court and of the county court. They think that in bankruptcy the power should be in he hands of the judge alone—(Mr. *Warr*).—Question, That those words be there added,—put, and *agreed to.*

Paragraph, as amended, *agreed to.*

Paragraph 37, amended, and *agreed to.*

Paragraph 38, Amendments made.

Another Amendment proposed, to leave out from the word "That" in line 8, page 8, to the word "register" in line 13, both inclusive—(Mr. *Warr*).—Question put,—That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 3.	Noes, 2.
Mr. Thomas Bayley.	Mr. Ascroft.
Captain Chaloner.	Mr. Warr.
Mr. Yerburgh.	

Another Amendmen made.

Paragraph, as amended, *agreed to.*

Paragraph 39, amended, and *agreed to.*

Paragraphs 40 and 4, *agreed to.*

Paragraph 42, amended, and *agreed to.*

Postponed paragraph 10, *disagreed to.*

Postponed paragraph 25, *disagreed to.*

Another Amendment proposed, in line 8, after the word "transactions," to leave out the words "give judgment according to equity," and insert "make such order as may be considered reasonable" (Mr. *Warr*).—Question, That the words proposed to be left out stand part of the paragraph,—put, and *negatived*.

Question, That those words be there inserted,—put, and *agreed to*.

Paragraph, as amended, *agreed to*.

Paragraphs 13 and 14, amended, and *agreed to*.

Paragraph 15.—Amendment proposed, in line 3, to leave out from the words "10 per cent.," down to the end of the paragraph—(Mr. *Price*).—Question, That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 8.	Noes, 1.
Mr. Thomas Bayley.	Mr. Price.
Mr. Caldwell.	
Captain Chaloner.	
Mr. Garfit.	
Mr. Hazell.	
Mr. Lloyd-George.	
Mr. A. K. Loyd.	
Mr. Warr.	

Paragraph, *agreed to*.

Paragraph 16.—An Amendment made.

Another Amendment proposed, in line 4, to leave out the words "absolute and unfettered," and insert "an ample"—(Mr. *Garfit*).—Question, that the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 7.	Noes, 2.
Mr. Thomas Bayley.	Mr. Garfit
Mr. Caldwell.	Mr. Price.
Captain Chaloner.	
Mr. Hazell.	
Mr. Lloyd-George.	
Mr. A. K. Loyd.	
Mr. Warr.	

Question, That the paragraph, as amended, stand part of the Report.—The Committee divided:

Ayes, 8.	Noes 1.
Mr. Thomas Bayley.	Mr. Price.
Mr. Caldwell.	
Captain Chaloner.	
Mr. Garfit.	
Mr. Hazell.	
Mr. Lloyd-George.	
Mr. A. K. Loyd.	
Mr. Warr.	

Paragraphs 17 and 18, *agreed to*.

Paragraphs 19 and 20, amended, and *agreed to*.

Paragraphs 21 and 22, *agreed to*.

Paragraph 23.—Amendment proposed to add, at the end of the paragraph "except by leave of the Court"—(Mr. *A. K. Loyd*).—Question put, That those words be there added.—The Committee divided:

Ayes, 5.	Noes 4.
Mr. Garfit.	Mr. Thomas Bayley.
Mr. Hazell.	Mr. Caldwell.
Mr. Lloyd-George.	Captain Chaloner.
Mr. A. K. Loyd.	Mr. Warr.
Mr. Price.	

Paragraph, as amended, *agreed to*.

Paragraph 24, amended, and *agreed to*.

Paragraph 25, *postponed*.

Paragraph 26, amended, and *agreed to*.

[Adjourned till Wednesday next, at Twelve o'clock.

Wednesday, 29th June 1898

MEMBERS PRESENT:

Mr. T. W. RUSSELL, in the Chair.

Mr. Caldwell.	Mr. Yerburgh.
Mr. Warr	Mr. Ascroft.
Mr. A. K. Loyd.	Captain Chaloner.
Mr. Thomas Bayley.	

DRAFT REPORT further considered.

Paragraph 27 and 28, *agreed to.*

Paragraph 29.

Amendment proposed, to leave out from the word "with" in line 1, to the word "money-lenders" in line 9, both inclusive—(Mr. *A. K. Loyd*).

Question proposed That the words proposed to be left out, stand part of the paragraph.

Amendment, by leave, *withdrawn.*

Another amendment, proposed in line 15, after the word "registrar" to insert the words "or proof otherwise given to the registrar that the whole amount secured by the Bill of Sale has been *bonâ fide* paid over to or on account of the grantor"—(Mr. *A. K. Loyd*).

Question, That those words be there inserted—put, and *agreed to.*

Another amendment made.

Paragraph, as amended, *agreed to.*

Paragraphs 30 and 31, amended, and *agreed to.*

Paragraph 32, *postponed.*

Paragraphs 33 and 34, *agreed to.*

Paragraph 35, amended, and *agreed to.*

Paragraph 36, Amendments made.

Another Amendment proposed at the end of the paragraph, after the word "full" to add the words, "The Committee also recommend that in the administration of an estate in bankruptcy the court should have the same discretion and powers which they propose that the legislature should confer upon the judges of the High Court and of the county court. They think that in bankruptcy the power should be in the hands of the judge alone—(Mr. *Warr*).—Question, That those words be there added,—put, and *agreed to.*

Paragraph, as amended, *agreed to.*

Paragraph 37, amended, and *agreed to.*

Paragraph 38, Amendments made.

Another Amendment proposed, to leave out from the word "That" in line 8, page 8, to the word "register" in line 13, both inclusive—(Mr. *Warr*).—Question put,—That the words proposed to be left out stand part of the paragraph.—The Committee divided:

Ayes, 3.	Noes, 2.
Mr. Thomas Bayley.	Mr. Ascroft.
Captain Chaloner.	Mr. Warr.
Mr. Yerburgh.	

Another Amendment made.

Paragraph, as amended, *agreed to.*

Paragraph 39, amended, and *agreed to.*

Paragraphs 40 and 41, *agreed to.*

Paragraph 42, amended, and *agreed to.*

Postponed paragraph 10, *disagreed to.*

Postponed paragraph 25, *disagreed to.*

Postponed paragraph 32.—Amendment proposed in line 3 to leave out the word "those" in order to insert the word "all"—(Mr. *Ascroft*).—Question, That the word "those" stand part of the postponed paragraph,—put, and *negatived*.

Question, That the word "all" be there inserted,—put, and *agreed to*.

Another Amendment proposed, in line 3, to leave out the words "in the county court"—(Mr. *Ascroft*).—Question put, That the words proposed to be left out stand part of the postponed paragraph.—The Committee divided:

Ayes, 3.	Noes, 3
Mr. Garfit.	Mr. Ascroft.
Mr. A. K. Loyd.	Mr. Thomas Bayley.
Mr. Warr.	Captain Chaloner.

Whereupon the Chairman declared himself with the Ayes.

Postponed Paragraph, as amended, *agreed to*.

Amendment proposed, That the following new Paragraph be inserted in the proposed Report:

"After carefully considering the evidence which has been given in regard to particular transactions and the general expressions of opinion of persons so well qualified to form a judgment as Sir Henry Hawkins, Sir James Charles Mathew, Sir George Lewis, the Inspector General in Bankruptcy, and the County Court Judges, your Committee have unhesitatingly come to the conclusion that the system of money lending by professional money-lenders at high rates of interest is productive of crime, bankruptcy, unfair advantage over other creditors of the borrower, extortion from the borrower's family and friends, and other serious injuries to the community.

Hawkins, 433, 434. 439. Mathew, 1441. 1475. 1563-1565. Lewis, 49, 50. 73.

"And although your Committee are satisfied that the system is sometimes honestly conducted they are of opinion that only in rare cases is a person benefited by a loan obtained from a professional money-lender, and that the evils attendant upon the system far outweigh the good.

Smith, 4641. 4644. Collier, 288. 293.

"They therefore consider that there is urgent need for the interposition of the Legislature with a view to removing the evils"—(The *Chairman*).

Lewis, 119.

Question, That this Paragraph be inserted in the proposed Report,—put, and *agreed to*.

Another Amendment proposed, That the following new paragraph be inserted in the proposed Report.

"In connection with this point, however, your Committee desire to draw attention to the following extract from the Report of the Special Committee of the Council of the Incorporated Law Society:—

> "'It might be convenient that any new Act of Parliament should contain a preamble showing that it is directed against the evils attendant upon the system of money lending by professional money-lenders, at high rates of interest, or under oppressive conditions as to repayment, and especially in cases where misleading advertisements or circulars have been resorted to, or where young or aged or ignorant persons or married women have been concerned, or persons under fear of publicity to themselves or their friends, or where the business is carried on under false or misleading names. The object of such a preamble (and therefore many precedents in forcible language in the old statutes against usury) would be to indicate the class of cases in which the Court is expected to interfere, and not to specify or limit the circumstances which would justify interference.'

"While not expressing any opinion as to the particular form of words which should be adopted, your Committee consider that such a preamble as that suggested might be of service in indicating the kind of transaction which it is intended to control"—(The *Chairman*).

Question, That this Paragraph be inserted in the proposed Report,—put, and *agreed to*.

Another Amendment proposed, That the following new Paragraph be inserted in the proposed Report.

Snagge, 1774.

"Your Committee are satisfied from the evidence, that many borrowers are deterred from going into Court, by fear of the publicity which would thereby be given to their misfortunes, and that they will submit to almost any degree of oppression in order to conceal from those about them what their position really is.

Mathew, 1441.

Report of Council of Incorporated Law Society.

"They therefore consider that to render the remedies proposed really effective, it is essential that wherever it may appear to the Court desirable, the Court should have power to hear any money-lending case in private"—(The *Chairman*).

Snagge 1774.

Amendment proposed, to the proposed new paragraph, to leave out from the word "from" in line 1, to the word "is" in line 4, both inclusive, in order to insert the words: "That money-lenders often take into consideration, as part of their security for payment for unjust claims, the dread of the consequences to the borrower of any publicity of the transactions with them, into which his misfortunes have led him. They are satisfied that borrowers will often submit to almost any degree of oppression in order to hide the consequences of their folly or misfortunes"—(Mr. *Warr*).—Question, That the words proposed to be left out stand part of the proposed new paragraph,—put, and *negatived*.

Mathew 1441.

Question, That the proposed words be there inserted,—put, and *agreed to.*

Question put, That this paragraph be inserted in the proposed Report.—The Committee divided:

Ayes, 4.	Noes, 2.
Mr. Ascrot.	Mr. Garfit.
Mr. Thomas Bayley.	Mr. A. K. Loyd.
Captain Claloner.	
Mr. Warr.	

Another Amendment proposed that the following new paragraph be inserted in the proposed Report.

"It has also been proposed that money-lenders should be required to take out a licence in addition to being registered. Farrow, 1356. Lewis, 34. Hawkins, 429.

"Your Committee have considered this proposal, but in view of the serious difficulties of carrying out a system of licensing efficiently, and of the opportunity which the money-lender would have under such system of advertising himself as "licensed under Act of Parliament," and thereby implying a guarantee of respectability and fair dealing, they do not recommend its adoption"—(The *Chairman*).—Question, That this paragraph be inserted in the proposed Report—put, and *agreed to.* Mathew, 1507–1509, 1526–1532.

Another Amendment proposed, That the following new paragraph be inserted in the proposed Report.

"Your Committee have received evidence of the existence of the practice of charging inquiry fees without any intention of lending money, and while they fully appreciate the difficulty of obtaining convictions in such cases under the existing law, in consequence of the necessity of proving the existence of a system before fraud can be established, they do not recommend any alteration in the law"—(The *Chairman*).—Question, That this paragraph be inserted in the proposed Report, put, and *agreed to.* Farrow, 48–58. 62–83. Cuffe, 3564. 3574.

Another Amendment proposed, That the following new paragraph be inserted in the proposed Report.

"Your Committee received evidence in regard to the exactions of money-lenders through default penalty clauses in promissory notes, in some cases amounting to 216 per cent.; they were also satisfied that borrowers were not made aware of the conditions attaching to the promissory notes which they had signed; that they could not ascertain the amount due in respect of principal and interest, or of the amount and method of repayment, and were in consequence left largely at the mercy of the money-lender. In order to obviate these evils your Committee recommend that promissory notes in money lending transactions (up to the amount of 20*l.*) should be made out in accordance with a statutory form; such promissory notes, in your Committee's opinion, should show the exact amount of principal advanced, the amount and rate of interest charged, and amount retained for expenses and interest respectively with the amount and date of payment of each instalment, showing the sum applied in respect of principal and sum applied in respect of interest. They also recommend that all promissory notes in money lending transactions should, as in the case of bills of sale, be attested before and fully explained by the Registrar of the County Court of the district in which the borrower resides and be registered in that Court"—(Mr. *Thomas Bayley*).—Question proposed, That this paragraph be inserted in the proposed Report.

Amendment, by leave, *withdrawn.*

Another Amendment proposed, That the following new paragraph be inserted in the proposed Report.

Garnishee Proceedings.

"It is provided by the Wages Attachment Abolition Act, 1870, that 'no order for the attachment of the wages of any servant, labourer, or workman shall be made by the Judge of any Court of Record or inferior Court,' but it has been held that clerks and other such persons in receipt of small salaries are not entitled to protection under that Act." 33 and 34 Vict. c. 30. Gordon v. Jennings, 9 Q.B.D., 45. Roxburgh, 3558.

Evidence has been submitted to your Committee showing that the garnishee summons may be and is used as an instrument of oppression against clerks and persons in similar positions, and it appears from the evidence of Mr. Roxburgh, the Assistant Judge of the Mayor's Court of London, that 99 out of every 100 such summonses issued by that Court are obtained by money-lenders. Farrow, 1243–1258. Roxburgh, 3602–3612. Roxburgh, 3609.

Your Committee therefore recommend that the protection granted by the Act of 1870 should be extended to any person whose wages or salary, together with any other income, does not exceed the sum of 200*l.* per annum—(The *Chairman*). Roxburgh, 3604.

Question, That this Paragraph be inserted in the proposed Report,—put, and *agreed to.*

Question, That this Report, as amended, be the Report of the Committee to the House.

Ordered, To Report, together with the Minutes of Evidence and an Appendix.

EXPENSES OF WITNESSES.

NAME OF WITNESS.	Profession or Condition.	From whence Summoned.	Number of Days Absent from Home, under Orders of Committee.	Allowance during Absence from Home.	Expenses of Journey to London and back.	TOTAL Expenses allowed to Witness.
				£. d.	£. s. d.	£. s. d.
Sir Frederick Falkiner	Recorder of Dublin	Dublin	3	3 0	4 17 0	8 0 0
Judge Collier	County Court Judge	Liverpool	2	2 2 0	3 4 0	5 6 0
Mr. James Dodwell	Gentleman	Aylesbury	½ of one day	0 7 0	0 9 3	0 16 3
Mr. Edward Shuckburgh	Gentleman	Bristol	1	1 1 0	1 5 9	2 6 9
(and Clerk)		Exeter	1	0 5 0	1 11 6	2 6 6
Mr. P. J. Hannan	Land Surveyor	Claremorris, County Mayo.	4	8 8 0	4 13 6	13 1 6
Mr. G. W. Russell	Gentleman	Killybegs, Donegal	4	4 4 0	5 9 0	9 13 0
Mr. W. H. S. Monck	Chief Registrar, Dublin	Dublin	3	3 3 0	4 18 0	8 1 0
				TOTAL - - - £.		49 11 0

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MINUTES OF EVIDENCE.

Thursday, 10*th March* 1898.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Caldwell.
Captain Chaloner.
Mr. Garfit.
Mr. Jeffreys.
Mr. A. K. Loyd.
Mr. T. W. Russell.
Mr. Warr.
Mr. Yerburgh.

MR. T. W. RUSSELL IN THE CHAIR.

Sir GEORGE HENRY LEWIS, sworn; and Examined.

Chairman.

1. As I stated in my letter to you, the Committee have come to the conclusion that further evidence as to the evils attendant upon the present system of money lending is unnecessary. We now desire the assistance of lawyers and others who have had experience of those evils, with a view to suggestions being made as to any alterations of the law. Perhaps you will, in your own way, and without direct question and answer, proceed to tell the Committee what you think ought to be done to mitigate the evils of the present law. You will have a perfectly free hand. Just proceed in your own way and tell the Committee what you desire?—I would wish to divide the usurers into two classes—the West End usurers in London, and the usurers who have spread a network throughout the country, many of whom you have had before you; and I will deal with the latter class first, if you will permit me. I may say I have been 42 years admitted a solicitor, and have had great experience in the ways of money-lenders, and the evils that have been produced by the system of usury. The first suggestion I would make to the Committee is this: The usurers all over the country trade under false names—pretend to be banks—issue circulars and prospectuses which are fraudulent and false, and issued for the purpose of getting into contact with borrowers for the purpose of defrauding them by this system of usury; and I observe that no suggestion has been made to the Committee to put down this system of fraudulent prospectuses and fraudulent circulars, which seems to me to be the beginning of the transactions, and of very great importance to terminate; I cannot see that, short of legislation, it is possible to do anything to put an end

Chairman—continued.

to these circulars and false propectuses, and I have drawn a clause, a copy of which I will hand to the Chairman, which I think would probably put an end to it: "Whosoever, being a professional money-lender" (I know the difficulty of the the question of "money-lender")" or his manager, clerk, or agent, shall circulate or publish, or concur in circulating or publishing, any written statement which he shall know to be false in any material particular, with intent to deceive or injure or defraud any person who may enter into any contract for the loan of money, shall be guilty of a misdemeanour." I believe that if a clause of that sort were passed, the whole system of issuing these false prospectuses and false circulars would be at an end. It is no novelty (that clause), because by the present law any director of any company who publishes any statement which he knows to be false in any material particular is guilty of a misdemeanour, if he does it for the purpose of inducing any one of the public either to take shares or to enter into any contract with the company; the Legislature desired, no doubt, to strike a blow at false statements being made to the public by which they may be deceived; and if such a law exists for the protection of the public against the directors of a company, I see no reason why the same law should not exist to put an end to this system of issuing false circulars, false prospectuses, and false advertisements in the newspapers by money lenders.

2. You think that clause would meet the first difficulty you have suggested?—I think it would.

Mr. *Warr.*

3. May I ask you as to the words "with intent"?—"With intent to deceive or injure or

 defraud

Mr. *Warr*—continued.

defraud any person who may enter into any contract for the loan of money."

4. Taking the analogy of the company—the fraudulent prospectus—I think I am right in saying that it is not necessary to prove any intent to defraud, is it?—Yes, it is. I may read you the words, probably under the Larceny Act, as to a director: "Whosoever, being a director, manager, or public officer of any body corporate or public company, shall make, circulate, or publish, or concur in making, circulating, or publishing any written statement or account which he shall know to be false in any material particular, with intent to deceive or defraud any member, shareholder, or creditor of such body corporate or public company, or with intent to induce any person to become a shareholder or partner therein, or to intrust or advance any property to such body corporate or public company, or to enter into any security for the benefit thereof, shall be guilty of a misdemeanour." The maximum penalty is, I think, five or seven years' penal servitude. So far as my knowledge goes of these circulars, they are issued to the public, and in them the money-lender pretends be a private gentleman who wishes to advance money at 5 per cent., to advance it without security, and at reasonable rates, and so forth; others represent themselves to be banks specially created for the purpose of advancing money upon low terms. In that way they lure their victims (by these false statements) into their net, and they never can escape. I would call attention, as an instance of it, to the circular of Mr. Kirkwood (which is before you). Speaking of the Southern Counties Deposit Bank, Limited, it says: "To lend money in sums of 10*l.* to 500*l.*, on note of hand alone, at a few hours' notice, in any part of the country, and to all classes of borrowers, repayable by easy instalments. No sureties required, and no good application is refused. All communications strictly private. This bank was expressly incorporated under Act of Parliament to advance money at a low rate of interest to respectable persons, and the public are cautioned against having anything to do with loan offices and money-lenders, whose only object is to obtain fees." Any person reading that—I may say that the class of borrowers who would read that would not probably be very intelligent persons—would at once think they were dealing with an exceptional institution, whereas they were falling into the hands of Mr. Kirkwood, about whom I need not say anything more, because his evidence is before the Committee. I think if legislation took place to put an end to these false and fraudulent circulars a great blow would fall upon the money-lenders, and this system of fraud would be put an end to; because I do not think any of these money-lenders would risk the chance of being convicted under a clause of that sort.

Chairman.

5. Very well; then will you proceed?—Then the money-lender, having by these means attracted the borrower, who probably would never have thought of borrowing money but for the advertisements and the alluring statements in these prospectuses, supplies him with money,

Chairman—continued.

which he gets at 60 per cent., 80 per cent., or a much greater rate of interest, to which I need not further refer, because it is before the Committee.

6. Sixty per cent. is the usual rate?—60 per cent. is the usual rate. I see there is sometimes 2,000 per cent. charged.

7. That I am bound to say arises from default interest?—My suggestion to that is: If the usury laws are not to be re-enacted against professional money-lenders, then I would give the right to Her Majesty's Judges, to the Judges of the County Court, and to the registrars of the Bankruptcy Court, to fix a fair rate of interest according to the circumstances of the case brought before them. I have never understood why a court of equity, as a principle of equity, will set aside an unconscionable bargain, made by an expectant heir, because it is unconscionable, and is forbidden to set aside unconscionable bargains between the public and money-lenders, who are never upon fair terms; the money-lender being thoroughly *au fait* at the game, and the borrower knowing nothing about it, charging him usurious and unconscionable interest, and obtaining every possible advantage that he can. I see no reason, as I say, if the Usury laws are not to be re-enacted against money-lenders, why the Judges of Her Majesty's Courts should not be at liberty, in each case, to fix what is a fair rate of interest, under the circumstances that the borrowers should pay, in cases where an unconscionable and extortionate rate of interest has been obtained; because you must never forget that, although 60 per cent. is charged upon these promissory notes and bills, these money-lenders do not charge the ordinary rate of five per cent. after the bill has become due, but put upon the face of it, that the borrower shall pay 60 per cent. until payment, after the bill is due. Consequently, though the banker or the honest tradesman who holds a bill is entitled to have five per cent. after the bill becomes due, the money-lender, by means of this agreement, is entitled to receive 60 per cent. until the amount is paid, that of course increases, to a very great extent, the liability of the borrower.

8. Then you see no difficulty in intrusting this discretion to the Judges?—Certainly not; I think Her Majesty's Judges are the proper persons to do that, and would do it sternly, as it requires to be done. But I would go further than that; and I would say that when the account is taken between the money-lender and the borrower by the Judge or by the Master of the Court to whom the matter may be referred, that when that account has been taken, if it shall be found that the borrower has paid to the money-lender a sum in excess of the capital with the fixed interest by the Court, the money-lender should be bound to return to the borrower the amount that he has so received in excess. For instance, if transactions have been running for two or three years between these parties, and the court were to fix 20 per cent. interest, instead of 60 per cent. interest to be charged by the money-lender, that taking the capital and taking the 20 per cent., or whatever may be the percentage the Judge might allow, if that man has paid in excess of the capital and interest, the

money-

Chairman—continued.

money-lender should recoup to the borrower the amount that he so improperly (after the account has been fixed), obtained from him.

Mr. *Ascroft.*

9. Would you also, where the account has not been cleared off, have the overplus of interest credited to the principal?—Where what, sir?

10. Where the account has not been wholly paid, would you have the overplus of the interest also credited to the principal in reduction of the debt?—I would have it from the first transaction between the parties.

Mr. *Garfit.*

11. You would go back to completed bargains?—I would. The Court would do so if an expectant heir paid up the money, and I see no reason why they should not do it in this case too. If the money-lender found himself in a position in which he had to restore to the borrower the amount he had so improperly obtained, he would find himself in a very awkward position.

Mr. *Warr.*

12. Would the borrower have power on his own initiative to apply to the Court to have an account taken?—Certainly; it would be a sort of proceeding for redemption—offering to pay what is fairly due by him at such rate of interest as the Court might fix.

13. And supposing there were negotiable securities in the hands of *bonâ fide* holders for value?—Then he might have to pay, of course, if the promissory note was in the hands of a *bonâ fide* holder; but I would give to the Court the power to order the money-lender who has transferred the promissory note to pay the debt, in the same way as if he held it himself.

14. You would not interfere with the rights of the *bonâ fide* endorsee?—I do not think it is possible. If a man is a *bonâ fide* holder for value, I do not think it is possible in any way to interfere with that, but I would make the money-lender liable in the same way as if he held the promissory note himself.

Mr. *Ascroft.*

15. Would you make this retrospective, or only from the date of the passing of the Act, if the Act were passed?—I would make it from the passing of the Act. I think it would be only fair to make it from the passing of the Act. I believe that the effect of this vicious system of money lending at usurious interest by people of no character and no respectability tends to increase betting and gambling and crime; it induces people to go to money-lenders, to make false statements for the purpose of obtaining money; it induces them sometimes to commit forgery and other crimes, which would never be committed except for the inducements that are held out by these money-lenders, and I think that one of the money-lenders himself admits that it has that effect. Mr. Samuel, who trades as Fieldings, at page 113 of the Blue Book, Question 2156 (I am not now alluding to West End money-lenders, though I think they are the worst of the two), is asked: "What are occasions of losses chiefly?" and he replies:

Mr. *Ascroft*—continued.

"Sometimes forgery, sometimes fraud, sometimes false pretences, sometimes the landlord has sold the people's homes up before we issue any process, and, therefore, they are not worth suing; but, I can tell you this, sir, that by special losses sustained by false representations, forgeries, and other fraudulent actions, either prior, at time, or subsequent to obtaining the loans, we lost 5,510*l.* 5*s.*" Question 2158, "Have you prosecuted in any of these cases of fraud?—(*A.*) There have been prosecutions; we have not indulged in them, because they bring no result; they do not bring the money back." Now, what I say is this, that if these money-lenders obtain declarations that the man is owing only so much money, or that he has not charged his reversion, or other false representations, their object is not the public interest at all, but their object is to try and get back the money, of which they say they have been defrauded.

16. Would you see any objection to money lending promissory notes having a special heading?—A special heading? In what form, sir?

17. "Money-lending note," or something to call the attention of anyone to whom the note was subsequently offered for the purpose of raising money to the fact that it was a money-lending transaction?—I see no objection to it; but I do not think it would have much value, because these money-lenders have relations and connections who would give value for the note for the purpose of indirectly enabling them to cheat the borrower. They would go into court, and they would say: "Yes, we saw it was a money-lending transaction, and we have given value for it," and if the jury found they had given value for it, it would not help at all.

Chairman.

18. What is your next suggestion?—Then as to bills of sale.

19. I was coming to that; I was going to ask you some questions on that. I suppose you have seen the evidence that has been given here?—I have. There was a small Loans Bill brought in by Mr. Marks, I think, in the year 1896, in which he rather wished to limit loans (I do not know whether you remember it, sir) to 10*l.* or 20*l.*, and that the rate of interest should be 10 per cent.

20. It did not pass, did it?—It did not go further.

21. I mean it did not become an Act?—There was no opportunity of passing it; but bills of sale are, I think, certainly the most detestable things for poor people being called upon to sign; it is next door to a man taking off his coat to pawn that.

22. You are aware there are no bills of sale in Scotland?—I am aware of it, sir. When a man pawns his little home, of course he gives up his last defence, and to entitle the money-lender to charge him, under such circumstances, 60 per cent. is positively shocking. The suggestion I would make is this: I see that some of the witnesses have suggested that a bill of sale should not be valid for less than 50*l.*, instead of 30*l.*; but I would suggest that the interest upon all bills of sale for sums under 100*l.* should not exceed 10 per cent.

Chairman—continued.

23. The point to which I wish to direct your attention is this: It has been proved before us here that when a borrower goes to a money-lender to borrow 25*l.*, say, the money-lender says, "No, I will not lend you 25*l.*; I will lend you 50*l.*, and take a bill of sale, and I will give you 20*l.* back." That is simply a method of getting behind the Bills of Sale Act?—It is an evasion of the Act.

24. It is an evasion of the Act, but I am afraid it is so clever an evasion that it cannot be reached by the present law?—I think if the interest upon bills of sale (and it must be remembered that is interest to be paid by a man who is at his last resource) is fixed at 10 per cent. for bills of sale under 100*l.*, all those bills of sale would disappear, because it would not be worth the while of the money-lender (I think every one of them will tell you so) to lend money at 10 per cent.

25. They would not do that?—No.

Mr. *Warr.*

26. Some money-lenders told us that bills of sale are really not often resorted to now; is that your experience?—Well, there have been so many legal difficulties in connection with bills of sale that I think they have not made very much money out of them, and they look upon them as rather dangerous; but it is impossible to say what fresh set of money-lenders will start and will take the risk. I do not think they have lost very much money by it. I think if you were to fix the rate of interest at 10 per cent. for bills of sale of 100*l.* you would find all these bills of sale disappear: you would see no more money-lending on bills of sale.

Chairman.

27. May I point out that that would be in a manner getting back to the usury laws, and there is great objection to that?—I limit it, sir, to bills of sale under 100*l.* I do not say anything as to bills of sale above 100*l.* but the bills of sale under 100*l.* are bills of sale made by poor people who are in their last extremity, and are driven to these money-lenders, who charge them 60 per cent.; and if the furniture would realise it, they add 60 per cent. to the difficulties of the borrower, and pocket it out of his necessities.

Mr. *Ascroft.*

28. Do you see any objection to making it illegal to lend on a bill of sale on household furniture and effects?—I do not think so. I think it is a matter of taste whether a man will lend money upon a house of furniture, but I see no reason why he should not be allowed to do it above 100*l.*

29. But is not it chiefly in these cases that the extortion arises?—Every bill of sale is registered; and if you had the register brought before you, or certified copies of the register, you would see that bills of sale are sometimes given for large amounts; and I do not think it is possible to say that nobody should be allowed if in difficulties to raise money upon furniture by bill of sale.

Mr. *Warr.*

30. In fact, are bills of sale given for large amounts?—Oh, yes, in some instances I have at this moment a case of a lady who wanted to borrow 5,000*l.* upon a bill of sale on her furniture, which was worth more than 5,000*l.* She put herself into communication with one of these advertising people, who sent down to have an inventory made of the effects, and charged her 50*l.*; she paid him the 50*l.* The inventory was made (which I suppose ought to have cost 5*l.*, or something of that sort), and then he said, "Oh, well, I cannot lend it unless you put your jewellery and your plate in besides," and so forth; having told her previously that there was ample security for the money. He obtained her 50*l.*, and she was quite ready to make the bill of sale for 5,000*l.*, and had property of 5,000*l.* value. He cheated her of 50*l.*, in my judgment. These are bills of sale for large sums, 5,000*l.* and so forth.

Chairman.

31. Then the remedy you suggest for that evil is that no interest over 10 per cent. on a bill of sale under 100*l.* should be legal?—Yes; I think that would meet every case of the poor borrower who finds himself in the hands of one of these usurers. I think the effect of it would be that you would find no more bills of sale made by these people, and you would have struck a blow which would put an end to that sort of thing.

32. Then you ask, I see, as to warrants of attorney. A warrant of attorney was a very fashionable thing before the abolition of imprisonment for debt on civil process, when a man could be arrested for a debt. Then the money-lender took a warrant of attorney, which in effect enabled him to sign judgment against the debtor for the amount inserted in the warrant of attorney. The debtor had no notice of it, and the money-lender then being in a position to sign judgment, would sign judgment under that warrant of attorney, and would arrest the debtor who owed the amount, and put him into prison, with a view to recovering his money; but when the law changed, and arrest for debt on civil process was abolished, it became obsolete; it was not worth anyone's while to do it any more, and that is the reason why that instrument has disappeared.

33. Then you do not think anything is necessary with regard to warrants of attorney?—I do not think there is much harm done by them now. Certainly, since the abolition of imprisonment for debt, I have never had before me any one case of judgment signed on a warrant of attorney.

Mr. *Warr.*

34. Then it would be as well to get rid of it altogether?—Certainly, there is no value in allowing it to stand. Then I would make every money-lender trade in his own name; or, rather, I would suggest to the Committee that every money-lender should trade in his own name, and should take out a licence as a money lender.

Chairman.

35. That would help us in another way; it would define the professional money-lender?—Yes; so that the public might know who are and who are not professional money-lenders.

36. How

Mr. *Garfit.*

36. How would you deal with the case of companies?—I was going to say that very likely would be avoided by these money-lenders turning themselves into limited companies and calling themselves banks.

Chairman.

37. "Fieldings, Limited"?—I would then make a sort of one-man company, such as Mr. Samuels created in Fieldings, where the whole of the shareholders are his mother, and his brother, and his sister, his cousins, and so forth. I would make him trade as "Samuels, trading under the name of Fieldings, Limited"; but where a *bonâ fide* company has been created, I do not see that it is possible to deal with that, except to make the company register themselves as money-lenders.

Mr. *Ascroft.*

38. Could you meet the difficulty by providing in all cases where action is taken, and it is shown to the court that the transaction was in the nature of an usurious transaction, and the lender had not registered himself or placed himself as a money-lender, that the debt should be irrecoverable?—Certainly I would.

39. That would protect the banks?—Certainly. Solicitors have to take out a license, so that the public may know who are lawfully entitled to practice the profession; doctors are registered; newspaper proprietors are registered, so that the public may know who is responsible. I do not see any reason why a professional money-lender should have exceptional advantages and not be registered.

Mr. *Warr.*

40. You call him always a "professional money-lender"?—Well, I cannot think of any better word to describe him than by describing him as a man who carries on the business of a professional money-lender, unless you were to make exceptions, and say that "a banker," "a broker who may deal in money," and so forth, should be excepted; but I think before any jury it would be a question of fact: Is this man carrying on the business of a professional money-lender? And the jury would judge in each case whether he was or was not. I think that a "professional money-lender" is a well-known person, as to whom there would be no difficulty. I would ask permission now to refer to the West End usurers of London. I believe that the extent of the usurious money-lending by the West End usurers of London has become an absolute scandal, that it encourages young men to bet and to gamble, and to extravagence, and that it leads them into the commission of crimes for the purpose of getting money to meet these difficulties. May I be allowed to call the attention of the Committee to the money-lenders of London who are exposed (I may say I exposed them myself) in "The World" journal in the year 1874, some of whom still exist, many of whom disappeared, and the history (it will not take long) of the money-lenders of that day; and then I will call attention to the West-end money-lenders of the present day, and show you that they trade now as they traded then, under false names, taking

Mr. *Warr*—continued.

well-known names for the purpose of deceiving persons into the belief that they are dealing with well-known persons, whereas they are dealing with these usurers. The first were Messrs. Gurney & Co.

41. Where are you quoting from?—I go to "The World" journal of 9th December 1874; they are described as "Army Agents and Accountants, 6, Grosvenor-street." May I be allowed to say that I did not write these articles? They were written by Mr. Labouchere. "This eminent firm of usurers is a Mr. Robert Jacob Jordan. He was a member of the College of Surgeons and Physicians in Edinburgh, and in this capacity he started an anatomical museum in London of the Dr. Kahn type, and offered his services to those who, having inspected the museum, imagined that they were suffering under some of the diseases which afflict humanity, and the results of which were simulated in wax. The scheme, however, did not recommend itself to the Faculty of Edinburgh, and the name of Jordan was struck off the rolls of the college of the modern Athens. As he still, however, clung to his *Alma Mater*, and in his advertisements continued to describe himself as one of her sons, an interview with Mr. Knox and two fines of 40*l.* became necessary to induce him to sever the connection. The prosecution which this respectable practitioner was called upon to endure did not end here, for he subsequently had again the pleasure to meet Mr. Knox, on a charge of extorting money from a young gentleman who had consulted him in his professional capacity. Jordan then turned his attention to commercial pursuits, and became a printer; then he entered into partnership with his brother-in-law, Mr. C. F. Picard, now an accountant in St. James's-street, and the two became the firm of 'Picard, Jordan & Co.,' and dealt in corks, under the style of the 'Catalonian Cork Company,' and in salt, under the style of the 'European Sea Salt Company.' These branches of industry, however, did not prosper, for in 1868 he executed a deed of assignment to Benjamin von Praagh for the benefit of his creditors, and in 1869 a further deed of composition, by which his creditors were promised two shillings in the pound. 'Messrs. Gurney continue,' according to their advertisement 'to advance large amounts on note of hand simply;' and in a circular which they send to officers and others, they state that 'all communications should be made by letter in the first instance to us, and will be held in the strictest confidence, and receive our immediate attention.' No. 2, Mr. A. Warner. 4, Pall Mall Place, S.W. Mr. W. A. Warner is Mr. Reuben Jacob Jordan, a brother of No. 1. He was formerly a merchant in the China trade. On the door of No. 4, Pall Mall Place appears a brass plate with the imposing words, 'Reversionary and Mortgage Company: Manager, W. A. Warner.' 'Loans,' says the advertisements of the Reversionary and Mortgage Company, 'to any extent on Mortgages, Reversions, &c.,' can be obtained from Mr. Reuben Jacob Jordan, also 'prompt cash advances to meet urgent claims;' whilst such is the confiding spirit of this friend of impecunious humanity, that 'simply a note of hand' is required in return for hard money.

Mr. *Warr*—continued.

No. 3, Scott and Co., 21, Cork-street West. Scott and Co. is a certain Benjamin von Praagh. He is the brother-in-law of No. 1. He was formerly a diamond merchant in Bloomsbury-square; failed, and registered a deed for the benefit of his creditors, a mode of meeting their claims which was of no kind of benefit to them. By another registered deed he changed his name to J. R. Young. Either he or one of his relatives is the proprietor of the Civil and United Service Club, Brighton. Scott and Co. is a firm of rapid decision; for, in their advertisements, they offer to lend 'any amount of money at an hour's notice.' No. 4, Messrs. Kennedy and Co., 294, Piccadilly. Messrs. Kennedy and Co. is Mr. Henry Marcus. 'Mr. Kennedy lends money to officers, noblemen, and gentlemen, on their simple note of hand.' No. 5, 13, Piccadilly. Over the door are the names of Mr. Campbell, and Mr. Llewellyn. These gentlemen are one and the same person, Mr. Lewis Llewellyn Calisher. He was formerly a diamond merchant: failed, registered a composition deed, and as the composition was not paid, registered another. Mr. L. L. Calisher had the pleasure of an interview with Mr. Knox a few months ago, when he was charged with conspiring to defraud a lodging-house keeper in Jermyn-street. After many investigations the matter was settled in an amicable manner, and the lodging-house keeper, conscience struck, no doubt, at having brought an accusation against so good a man, declined to go on with the charge. No. 6, Grant and Co., 16A, Sackville-street. Grant and Co. is Mr. Bertram James Calisher, sometimes known as B. J. Calister. He is the brother of No. 5. Like him he has failed; on which occasion he registered a deed to pay his creditor one shilling in the pound. He offers money to the impecunious at 'from' four per cent. No. 7, J. Robarts Curtis, 1, Air-street, Piccadilly. The father of Mr. Curtis was a Mr. Kortorsk, who was sentenced to imprisonment as a fraudulent bankrupt. Not being aware that his heir intended in after life to pursue the trade of usury, in which an apparent connection with a firm of bankers might prove useful, he neglected to have him baptised by the name of Robarts. This error Mr. Curtis has himself corrected, and has paid Messrs. Robarts the handsome compliment of assuming their name. No. 8, Mr. Lester, 6a, Vigo-street. Over the door is the name of Mr. Sanguinette, a brother-in-law of a certain David Moss Lyons, a general tout to money-lenders. The principal in the firm is Emmanuel Moss, formerly a glass merchant in St. Mary Axe, and bankrupt." I omit the next one, because I think it just to say the moment the names were published they disappeared from the business altogether and went into trade; but the second article, which is very short, is this: "Michael Benjamin, late of Air-street, Piccadilly, formerly Howard and Co. This gentleman, after the manner of stage usurers, was accustomed to make advances to clients in the form of cigars, jewellery, and a little money. Having failed, he took a lamp shop in Brompton, but he is now again insolvent. No. 12, Hubert Jay Morice, late of Regent-street, public accountant. Under this name, which is assumed, he has made the

Mr. *Warr*—continued.

acquaintance of more than one magistrate. He, for some time, was a jackal to Messrs. Fitch and Fitch. The career of this man has been so disgraceful that, at this festive season of the year, we do not feel that it would be fair on our printers to ask them to set it up in type. No. 13, David Moss Lyons, Vigo-street, Regent-street. This gentleman is a general tout to money-lenders, but of late these wary practitioners have been obliged to decline to employ him. No. 14, Abraham Joseph Murray, 20, Sackville-street, solicitor and usurer. On his door was, until lately, the name of Simpson (No. 10); but it has recently been replaced by the name of Berkley. No. 15, Israel Gideon Roland Barnett: as J. Merry and Co., finance agents and accountants, trades at 8, Buckingham-street, Strand. The speciality of this gentleman has been to go about London and make acquaintances, who were speedily run in to Messrs. Fitch and Fitch, for whom he acted as a jackal. Mr. Barnett had on his premises a tame lawyer, named Alcock. Mr. Israel, who has also made the acquaintance of Mr. Knox, is now a bankrupt. No. 16, Messrs. John and Noel Fitch, Borough, solicitors. The terms of these gentlemen vary from 60 to 80 per cent. They pay touts, who bring flies to their web. They have been eminently successful, and it is pleasing to find that their energy has been recognised by their neighbours, for Mr. John Fitch was appointed solicitor of the parish in which he transacts his business. No. 17, Samuel Lewis, Cork-street. Samuel is a large discounter, and is provided with bills for discounting by Benjamin von Praagh, alias Young, alias Scott and Co., and carries on the trade of usury under his own name. No. 18, Mr. Lester. We know nothing of this gentleman, but we have received the following letter respecting him: 'New University Club, St. James-street, December 18th. Sir, Though I am only a country parson, Messrs. Gurney have several times endeavoured to tempt me with their philanthropic offers. But a new aspirant for clerical favour has entered the field; the enclosed letter having been forwarded to me here in town from my country vicarage. If the writer's name is new to you, put him on your list, and add one more to the black catalogue. Yours obediently (Enclosure) 6, Vigo-street, Regent-street. Sir Having a large capital at my command, should you at any time require a temporary advance of cash, I should be most happy to let you have the same on your note of hand, immediately in strict confidence, and at a moderate rate of interest, H. Lester.' The promise of strict confidence is made by all these usurers. The following is the circular of Reuben Jacob Jordan, alias Alfred Warner. It is dated December 17th, by which it would appear that Reuben still continues his practice. 'Sir, Having at my disposal a considerable sum for investment, I shall be happy to make any temporary advance you may require, simply on note of hand, or carry out your instructions for sale or loan upon reversionary, house, or other property, at a reasonable rate, your application will be promptly attended to, and treated with the strictest confidence, I am, Sir, yours faithfully, Alfred Warner.' No. 19, Joseph George, 8, York-

Mr. *Warr*—continued.

8, York-street, Portman-square. This worthy 'George Joseph' (he reverses his name), formerly carried on usury in a street leading off the Strand. His principal business consisted in advancing money to Government clerks in Somerset House and other offices, and he has made a large fortune by these means. The conspicuous figure of this gentleman will no doubt be familiar to many of our West End readers, who during the season may daily see him in the park, driving a dashing white horse in a cabriolet behind which clings on for his life a diminutive tiger. His solicitor was his brother, Thomas Joseph George, otherwise Thomas Joseph. The profession of the law, however, suffered a severe loss a short time since, when his name was removed from the rolls. No. 20, J. Goodman, 20, Salisbury-street, Strand. This gentleman publishes the following circular: '20, Salisbury-street, Strand, 13th December, 1874, Sir, having heard that you require a temporary advance of cash, I beg to say, if such is the case, I shall be most happy to let you have any that you may require. An answer will oblige Yours obediently, J. Goodman.' Mr. Goodman is the son of Mr. Abraham Goodman Levi (now deceased), known on the turf as 'Goody Levi.' His heir has no office at all, but hails from a lodging which he occupies. Inasmuch as he is almost penniless, his large-hearted offer is probably dictated more by his generous sympathies than by any real power to assist the embarrassed." The exposure of the true names of these money-lenders had the effect of putting an end for a time to the usurious practices of these West End money-lenders—men who had no means of their own—bankrupts, impecunious, disreputable, dishonourable people, who obtained their money from either Mr. Sam Lewis or some other usurer with capital.

Chairman.

42. They were, as a matter of fact, mere touts?—They were touts and thieves; I can only call them that. Now there has been no exposure of them for some time, and they are just as bad, or almost as bad, as they were at that day.

Mr. *A. K. Loyd.*

43. Do you say some of the same people mentioned in that article are now carrying on the business?—Yes, I do, one or two of them.

44. Will you specify those?—Mr. Samuel Lewis, whom I have read about, who has had an experience of upwards of 30 years, I suppose, of money-lending at the present day, is one; Mr. Sanguinetti is another; amongst new ones Mr. Saville J. Parker, of 10, Sackville-street—his name is not Parker, I believe his name is Isaacs; Mr. Herbert Sanguinetti, 16, Old Bond-street.

Chairman.

45. Who is Sanguinetti?—"Sanguinetti, I believe, is Sanguinetti. Mr. Alfred Abraham Moore, of 6, Vigo-street; he lends money—discounts bills, rather—by giving part cash, part jewellery, part cigars, and he will throw in a gun; Mr. Jay, of 90, Jermyn-street, whose name, I believe, is Jacobs; Mr. Robert Morris, of 8, Regent-street—I think he has within the last few weeks retired, having amassed a large fortune; Mr. Samuel Lewis, of 17, Cork-street; Mr. Blayberg; Messrs. Edwards and Co., who is a man named Hart; Mr. Samuel Engel, of Great Marlborough-street; Mr. Joel Ford, whose real name, I believe, is Fliegende Taube, which would be, in German, "flying dove"; he hails from Jerusalem. The names of these men I have read to you, as you will very easily see, are the names of Jews—all of them. There are Christians engaged in this business. May I be allowed to say one thing to this Committee; that is, that I know that the Jewish community despise and loathe these men and their trade; they are not allowed to hold any public position in the community; they are utterly ignored; the Jewish clergy preach against them and against their usury in the synagogues; and I may be allowed to say this because I know it of my own knowledge. I am myself a Jew.

Chairman—continued.

Mr. *Warr.*

46. Does that apply to the country generally?—It does.

Chairman.

47. I think it is only fair to say, in regard to that, that in Mr. Isaac Gordon's case—after his evidence here—action was taken by the Synagogue in Birmingham precisely as you, Sir George, point out here?—They are absolutely loathed; but it is impossible that the community can do anything with the men, who come over from Poland, Jerusalem, and other places, and start themselves in this way, but they would be only too glad to see them put down and abolished altogether, and imprisoned.

48. Then your opinion is that the West End usurers are worse than the ordinary country usurers?—I do think so, from cases that have come before me. I will take the case of Mr. Samuel Lewis, who is one of the greatest usurers in London—20 years ago there came before me cases where Mr. Lewis lent money or discounted bills for young men, giving part money, part jewellery, at 60 per cent. or more; the meaning of which was, that if he discounted a bill (for his transactions then were not large) say for 500*l.*, and he charged 60 per cent., and deducted that from the bill, and then gave the remaining half in cash, and 250*l.* in jewellery (which I need hardly say was charged at 50 per cent. profit), that gave him a profit of about 110 per cent. After Mr. Lewis became rich at that sort of business, he gave it up, and I believe for the last 20 years he has lent money on a large scale at 40 per cent. To these men it makes no difference whose security comes into their hands. There was a case the other day—a notorious case—I do not wish to mention the name, but of course it is known to the Committee—and I venture to think that, if it had not been for the facilities which usurers give and the way the debtor becomes entangled so that he cannot escape from their fangs, I think the crime for which a young man is now suffering would never have been committed. Mr. Lewis and these other persons do not lend money simply to the young men who come to them; the first thing they do is to see who is the father, who are their relations, what is the chance of screwing it out of them; and the money is lent with a perfect knowledge

Chairman—continued.

knowledge that the chances are that the father will have to pay, because a man who has any security can go to his bank and get money at five per cent. Mr. Spender Clay, in a recent inquiry, is a rich young man who has just come into a very, very large fortune; his bill was discounted—not for him, but his bill was discounted—by Mr. Lewis at 40 per cent.; it was discounted at 40 per cent. because the young nobleman who took it to him was in his toils for other transactions. It came out in that trial that upwards of a hundred thousand pounds of transactions had passed between that young nobleman and Mr. Samuel Lewis. Fancy what that means at the rate of 40 per cent. for whatever period each of the transactions may have been running! It is impossible for any man to be otherwise than ruined by such transactions. The effect of this money-lending by all these people in London is that young men are encouraged to bet, because they know they can go to the money-lender next morning and probably raise the money. The money-lender will give them money—not that he thinks that the debtor can pay, but because his father can pay or his relations can pay; and most of the money is squeezed out of the relations in that way. Another mode in which they carry on their business is, that they see that the man must have money, and they say: You must make a sworn declaration what your debts are.

Mr. *Warr.*

49. Is that common?—Yes. He makes a declaration; he does not tell the truth (I have nothing to say for him); the money-lender pretty well knows it. Then he has his sworn declaration, and if the money is not paid by the father a summons is taken out at the police-court, the charge is brought, and all this disgraceful exposure is hushed up by the money being paid to the money-lender. I believe that if the transactions of these money-lenders were overhauled, as I have suggested, by the Judges, you would put down a great deal of betting, a great deal of gambling, and a great deal of extravagance; and I, for one, should be very pleased to see a heavy blow with a stern hand struck against these West End usurers.

Mr. *Ascroft.*

50. You consider legislation is required as soon as possible?—I do.

Mr. *Warr.*

51. We had the opinion of Mr. Kirkwood that if such methods (not at all all the methods you have kindly suggested, because some of those had not occurred to anyone)—that if those methods were enforced the result would be that the transactions would be perfectly ruinous to the borrowers, because the interest would have to be charged at such an enormous rate to cover the losses that the lender would encounter by the county court judges sitting in jurisdiction to set aside the contracts?—Yes, but his idea is that for the man who cannot pay 60 per cent. another man must pay out of the 60 the loss: but may I say that Mr. Kirkwood would be talking nonsense if the judges had power to overhaul the rate of interest.

52. At all events, as I understood him, it was

Mr. *Warr*—continued.

this: A man goes to a money-lender and he must have money at any rate of interest; the money-lender, if these legislative enactments are created, will say: Well, the debt between you and me is now entirely one of honour; a debt of honour requires 500 per cent; I will trust you that there will be no proceeding?—I do not follow "a debt of honour" with a money-lender, I must say, or a borrower; I cannot follow that, but all I can say is this: That if the judges are allowed to fix what is a fair rate of interest you will find the money-lender will disappear. I entirely deny that the community or society requires the existence of these money-lenders; they have all amassed and to amass considerable fortunes out of the public. I have never seen one instance in 42 years' practice where a borrower has obtained any advantage by borrowing money. I have seen these money-lenders become rich. Take a few like Mr. Isaac Gordon, who came over here from Poland or Russia, or wherever it was, without a shilling, and tells this Committee that after a few years he is lending 45,000*l.* of his own money. What does it mean? Where did he get it from?

Chairman.

53. I am bound to say that Mr. Isaac Gordon, who was examined on the same point, gave an answer which would confirm your views. I had some difficulty in getting him to understand the point, but when he understood that the proposal was to allow Her Majesty's judges to revise his contracts, as you suggest, his answer was that he would go out of business the next day?—Certainly. I am perfectly certain that society would be very very great winners if this business of usury could be put an end to.

54. Is that substantially all you wish to say?—That is substantially what I wish to say, sir. The last case of a bill of sale that I remember was the case of Lewis Simmons, who traded under the name of "The Discount Bank" in London, and he advertised he would lend money on bills of sale at five per cent. A Frenchman, a man named Launay, a hairdresser, went to him, and he lent him money at 60 per cent. on a bill of sale, and the Frenchman said he understood the interest was five per cent. per annum and not five per cent. per month. Mr. Labouchere charged Mr. Simmons in "Truth" with being guilty of this class of deliberate fraud upon Mr. Launay. Mr. Simmons brought an action against Mr. Labouchere which was tried before the late Baron Pollock (I think it was), and the jury found the verdict that he did commit this fraud. No prosecution of Mr. Simmons took place, and since then he has given up business.

Mr. *Jeffreys.*

55. In that circular you read of Mr. Kirkwood, in which he said his bank was incorporated by Act of Parliament, could not he be prosecuted for a false prospectus on those words?—But is it not incorporated by Act of Parliament?

56. All his businesses?—It is a limited company.

57. Then he is perfectly right in what he stated?—Yes. Well, he says that it was "specially incorporated by Act of Parliament." May I turn to it?

58. Oh,

Chairman.

58. Oh, yes, for the purpose of lending money?—For the purpose of lending money at small rates of interest.

59. But he never lent money at small rates of interest?—That is a false representation.

Mr. *Jeffreys.*

60. When you said that all these money-lenders would have to take out licences, did I understand you to say that bankers would have to take out licences as well?—I do not think so. I limited it to professional money-lenders.

61. You say "professional money-lenders"?—Yes.

62. They make it their business to lend money on usury?—They do lend money, but I do not call bankers carrying on business professional money-lenders.

63. Could you discriminate between the two then in an Act of Parliament?—I think it is a perfectly well-known term, "professional money-lender," and that nobody would mistake that for one of the Joint Stock banks in London or throughout the country or for private bankers either.

64. Would that be a sufficient definition for an Act of Parliament?—With great humility I will not say that; but I cannot suggest a better.

65. No, but we have to report?—Unless you say who shall be excluded from the term of professional money-lender I cannot; any English jury would know perfectly well the meaning of a man who carries on the business of a professional money-lender.

66. Yes, I think he would in the way you understand it?—And that does not include a banker; does not include a stockbroker; does not include a bill broker; does not include brokers generally.

67. Then you define it by saying money-lenders who are not bankers, brokers or bill brokers, I suppose?—I should want a great deal of thought to decide who should be mentioned in the Act to be excluded; but I think "a man carrying on the business of a professional money-lender" stamps the exact class of person you are dealing with.

Chairman.

68. That is the popular definition?—It is a well-known definition even as it stands at the present moment. Is it not a well-known term, "money-lender," that is, a usurer? If you add to that "carrying on the business of professional money-lending," I think you cannot have any difficulty about marking your man.

69. We have used the phrase in the reference to this Committee?—Yes.

Mr. *Warr.*

70. You do not think that any objection would be raised by legitimate bankers to legislation of such a character?—No, certainly not. I do not think these men come in any way into competition with bankers or legitimate banks, because a legitimate banker takes security for his advance, and these men do not come into competition with them because they deal with persons who could not get the money from bankers because they have no security.

Mr. *Ascroft.*

71. We have had these usurious money-lenders describing themselves as "the salt of the commercial world." That is far from your view I think?—It is; yes.

72. You look upon them——?—I look upon them as the vermin of the world.

73. As a curse to the poor and to the younger sons of the rich?—I do.

74. And may I take it your view is that the commercial industry of the country would not suffer in the least degree if the whole of these usurious money-lenders were swept off the face of the earth?—Not only "would not suffer," but I think would be a great improvement; and the moment these men were forced to leave their trade of usury, they would go into business like other men and carry on honest businesses, no doubt.

75. As a lawyer you do not think there would be any difficulty in legislating in such a way as to stamp out the evil and still not interfere with the legitimate money-lending connected with trade?—Certainly.

76. Without going into details, is it your view that bills of sale should be made far more restrictive than they are at present in respect to the poor?—I must say that I have not had much to do with bills of sale, but I thought that they were at present drawn from a specimen that was passed by Parliament—a form that was passed by Parliament.

77. That is so; but, of course, as drawn at present, where the poor man is a borrower?—Oh, yes; a poor man would never be a borrower under a bill of sale in my view, because no money-lender would lend him money at five per cent. Of course the wickedness of these bills of sale is this: that the money-lender need not appeal to any law to give him redress; he takes the bill of sale himself at 60 per cent. for three or six months; there is a clause put into the bill of sale that in the event of any instalment not being paid the money-lender can seize at once; he takes possession and sells up the whole of the man's home, and if the man has paid 10 instalments out of 12 he does exactly the same thing; the borrower loses the money, his home is gone, and very likely he is liable for the deficiency between the amount the goods realise and the amount of the loan.

78. Is it your view that the bills of sale ought to have something on the face other than "This Indenture," to call the attention of the man signing it to the fact that it is a bill of sale?—I am talking now of the poorer class. I think a man who signs a bill of sale with his eyes open (the case I mentioned was that of a lady), and is not deceived by fraud when he wanted the money, would equally sign with the words "This Bill of Sale" as with "This Indenture."

79. With respect to statutory declarations, which you say are used as a lever for oppression, is there any difficulty in abolishing them altogether or having them declared before the registrars of the court, or some high official?—I do not think you could abolish declarations, which furnish very useful vouchers under certain circumstances; but if you passed a law by which you gave the judges the right I have spoken of, I think you would have no more declarations from money-lenders, because you would put an end to money-lending altogether.

Mr. *Ascroft*—continued.

80. They generally find ways of getting round Acts of Parliament; can you see any objection to a provision in an Act dealing with this question requiring a statutory declaration in money-lending to be taken before some official of the court and explained by him?—I think anything that would throw light, or anything that would prevent fraud, ought to be done, and I should certainly be strongly in favour of it. At the present moment it is taken before a solicitor, or a commissioner rather. The registrars of the court would very likely say: we have got a great deal too much to do to have these people coming here for us to explain to them the form of the declaration.

81. In respect to the Bankruptcy Act, you know that the money-lender now in proving for a debt has to a certain extent advantages over the other creditors; I mean by making his bill payable in a short period of time, recouping himself large portions of the interest before he comes to prove for the balance?—Yes.

82. In your view does the Bankruptcy Act require amending in that respect?—No, I do not think so; that is why I said I would give to the registrars to the Court of Bankruptcy the right to go into the account.

83. From the very commencement?—From the very commencement. Now here is a case which passed through my own office not long ago, of a young man who is now dead; therefore I may mention his name.

Mr. *Warr.*

84. Excuse me. Would you allow the registrar to go into the account, and re-open a settled account?—Certainly I would.

Mr. *Ascroft.*

85. From the very commencement of the transaction?—Yes. This was a young man—Page Green, aged 22—died at the age of 25. He came into a fortune, and his trustees got him to make a voluntary deed to settle the property upon himself as a protection against himself; he got into the hands of this Mr. Alfred Moore, the man I have mentioned, who advanced him money, cigars, cigarettes, and jewellery; and ultimately this young man was made bankrupt; the deed itself being a voluntary deed was set aside. The young man's trustees asked me to protect him against these money-lending claims in the Court of Bankruptcy. This was a claim brought in for 5,075*l.* 6*s.* by Mr. Moore; it was allowed at 2,750*l.*; therefore they struck off 2,300*l.*; and they struck off that in a case in which this poor young man was unable to give any explanations of any of the transactions; all he knew, as he said, was that 250*l.* was charged to him for cigars; he went and pawned them, he did not know for how much; he may have got 20*l.* or 30*l.* for them; at all events the registrar went into the account as best he could, and 2,300*l.* was taken off that account; and the honest wish of the trustees to protect this young man was foiled by his falling into the hands of this usurer; if he had not fallen into his hands he would have had his fortune tied up and protected.

86. You are aware that many of these usurers lend large sums of money at high rates of interest on jewellery: would you extend the Pawnbrokers' Act to meet those cases?—No, I would not.

87. How would you deal with a case of that kind then?—The judge would have the power to determine what was a fair rate of interest.

88. Whether security is given or not?—Whether security is given or not. I should say the larger the security given the less interest the judge would allow, because the less risk the usurer runs.

89. In respect to the poorer class, and the usurer suing in the County Court, do you see any objection to the borrower being sued in the court where he resides?—I see what they do—"Scotch Diligence."

90. You see what I mean?—Yes.

91. They take an undue advantage, because the poor man cannot attend the court?—It is very difficult to say that the money-lender should not sue the debtor in the district in which he makes his loan and where he himself lives. You see, why should the plaintiff go to where the defendant lives who may move about in all directions.

92. We have had evidence that they carry on or have addresses all over the country, because of the practical advantage of its enabling them to sue in different places—I think this is part of the swindling practices of money-lenders, and that is the greater reason why they should be abolished.

93. But in the absence of abolishing them, which is impossible———I think you would abolish them if you passed such laws as those that have been recommended here.

94. "The poor we have always with us," therefore we shall always have the money-lender?—I do not agree with you. The poor will help the poor. If a man was hard-up for 2*l.* instead of his going to a money-lender and paying 60 per cent. and fines, and never being able to get out of his power, he would find some brother or friend to help him; the moment these usurers were abolished you would find self-help among these men themselves. There are also many charitable societies who help people in difficulties.

Chairman.

95. And amongst the poor there are a great many local loan societies who lend money on reasonable terms?—Certainly.

Mr. *Ascroft.*

96. Would not the extra trouble thrown on the money-lender, of having to attend the court where the borrower resided, tend to stamp out this usury?—I do not think it would, because he would simply send a clerk to the court and he would sit at home smoking his cigar.

97. Would you alter the law with respect to advances on bills of exchange and promissory notes?—No.

98. Would you leave it exactly as it is now?—You mean as regards summary judgment?

99. Yes; even in ordinary money-lending transactions?—No.

100. That is what I want to get at?—I should leave the law alone as to summary judgment upon bills of exchange, in fact, in all debts, because I would not put the creditor where the debtor actually

Mr. *Ascroft*—continued.

actually owed the money, and it was proved to the court by affidavit that he did owe the money to the expense of a frivolous defence of an action, nor to the delay in getting his judgment, and reaping the advantage of it; but my observations do not apply to cases of usurers the usurer must be dealt with, as I have said, by the account being taken. The law at the present moment is this. If a man (a usurer) has lent money at 60 per cent., and there is an agreement on the face of the note that after it becomes due he shall be paid 60 per cent.—if he has lent, perhaps, 200*l.* and has been paid back 500*l.*, and the promissory note still exists, for interest, or whatever it may be—however strongly you may put the case before the Master or the judge to prevent summary judgment, he says there is no defence in law. In fact, at the present moment, I unhesitatingly say that the laws are all in favour of the money-lenders, and that none are in favour of their victims.

101. Then, to put it shortly, would you in every case where there has been a usurious transaction give the borrower, say, if he goes into bankruptcy or liquidation by his creditors, or if he is a young man living at home with his parents, or his parents have any right to have any case investigated by a judge, and the decision of the Court given as to the nature of the debt, and the amount that the borrower should pay?—Well, in bankruptcy I would allow, of course, the trustee to raise the question, or the creditors to raise the question.

102. Then in respect to young men who are under the control of their parents, you may say?—I must say I should not be in favour of allowing the mamma or the papa to come forward and ask the court to enter into the transaction and take the account.

103. Not even for his protection?—No; but I should allow the son to do it; the debtor must do it. Indirectly, of course, your view prevails, because the moment the son tells the father of the difficulty in which he is, the father at once sends him to his own lawyer, and the father indirectly does the thing; but it must be done in the name of the son, the name of the debtor.

104. Would you go so far as to give the parent the power of bringing the case before the court, leaving the court to decide whether or not they would go on with it independent of the son. I am dealing with the rich young man?—I am in favour of anything which would give an opportunity of saving a young man from himself.

105. Exactly?—But it is a very difficult thing to say.

106. Of course. I know the difficulty?—Because it would arise very rarely.

107. I assume you would like all powers to be granted to stamp out the evil?—I would. You see you have in France in the case of an extravagant man who is dissipating his property a *conseil de famille*. They can put a sort of trustee over him, and whatever debts he contracts afterwards are not recoverable.

Chairman.

108. I am afraid we could not get that here?—No. In Germany the usury laws are now in force; they were re-enacted about 10 or 11 years ago, and they work extremely well in Germany. I do not say they should be re-enacted here, but they are there working very well; and I am told that in America usury is perfectly unknown.

Chairman—continued.

Mr. *Ascroft.*

109. The price is fixed by each state there—the amount of interest. In respect to the garnishee order, are you aware that that is used as a means of oppression by garnisheeing or threatening to garnishee the wages that are due from the employer?—Yes. Well, I would not allow that. I should not think it could by any possibility be efficacious, because the garnishee order must be served upon the employer at the very moment when the employer has got the money in his pocket. If the man had not earned the wages and the garnishee order was served upon him, it would be of no effect.

110. That is not the point. What I meant was that in many cases you are aware if the employer knew that his servant was borrowing money he would be at once dismissed; so that it is used as a means of extortion. To prevent a clerk or servant applying to usurers, would you, in a case of that kind, be prepared to abolish the garnishee order, and only let it be issued if the Court is satisfied that it is not a usurious transaction?—You are limiting it to the garnishee order; there is no harm in that; but you must understand that a threat to tell the employer is almost as efficacious as the garnishee order; and so it is among these West End usurers, the threat to tell the father: "You made a false declaration," and so forth; which makes a man renew and renew and renew at this usurious interest.

111. In respect to the clerks in the Bank of England, the Civil Service, the Post Office, and other public offices, would you be prepared to recommend that the debt shall be irrecoverable, if it can be shown to the court that the lender knew that it was contrary to the rules and regulations of these offices that their servants should borrow money?—Well, I cannot say that, sir; you see it is going great lengths.

112. It is going great lengths, I admit.

113. You see on the Stock Exchange, if any member deals with clerks, he is subject to expulsion, but they would not deprive him of the money that is owing?—

Mr. *Warr.*

114. There is only one question I would like to ask your view on; Mr. Kirkwood, in giving his evidence, said he made enormous use of the hire-purchase system as a means of obtaining security; can you tell us anything about that?—I believe the system is this: that, instead of taking a conditional bill of sale, he buys the furniture, or the chattels, or whatever it may be, buys it outright from the borrower, and then lets it out to him at such and such a rate.

115. It is a way of evading the Bills of Sale Act, really?—It is a way of evading the Bills of Sale Act.

116. Then would any of your suggestions cover that at all?—I do not think so.

117. Then, so far as you have thought of it, you would leave that untouched?—Well, I think

Mr. *Warr*—continued.

think it is a very dishonest way of making money, but it is done in London very largely by furniture people on the hire-purchase system. I think, also, that is very dishonest. They sell, perhaps, 200*l.* worth of furniture to a lady or to a gentleman (say to a gentleman), and take it by instalments; then it may be that he has paid 175*l.*; then he cannot pay the next instalment; then, under the terms of the hire system, they are entitled to take possession of the property, and to keep it for themselves. Nobody can justify a state of things like that.

118. Would you suggest any legislative remedy?—Well, I have not thought it out.

119. Then am I right in understanding this, that, judging from your whole 42 years' experience, you are not able to say that you have discovered any uses, as apart from abuses, of money-lending?—Never; I never found anybody who was one shilling the better for it; always a great deal the worse.

Mr. *Yerburgh.*

120. I gather that you have not pronounced any opinion in favour of abolishing bills of sale?—No; I cannot say that it would be fair to say to a borrower who had a house full of furniture, and probably had relations who might help him, that he should not be allowed to utilise his security; I could not say that.

121. You have not pronounced any strong opinions in favour of the amount that can be advanced on bills of sale being raised to 100*l.*?—No; I say I want to strike a blow at the poor man's bill of sale; that was my object.

122. I presume, if you had a provision that you could not get any smaller sum than 100*l.* under a bill of sale, that would really strike a blow at the bill of sale?—Yes; it would put an end to it.

123. So that that provision, in conjunction with your proposal that you should limit the rate of interest, would probably make your legislation more effective?—Limiting it to 100*l.*, I think any money-lender will tell you that if you reduced the rate on bills of sale to 10 per cent under 100*l.* they would not be worth having.

124. Then we may take it that you do not think that that would further assist you?—No; I think 100*l.* is a fair limit; you might make it less.

125. I may point out to you that in response to a circular letter from the Lord Chancellor, a large number of gentlemen replied to the effect that a limit of the rate of interest would be very advisable?—I was not aware of it.

126. Then with regard to the question of the bills of sale generally, I want to ask you: supposing that we have to take into calculation that it may not be thought advisable to limit the rate of interest?—I hope I am not misunderstood. I would give to the Courts the same right to decide as to the interest upon a bill of sale as I would the interest upon a promissory note; for instance, if a bill of sale is taken for a loan made at 60 per cent. upon the security of furniture or any other property—I would give the same right to the judges to decide what should be the rate of interest. I would only limit it, with a view to protecting the poorest people who are swindled under these bills of

Mr. *Yerburgh*—continued.

sale, to the rate of 10 per cent and £100, which, I think, would put an end to it.

127. I believe that under the Pawnbrokers' Act the amount of interest that can be charged is 25 per cent?—Yes, I think that is high too; but you must remember it is in respect of small sums.

128. Now with regard to bills of sale, do you think it would be a good thing that they should be attested and explained by the registrar of the County Court in the district in which the borrower resides?—I think they are now witnessed by a solicitor, and I have no doubt that the solicitor who does witness it is usually the money-lender's solicitor

Chairman.

129. Invariably?—I thought so, because they would not go to an independent solicitor. Any sort of independent opinion or advice is, of course, always useful; but you cannot put upon the registrars of the County Court that duty; the registrar is, perhaps, in the middle of his work on a Court day, and they come in and ask him to witness a bill of sale and explain the thing; he cannot possibly leave the Court; he has plenty to do.

Mr. *Yerburgh.*

130. Can you suggest any way of meeting that?—I think probably a Justice of the Peace would be best, or two Justices of the Peace, or a Magistrate; there are a great number of them throughout the country.

131. You think that a reform of that character would be advisable?—I think anything is "advisable" that would protect people from fraud.

132. Then do you think it would be a good thing if these bills of sale were registered in the County Court in which the borrower resides, and that the register shall be open to public inspection?—You know a bill of sale ordinarily means absolute ruin to a man who gives it, because his credit is at once ruined. It is registered in London; the trade protection associations, Stubbs, and these others, go down and search; they find what judgments are registered against they man; he find what bills of sale are registered against the man; and they publish these things; it becomes known in his neighbourhood, and he is absolutely ruined. You had, I think, one witness here who told you the effect of a bill of sale upon him; he was absolutely ruined. It is the very last thing that any man would do, because it has to be registered.

133. That is upon the question of the amount that is put upon the face of the bill of sale not being advanced, a certain amount being handed back?—Yes.

134. Would it be a good thing under circumstances of that character if the security was void, and the amount advanced irrecoverable?—Certainly.

135. Then upon the question of the default penalties, fines, and bonuses, do you think it advisable that these should be declared illegal?—I think 60 per cent. is enough without these fines.

Chairman.

136. What I understand you to say is that the discretion of the judge would apply to the whole thing?—Certainly.

Mr. *Yerburgh.*

137. I do not think that you mentioned the preliminary fees?—I think you have threshed it out already before the Committee as to the preliminary fee; where the loan is not going to be made, it is a system of fraud.

Chairman.

138. It is punishable by the present law?—It is punishable (but it is difficult) by the present law.

139. There is one gentleman languishing in Her Majesty's prison at this present moment as to that matter?—I know. It is difficult, because if one of us went to the money-lender, and he said, "I must have a guinea for preliminary inquiries," and you gave the guinea, and he did not advance the money, and you wanted to prosecute him, the magistrate would say, "I cannot deal with that; you must go to the county court. He has got your guinea out of you, and you must go and get it back again." But if it can be shown that the man was not a money-lender at all—and that can only be shown by getting hold of his books, which private individuals have no power to do—he can be prosecuted; but it is very difficult, and you want a number of instances to do it.

Mr. *A. K. Loyd.*

140. I understand your first proposal is to attack the advertisement by which the money-lender gets into contact with his victim?—Certainly, sir.

141. And in some cases, I gather from you, you think that conviction could actually be obtained on advertisements that have come to your knowledge?—Certainly. I think that the advertisements that have been produced before this Committee are clearly fraudulent and false.

142. For instance, you have given us the case of Mr. Kirkwood saying he was expressly incorporated under Act of Parliament to lend at low interest. Take Mr. Gordon, who says he is a private individual anxious to lend money at so much per cent., and so forth?—It is all fraudulent and false.

143. And if he signed that advertisement with a name well known in the neighbourhood, and likely to be a capitalist, that would be a circumstance for the jury?—Certainly; and I do not think he would have the ghost of a chance of being acquitted,

144. Even in the case where a conviction was not obtained, you think that a provision of that sort on the Statute Book would take a good deal of the attractiveness out of these advertisements?—It would take all fraud—the fraudulent statements—out of them. If people knew that they were going to a regular money-lending establishment it would be very likely they would not go at all.

145. The fair deduction would be that it would have a wholesome effect upon the money-lender?—Yes.

146. With regard to the proposal of giving a discretionary power, I notice you put it in this way, that if the usury laws are not to be revived against money-lenders, then you would suggest the discretionary power?—I would.

Mr. *A. K. Loyd*—continued.

147. May I ask, have you formed any opinion as to the possibility of so separating the non-commercial loans from the commercial loans as to make it possible to make a legal rate of interest in respect of the non-commercial loans only?—It could be done, but it is a very difficult question indeed. I think it is a very difficult question indeed to deal with or to know what to suggest.

148. Am I right in saying that the usury laws were abolished on the ground of high commercial policy, and on the ground that their existence made it more difficult to borrow on mortgage of real property?—Certainly.

149. But the evils that this Committee has been inquiring into do not seem to have been before the Committee that recommended that?—Since that time the wealth of this country has so enormously increased, and transactions have become so gigantic, as compared to what they used to be, that it is a very serious question indeed; it wants very serious consideration.

150. I judge from what you say that you are in favour of putting an end to usury?—The tone of my mind is to put an end to usury.

151. If there could be a legal rate of interest for the money-lender it would be beneficial for the money-lender himself, would it not, in one way?—The money-lender would disappear.

152. Perhaps I have not made myself quite clear upon that. Take the case of the money-lender going before a tribunal, and then finding that a certain rate of interest was held by that tribunal to be reasonable under the circumstances; the reasonableness would depend upon the amount of risk?—Yes.

153. The money-lender might perfectly honestly think the risk was greater than the court or the tribunal before whom the transaction came?—Yes.

154. In that case he would find himself by a subsequent ruling obliged to refund money over and above the amount which had been fixed in his own mind as the safe level?—I think you would never find a money-lender who thought any amount of usury was too great; he would always feel inclined to think he had been unjustly dealt with; but we all have to submit to the judgments of Her Majesty's Courts, and the usurer would have to submit to it like you and me, or anybody else. If the judge decides that a certain rate is the proper rate of interest, and orders the usurer who has received money in excess of that to return it, I do not see what he has to complain of any more than you or I, or anybody else, who goes into Her Majesty's Courts for justice.

155. Of course, if there were a legal rate of interest it would be known beforehand; he would receive any excess beyond that rate with the knowledge that he might have to refund it?—If it were 60 per cent. he would do very well; if the legal rate was 10 per cent., he would not exist.

156. He would not exist at all?—He would not exist at all.

157. Is there any chance whatever of the money-lender

Mr. *A. K. Loyd*—continued.

money-lender being confounded in anyway with the banker?—Not in my mind; and I do not think in anybody's mind.

158. The banker is primarily a borrower who lends out deposits which he has received?—The banker is primarily a capitalist; he has his own capital. If he is a joint stock bank he has a capital subscribed by the shareholders; that is his capital. If he is a private banker he has whatever his capital may be; he accepts money.

159. On deposit?—On deposit, and he accepts money by current account, which is capital; and with the money he so accepts he makes advances, and so forth.

160. Do any of these money-lenders open current accounts and receive deposits and have cheque-books?—I see Messrs. Fieldings take money on deposit at 6 per cent., I think it is, and lend it out at 60 per cent.

161. Then in those cases there might be some difficulty in defining the term?—So they evidently lend their own capital and the money they get from other people at 60 per cent. Do you suppose that if people knew their money was being let out at 60 per cent. they would make money out of usury of that sort?

162. I want to get some sort of definition, if possible?—Do you think, sir, that a person carrying on the business of a professional money-lender could ever be mistaken for the Union Bank, the Bank of England, the London Joint Stock Bank, or any of the high class banking establishments all over the country?—It is impossible.

163. I do not?—Then the less could they be mistaken for him.

164. Our object is to get your evidence; we have to convince others?—I am very pleased to answer your questions, sir.

165. A banker is described, by Act, as a person who carries on the business of banking?—Yes.

166. Is there any more difficulty in defining a money-lender as a person who carries on the business of money- lending?—I think not. If ever the question is raised it is raised before a jury, and I think a jury would have common sense enough to understand what that meant.

167. With regard to trading under different names, you have recommended that they should only be allowed to trade under their own name?—Yes.

168. Can you tell us what is the motive with which these men assume several different names?—I think it is twofold, first, to assume the name of a well known person to lead the public to believe that they are dealing with a well known and honourable person; secondly, to conceal from the world that they are themselves carrying on a usurious business.

169. That would account for their assuming a name different from their own?—Yes.

170. And what is the object of their carrying on in more names than one?—Carrying on in more names than one is to increase the profits of usury; they carry on one business at Manchester, one at Liverpool; they make their profits in Manchester, they make their profits in Liverpool; they go to Bradford and make their profits at Bradford, so they increase the profits of usury. It is like a man having one shop, out of which he may make certain profits, instead of which he has ten shops, and so makes ten successive profits.

Mr. *A. K. Loyd*—continued.

171. How are the profits larger by being carried on under different names?—I do not say the profits are larger by being carried on under different names.

172. I want to get at the evil by getting at the object. What is the object?—I think a money-lender gave you a reason.

173. It was a very inadequate reason, Mr. Samuel gave it?—I thought so; I thought it was to decieve you.

174. Let me read you that answer, Answer 1996?—I think he gave as a reason that it draws more borrowers, or something of that sort.

175. The question and answer I mean is this: "Do you know why other money-lenders trade under different names. (A.) Yes, I know why they trade, to get a larger number of applications: because one will apply to, say, Mr. Edwards, another to Mr. Thomas, and another to Mr. Jones, and they get a larger number of applications; therefore they get more business." That seems to me to be a very inadequate reason?—Yes, it is not the true reason, as I think.

176. Let me suggest a reason: Is it possible that when they get into litigation they are desirous it may not be known, whatever comes out, that it applies to a firm carrying on business in another place?—I think they trade under different names to represent to the public that they are different institutions, and to increase the profits of their business.

177. I do not see how it does that?—Well, it increases the profits of their business if they have 12 establishments instead of one establishment.

178. The same as if they had 12 branches?—Yes.

Chairman.

179. Do you remember the Chester case given in evidence here, where a lady applied successively to three different money-lenders trading under three different names, who were found to be all one and the same person?—The banks in London have branches all over London (different branches); that is to increase their profits. These men (these usurers) have branches all over the country to increase their profits, and they assume different names, because they know perfectly well that if A is dealing with them at Bradford, A would not be allowed to deal with them at Liverpool, because the money-lender would know at once that A applying at Bradford was the same person who owed him money at Liverpool.

Mr. *A. K. Loyd.*

180. That would be a good reason for the borrower changing his name; but I do not see how it benefits the money-lender to have the different names?—I think it shows different establishments and different businesses at other places. Then you must remember that there is a great deal in their anxiety to conceal their identity.

181. That is what I wanted to come to; however, I will not press you any further upon that?—For instance, Mr. Labouchere has exposed for years and years these money-lenders all over the country.

182. That

A. K. Loyd—continued.

182. That is what I suggested just now?—He does not know until it ultimately comes out that the great "London Discount Bank" is "Mr. Gordon," and that "Messrs. Graham and Company," of Liverpool, are "Mr. Gordon"; and all over the country these so-called banks are "Mr. Gordon"; ultimately the debtor is put into the Bankruptcy Court, and Gordon has to make his proof; then it is known that he is the man trading under these names.

183. Is it to avoid the public getting the benefit of the exposure that takes place of any one of these branches?—I think it is generally considered a good thing. I cannot tell you exactly what their motive is, but I think it is desirable that the money-lender and the man should be known, and that he is trading under different names.

184. Have you formed any opinion as to whether they ought to be licensed?—I think they ought to be licensed.

185. With regard to power to endorse a license, do you approve of any tribunal before whom the transactions go having power to endorse that license?—I do not see that it would be of the least use, of course, unless it is to be renewed year by year. You endorse a cabman's license for misconduct, but then it has to be renewed every year; and if he has a certain number of endorsements he is not allowed to have a new license; but to endorse a money-lender's license for a case of extortion and fraud seems to me to be almost puerile; I should take it away from them at once if a case of extortion and fraud was proved, not let him carry on the business. That is the only way of making him act with some show of respectability.

Mr. *Caldwell.*

186. With regard to this matter about the banking, you are aware that at present bankers may be said to carry on practically a class of business that falls under pawnbrokers giving advances upon securities?—Well, I should not call it so, sir.

187. But the Act of Parliament has distinguished between pawnbrokers and bankers, and you think there would be no more difficulty in distinguishing between money-lenders and bankers than there has been in distinguishing between pawnbrokers and bankers?—Not at all. I should think if I took consols to my bankers and asked them to advance money upon them, I should not be confounded with a person who took a diamond ring to the pawnbroker's shop round the corner, going in at the side entrance.

188. With regard to the power of the judges to review a transaction from the commencement, you say it was in those cases where it was unconscionable interest; should you fix any sum?—Of capital or interest?

189. Any sum of interest that you would say?—It would be rather impertinence upon my part; that must be left to the judge.

190. No, but in the Act of Parliament, say?—That would be re-enacting the usury laws.

191. No, it would be the limit by which the discretion of the court was given?—No, I should not limit the discretion of the judge at all. I do not think you could have by any possibility a better tribunal than Her Majesty's judges and the county court judges (all men of great experience), and the registrars of the Court of Bankruptcy. They are all men of very great experience.

Mr. *Caldwell*—continued.

192. Then as to precedent, because we have to support legislation as much as we can by precedents, of course; you have, I see, given the Court of Equity?—Yes.

193. You now wish to extend that to every class of the community as well?—Yes, certainly.

194. There is another precedent, that is under the Truck Act, where the contract may be reviewed by the court. The court must be satisfied that the deductions are fair and reasonable, even although they are matter of contract between the master and the servant?—Certainly. I may perhaps add to that (I think Mr. Ascroft will confirm me) that it is open to a solicitor to make a bargain with his client, but it is open to the court to say whether the bargain is a fair bargain or not: and if they think it is not a fair bargain they will not allow the agreement to go through. I do not see why this should not be treated in the same way.

195. Then with regard to bills of sale, I see that you would limit the interest to 10 per cent. where the bill was under 100*l.*?—Yes.

196. I do not know if you are aware that in Scotland there are no bills of sale; the reason being that there, in order to have the security over personal property, you require to have possession; you cannot create a security, the goods remaining in the hands of the debtor?—Yes.

197. That has been found to work well in Scotland?—The whole of your judicial system is extremely good, I think, myself.

198. Take the case of England: suppose you knew that you had a bill of sale, would it not be an advantage under the present system to insist upon the interposition of the judge's warrant before the bill of sale was actually executed; and that the judge should have power to relieve or review the transaction before the bill of sale for furniture under 100*l.* was carried out?—I am afraid if you did that you would be compelled to appoint a great number of new judges, at all events one for that purpose. You see the law is strong enough, I think, to punish people who get signatures to bills of sale or any other documents by false pretences; there is an Act of Parliament which makes it a misdemeanour by any fraud to get the signature of anybody to any document. If the money-lender obtains the signature by fraud he is punishable at the present moment. You want to prevent fraud by putting the bill of sale before a judge to determine first the interest and next the clauses of the bill of sale.

199. You see what you pointed out was this, that you think there should be a power of the judges to review the transaction?—Yes, I do.

200. A transaction thought to be usurious?—Yes. I think if A executed a bill of sale to B to-morrow at 60 per cent., and if, owing to the difficulty in which that person was placed, this extortionate interest was obtained, I would give the borrower the right to go to the court and ask

Mr. *Caldwell*—continued.

ask for redemption of the security by payment of what was a reasonable interest.

201. I quite understand that. You would allow him to take proceedings at any time?—Certainly.

202. Would not it be advisable in a case of that kind to have a certain amount of interposition; in the meantime the money-lender may have sold off the property or entered into possession?—If he does anything of that sort there is a Court of Equity to grant an injunction, if he is acting unfairly.

203. You would allow an injunction?—To be granted instantly.

204. And under that injunction you would allow the judge to review the whole transaction as you have proposed?—In the case of obtaining an injunction it is only if he is acting unfairly under the bill of sale. I would give the borrower the right to go to court and redeem at once on a fair rate of interest.

205. Have you considered the question with regard to licenses—the difficulty of the money-lender lending money through a friend—through an accomplice, as it were, to a certain extent in certain transactions, being linked in that way, and therefore evading the position of money-lender?—If it is proved that he is the real money-lender, I do not think he could escape because he did it through his clerk or in the name of his clerk.

206. I was referring to some other friend?—It is the same thing; his brother-in-law, say.

207. Or not necessarily a relation at all?—Well, anybody else; yes.

208. Anybody sending one special transaction through this man, another special transaction through another, and thereby escaping; have you considered the difficulty of that?—I think the Public Prosecutor ought to prosecute them for a conspiracy to evade an Act of Parliament.

209. A conspiracy to evade an Act of Parliament is hardly a criminal offence?—Oh, it is a criminal offence.

210. With regard to the west end usurers which you referred to, with the exception of this interference with the law in the Court of Equity on behalf of the heir, do you think that this country has ever yet adopted the plan of protecting any class of the community against extravagance where they are of a contracting mind and in full possession of their faculties?—No, certainly not. There is no law to prevent a man spending his fortune in a week if he likes. His father may leave him a million of money, and he may spend his fortune in a week if he likes.

211. As far as the general public are concerned that is no disadvantage to them; the money goes into circulation?—I am all in favour of money not being hoarded up, but going into circulation; but instead of going into circulation, a great deal of it goes into the money-lenders pockets.

Captain *Chaloner.*

212. You admit, I think, that in many cases usurious money-lenders trade under the name of a bank?—Yes, they do.

213. In order to give confidence and so to draw the public, I presume?—Yes.

214. Would you describe those as bogus banks?—Well, where they are not registered I should describe them as bogus banks; where a man calls himself "The Bank of Naples" (if you like), I should call that a bogus bank because there is no bank at all; but if it was a bank formed in accordance with the Limited Liability Law you could not call it a bogus bank, legally you could not call it a bogus bank.

Captain *Chaloner*—continued.

215. No, but I am talking of the banks which you say you could define—the distinction between the Union Bank and others—you say it is very easy to distinguish between them and these money-lenders?—Yes.

216. Well, would not you describe these banks, which are merely for money-lending, as bogus banks?—I would describe the bank that Mr. Lewis Simmons carried on, the "Discount Bank of London," which in fact was Mr. Lewis Simmons, I should call that a bogus bank; but if Mr. Simmons had registered a company by the same title and had got shareholders in that bank, I should not call it a bogus bank, although after all Lewis Simmons was at the head of it.

217. I will deal with this particular case. Then would you suggest that such bogus banks should be made illegal, and that they should describe them as money-lenders and not as banks?—I say they ought to describe themselves as what they are, by their names.

218. As money-lenders?—If a man is carrying on business as a discount bank in London instead of calling himself "The Discount Bank of London" he should call himself "Simmons," if that is his name.

219. At all events he should not call himself a bank?—He should be forbidden to do so.

220. As to men trading under different names, it has been already suggested to this Committee that in issuing any prospectus or papers a man should state clearly on those documents any other firm to which he belongs of a similar nature; would you recommend that?—I think the more light you throw upon these transactions the better.

221. You see no objection to that?—Not the least objection.

Chairman.

222. I have only one question to ask you, you will be glad to hear. In the clause which you have handed in, by which you propose to cover those cases of fraud, are you quite sure that it would cover the case of a company?—There is no doubt, sir, you have hit the blot—it is a difficulty, though I do not think there is any serious difficulty; you would then have to add a clause which should affect the directors and the managers of the bank. Of course the limited company *quâ* limited company could not do it, it must be by the manager, the directors, or the agents of the bank; and if you have a similar clause making it criminal for the directors, or the manager, or the agent, they would be restrained in exactly the same way as a private individual; but it would require that; and I thought of it; it passed through my mind at the time but I thought I would prefer to leave it as it was and explain it. I am glad you asked me that question. I am much obliged to you.

Adjourned for a short time.

Sir FREDERICK RICHARD FALKINER, Q.C., sworn; and Examined.

Chairman.

223. How long have you occupied the position of Recorder of Dublin?—I have occupied it just 21 years.

224. You also occupy the position of County Court Judge for Dublin?—For the County of Dublin, from a somewhat later time—about 18 years.

225. Have you had much experience of money-lenders' cases in Dublin?—I do not pretend to speak to this Committee at all with any authority on the subject of those higher classes (if I may call them so)—money-lenders of whom the late witness has told you so much. My dealings are rather with the middle and under-middle classes and artisan class of the City of Dublin, whom I ought thoroughly well to understand now; and, although I will not say that the money-lending is of a very aggravated character in the way of social injury, I have seen quite enough of it to very strongly hold the opinion that the judiciary ought to be armed with large discretionary powers of mitigating extortion.

226. Then, as I understand it, you come here to-day mainly, if not altogether, upon that question?—Yes; I should not have thought myself justified in coming here if I did not think I had something I might say perhaps to help the Committee on that subject. I may presume to say, sir, that I know very well it is a very easy thing for people to make suggestions, and that it is a very different thing for statesmen and Members of Parliament to have to pass them through Parliament.

227. Now, if you will just in your own way state what the law is at the present time, and what you would suggest as an amendment of it, giving us the cases that you rely upon.—I think perhaps the shortest way would be if I go through just what I have in my own mind—that would put it more shortly—and thus endeavour to assist your counsels.

228. Certainly?—I have myself been taking upon me for a great number of years, extra-judicially, to a large extent this very power. I do not believe I could have done it if I had been dealing with those larger people and those capitalists of whom you have heard to-day; but in the City of Dublin it cannot go very far with the classes with whom I am familiar, because, as you know, sir, there is not a large amount of wealth distributed amongst them, and creditors are rather too well off very often to be able to obtain their own with decent interest; but, at the same time, I have had very many cases of extortion, and the way I have dealt with them is this: I have said to the people:—"Well, if you will not submit in this case, which is one of extortion, dealing with people of the humbler position, I will at any rate do what I can do. The Usury Laws are abolished, and I cannot reduce your interest except by your consent; but if you will not acquiesce in what I think is a fair and reasonable thing" (never keeping them down to the 4 or 5 per cent., but giving them liberally where the risk was large), "I shall give a written

Chairman—continued.

judgment in your case, and I shall take care that my fellow-citizens at least know who you are and what you are doing; and, furthermore, in making my ultimate judgment I will allow the debt to be paid in very small instalments." And with those two powers I have found, endeavouring, of course, to act as fairly and equitably as I can, that those views have been very largely acquiesced in. I have practitioners before me who understand me, and whom I understand; they generally acquiesce, and the result of it is that we have not had any very flagrant cases of late. But that is not satisfactory, and no man, no matter how honest his intentions may be, is quite satisfied with merely his own good intentions in taking upon himself powers which the legislature has not given to him or the judiciary; and I have long desired that I should have some Parliamentary sanction for what I have been doing. I have heard a good deal that has instructed me this morning here, but much of it, I think, I have thought of. I would not advocate the change in the law of abolishing the Usury Laws. I do not think Parliament would pass that, though I am not the judge of that; nor would I go to any revolutionary or very reactionary system; but I would act upon the analogy of those cases Sir George Lewis has mentioned to-day. I mean those cases in which the Court of Equity have used moderating powers in respect of what they call "hard and unconscionable bargains." Now I wish to emphasise that expression, because it is a legal one—"hard and unconscionable bargains." Although it is a very wide word, requiring, if it can get it, a large definition, yet I would remind the Committee that it is recognised by the highest judges, vague as it may be. The next thing I wish to show, if it is the will of the Committee I should do so, is to correct a notion that I think the last witness, and perhaps some of the Committee also seemed to be under—the impression that this equity was absolutely confined to dealing with expectant heirs; and, if it is your will, I will be able to show you by actual reference to the cases how far that has been enlarged; the reason why I think it is important is, if I may assume that a bill will be brought into the House of Commons, on this subject, it will be most important for the Honourable Member having charge of that bill to be able to fortify himself so far as he can, with equitable and legal analogies; and, to answer the arguments that may be put forward by opponents, and views with regard to the law, that he may not have had the opportunity of dealing with; and, although I am not going to give you a legal lecture, some of you may think it a little important that I should show you exactly what the law is on this subject.

229. Certainly?—Now, the principles to which I advert are all to be found in the great leading case of Lord Chesterfield and Janssen, decided in the year 1750 before Lord Hardwicke, a case which has been appealed to ever since by equity

 lawyers

Chairman—continued.

lawyers as one of their great sources of information upon the equitable doctrine as to fraud in general, but especially that side of fraud which deals with "unconscionable and hard bargains."

Mr. *Ascroft.*

230. That was a loan case on a bond, I think, was it not?—It was. This case is one of the leading cases in White and Tudor's Leading Cases in Equity. The law is brought down in the notes from Lord Hardwicke to the present time. Now it did deal primarily with the equity by which on public grounds of policy the Court of Chancery set itself against the practice of young persons, improvident persons, forestalling their lives, mortgaging their future, by dealing with their reversionary expectant interests; and this was carried so far after Lord Hardwicke's time, that a sale of a reversion was set aside, no matter how fairly the parties stood on equal terms, on the single ground that the price was inadequate. That of course offended against the free trade principles which were so much in vogue to 30 years ago, the last generation—and, furthermore, since it had come to this that as inadequacy of price alone could set aside a reversionary contract, there were all sorts of contests as to whether the price in question was inadequate or not; and witnesses were called, as in land cases, to prove that the value of the property was so much, and others to prove it was so much less.

Mr. *A. K. Loyd.*

231. Mere inadequacy was not sufficient, was it?—Mere inadequacy.

232. Had not it to be so gross an inadequacy as to give rise to a presumption of fraud?—No, sir; on the contrary, it had gone so far that Lord Romilly, the Master of the Rolls here, said there was no safe course for the purchaser of a reversion, but that he should give a great deal more than the market price: and you will see in connection with this what Parliament did; the Sales of Reversion Act of 1867 was passed; it is the 31 Vict. Chap. 4, and the first section is "No purchase made *bona fide* and without fraud or unfair dealing of any reversionary interest in real or personal estate shall hereafter be opened or set aside merely on the ground of undervalue." I want to point out how conservative that measure was. It left the whole of the jurisdiction of the Court of Chancery in respect to "hard and unconscionable bargains" exactly as it was before; it merely abolished the rule that this one element alone could upset the sale of a reversion, and you will see the words are: "No purchase made *bona fide*," that is, made in good faith, "and without fraud or unfair dealing" in real or personal property, "shall hereafter be opened or set aside *merely* on the ground of under value." And by a series of authorities of the very highest weight, notably that of the Earl of Selborne, as Lord Chancellor, Sir George Jessel, as Master of the Rolls, and the whole of our Court of Appeal in Ireland, it is established that this Act has had no other effect than what it says, and that the whole of the old equity as laid down by Lord Hardwicke, in Chesterfield and Janssen, and his successors is in full force and effect. Now the last two cases upon the subject I may state are Irish, and I heard, while I was listening in the Committee Room to-day, something in regard to usurers calling themselves bankers. Both of these cases, the Chairman will know to whom I allude, are cases of the Accommodation Bank —Mr. Joyce's.

Mr. *A. K. Loyd*—continued.

Chairman.

233. Yes; I know him?—Mr. Joyce was one of those men who are more like some of the people whose names you have heard mentioned here to-day. He was very universal in Dublin from high to low, he went the whole range of society, and both these transactions of his were set aside. The first of them, in 1892, was a case of a Mrs. Rae, and in her case the transaction was set aside by the Vice-Chancellor of Ireland; he, in setting aside the transaction, allowed 7 per cent. interest. The case came before the Court of Appeal, presided over then by the late Lord Chancellor, the present Lord Justice Walker, who in a very masterly judgment went over the cases from Chesterfield and Janssen down, and this being a "hard and unconscionable bargain" Mr. Joyce's transactions with Mrs. Rae, were set aside.

234. Was this an ordinary case of money-lending?—Yes; but I admit that in this case the reversionary interest came in; but the reason I am referring to this now is, that if the matter is to be dealt with at all technically, there is a very valuable reading of what a "hard and unconscionable bargain" in the eye of the Court of Chancery is, in these two cases.

235. The Irish Court of Chancery?—The Irish cases are altogether founded on the English: they are actually in accord.

Mr. *Barry.*

236. There is no distinction between English and Irish law in these cases, is there?—No, they are absolutely the same. The judgment of the Lord Chancellor is founded on Lord Selborne's and Sir George Jessel's judgments in the cases I have referred to. The Vice-Chancellor was upheld in that, and in 1895 or 1896 the same Accommodation Bank (Mr. Joyce's) was brought before the court under very different circumstances. The unevenness of the ground on which they stood, and so on, entered into the first case; it did not in the other. This came in the Land Court before Mr. Justice Monroe, who gave an elaborate judgment, which was affirmed by the Court of Appeal, and he set aside the transaction; he found, as a matter of fact—this is what I think the Committee may have a little interest in—the borrower was a gentleman born, of small means and position; but he was at the time of the loan a wild sergeant of hussars, and the great difficulty in the case was that he was found by the judge to understand the whole of the circumstances—to understand the facts; the Court of Appeal upheld the finding of the facts, and agreed with Mr. Justice Monroe; and although the man knew what he was doing—

he

Mr. *Warr*—continued.

he was a wild fellow borrowing money for his foolish purposes—the whole transaction was set aside on the ground of its being a "hard and unconscionable bargain."

Mr. *A. K. Loyd.*

237. Have you given us the name of this case?—Rae and Joyce is the name of the first, and the other is Kevans and Joyce. You will understand that this came from the Bankruptcy Court, before Mr. Justice Monroe, and Kevans was the receiver.

Mr. *Warr.*

238. The Accommodation Bank is the name under which Joyce trades, is it?—Yes, it is rather a joke in the City of Dublin about getting accommodation from the Accommodation Bank.

Mr. *A. K. Loyd.*

239. Will you give us the reference in the Irish Law Reports to these cases?—Yes, the first is reported in 1892, that is Rae and Joyce, that is the case of the lady; it is reported in Law Reports, Ireland, volume 29, page 500; and the one before Mr. Justice Monroe is in the new series, citable as "Irish Reports, 1896," at page 442. Now, Mr. Justice Monroe said: "Is this a reasonable bargain to make? or is it, in the language of the cases, 'hard and unconscionable'? In my opinion it is both, and no such contract could be allowed to stand for one moment in a court of equity. It is well that such should be known to be the law. The usury laws are abolished, no doubt; but courts of equity have not lost their power of dealing with contracts such as this, where the parties are not dealing and cannot deal on equal terms." Now, it must be admitted that in all these cases the element of some reversionary interest given in exchange or given as a security existed, and a good many lawyers thought and held that equity was solely confined to those cases; but the very question arose in a very interesting case in 1880 here, before the late Mr. Justice Denman, and there is a most valuable judgment of his in the reports. The circumstances were these: A young gentleman who had no money of his own—he was the third son of a marquis; he was allowed 250*l.* by his father pocket money before he became of age, and 400*l.* as an allowance afterwards; this transaction was with a man named Snelling. This case is reported in 15 Chancery Division 1880, page 679. The name of the case is Nevill *v.* Snelling, Lord George Nevill. I may mention, because I heard it adverted to in the room to-day, that there is no great question of difficulty whether the father takes the proceeding or the son. This proceeding was taken in the name of the son, but at the father's instance, as the whole of the case shows, because in that case the Marquis of Abergavenny made an offer to the usurer to pay him the whole of his principal and 5 per cent. interest, and the matter was not brought into court to set aside the transaction until after the fellow had refused to take that.

Chairman.

240. These cases are all familiar to lawyers; am I to understand that this case of Nevill *v.* Snelling is a case of pure money lending?—A case of pure money lending.

241. There there was no reversionary interest?—That is the point, and I want to read to you exactly what Mr. Justice Denman said, because there was a strong argument by those who were supporting the money-lender, Snelling, in that case. They most strongly contended that there was no equitable jurisdiction in the Court of Chancery to set aside this proceeding unless the element of the sale of the reversionary interest existed. That gave him a great deal of trouble, and induced the judgment to be of such great length because he was making, as he thought, an advance on the former boundaries of the law. He says this at page 696:—"It is very difficult to see any very solid distinction as regards the morality of the two transactions" (that is the case where there is a reversionary interest and the case where there is not a reversionary interest), "and I cannot myself perceive that the money-lender, who trades upon the hope of eating up a slice of a large family estate upon the death of its present owner, is a being at all more unconscientious or worthy of correction by a court of [equity than the money-lender who trades upon the dread of exposure of the vices and follies of their children, which is likely to force parents of adequate means or honest names, whether they be rich peers or persons of more moderate estate, to pay interest, however usurious, rather than see their children figure in the Bankruptcy Court; but it must be admitted that a distinction, and a strong distinction, has been drawn in courts of equity between the one case and the other, and that, whereas it is easy to find cases in which the court has interfered in favour of persons who have submitted to hard bargains with money-lenders on the security of property to which they would be entitled, it is not easy to find cases in which such interference has taken place in favour of other persons who have borrowed money at interest, however usurious, and for purposes however foolish." And after those general words he went on:—"If it be an extension of the law to extend it to this case." In this case when the father of this young gentlemen had made his offer, he was answered by a threat of the Bankruptcy Court; and in the course of his masterly judgment, Mr. Justice Denman came to the conclusion that the money was originally lent in fact for the purpose of terrifying the father, the peer, into paying these moneys; because the very circumstance that there was no sale of a reversion, and no reversion for him to sell, because he was only a younger son, in itself drove the judge to the conclusion that what the money-lender intended to do was to act upon the fears of the parent; and upon that ground he extended the doctrine, if it be an extension. I do think it is important it should be known that it is not correct to state that, according to the law of England and Ireland, an unconscionable bargain will not be set aside merely because the element of reversionary interest does not exist.

242. I suppose

Mr. *A. K. Loyd.*

242. I suppose it was argued that the fact of there being no legal right to a reversionary interest increased the risk and entitled the money-lender to have a larger interest?—Precisely; but the judge very properly came to the conclusion that the way in which the money-lender intended to get paid was by working upon the fear of the parent.

243. He turned it into a question of motive and decided against the money-lender?—Yes. The one man takes a pledge of the future interest; the other man takes a pledge of the future honour of the family. There is no difference in the law of the two countries, England and Ireland.

Mr. *Ascroft.*

244. I suppose the money-lender commenced to deal with him in his minority?—Yes, he did.

245. And got him more and more indebted; the object being to get the father to release him?—There was only the first advance of the loan owing at the time of the second transaction. The second transaction was entered into on the day the young man came of age.

Mr. *Garfitt.*

246. Do I understand that in the first two cases the judge made law, and that Parliament was obliged to pass a law to upset that judgment in fact?—Oh, no. I was dealing with the case of——

247. Of reversion?—Yes.

248. Those two cases were cases of reversions, were not they?—They were. I will make it intelligible again. Not only did the Court of Chancery act upon the equities I have mentioned in the four cases I have just brought before the Committee, but in the case of reversions after Lord Hardwicke's time equity went so far as this, that the mere circumstance that a reversionary interest was sold at an under-value would alone set it aside. Parliament interposed to stop that, and threw back the law upon the other equitable grounds.

249. In fact, this was judge-made law, and now you are quoting another case to show that it goes further?—I should venture to say, with great modesty, that the subject of your inquiry is a very difficult question; it has occupied statesmen and jurists all through the period of civilisation; it began with the Laws of the Twelve Tables, the first of the known Roman Laws, 500 B.C., where they attempted to fix a rate of interest; it has gone on ever since. Bentham's Philosophy was largely the cause of the abolition of the Usury Laws in 1854; he said every effort made to stop usury had aggravated the evil, and there was a great deal of truth in that, as an aphorism, and it then devolved on Parliament; English legislation has always been, from time to time, such as the social needs of the people have suggested to the Legislature, and the most serious question is now whether you will let this thing stand as it is or give the equitable jurisdiction to the judiciary to deal with it.

Chairman.

250. I take it you are in favour of that power being given?—Certainly, but not as a prophet. I do not attempt to say, as the late witness did, that this would abolish usury; I do not know whether it would or not. I should be very guarded as to that; but I think it is worth trying, and the laws of England are not the laws of the Medes and Persians; if it is found that the laws are not useful, that they offend against the social or commercial interests of the day, tney can be altered; and, if I may humbly say so, I would suggest to you not to try to do too much. The last thing I have to say is, not for the purpose at all of suggesting that the few clauses I have drawn cover the whole question, or that they would satisfy the Government draughtsmen; I have written them out for the purpose of bringing the matter to something like the form of a Statute before the Committee, and I am rather emboldened to read them to you, if you will allow me, because several of the questions touched this morning are questions dealt with in these clauses. I premise them by a note: "The clauses which I venture to read to the Committee are not intended to cover the entire question, but merely to put into a definite form the substance of remedies adverted to in the evidence I have given, and as suggesting a possible basis of legislation for the consideration of the Committee: (1) In any case in which the charges in respect of loans and advances of money over and above the cash actually and in good faith advanced shall be disputed or impeached as extortionate and unjust, it shall be lawful for any court before which any such question shall arise to reduce the amounts of such charges to such amounts as shall appear to the court to be just and reasonable if, upon consideration of all the circumstances, the court shall be of opinion that the bargain or contract of loan or the transactions connected therewith were or are 'hard and unconscionable.' (2) A bargain or transaction may be deemed to be 'hard and unconscionable' within the meaning of this Act if the charges beyond the cash advanced appear to be extortionate and" ("and" (*a*) the lender shall have acted fraudulently or without good faith; or (*b*) it shall appear that an unfair advantage has been taken of the weakness, ignorance, or necessities of the borrower; or (*c*) that the parties to the transaction have not been on equal terms as contracting parties; or (*d*) if the transaction be such as a court of equity would hold to be 'hard and unconscionable' in the case of a sale or mortgage of a reversion; (*e*) if the amount of the charges be so excessive and extortionate as, in the opinion of the court, to amount to actual or constructive fraud or unfair dealing." That, perhaps, is the most difficult of all of them, namely, whether the circumstance merely of the enormity of the interest would be in itself sufficient; and on that I refer to an expression of Lord Thurlow's in dealing with a case for setting aside a sale of property in possession. "To set aside a conveyance (of present interest)," he says, "there must be inequality so strong, gross, and manifest that it must be impossible to state it to a man of common

Chairman—continued.

common sense without producing an exclamation as to the inequality of it." I go on to the 3rd section (this I heard adverted to this morning): "this Act shall apply both to proceedings taken by or on behalf of the lender for the realising or recovery of his advances or charges, or any part thereof, or to proceedings by or on behalf of the borrower for the purpose of redeeming or paying off his liability or having the true amount thereof ascertained; in any such case it shall be lawful for the court to inquire into the whole of the circumstances connected with the advance and to take the account accordingly in so far as may be necessary for the purpose of ascertaining the just amount to be allowed in respect of advances and charges according to this Act. (4) All decisions under this Act shall be subject both as to law and fact to such appeal as shall lie in the case of the ordinary decision of the court making such decision, notwithstanding that the ordinary decisions of the court may only be subject to appeal on questions of law." Now you understand in the County Court system in Ireland the whole of the facts are reheard, the appeals are rehearings, but I understand that in England the county court appeals to the divisional courts here are only appeals upon questions of law. Well, in a very elaborate dealing with equities like this I think it would not be fair to say all the facts were to be found without any appeal, and it is rather in favour of the lender that I make that suggestion. "(5) In all cases in which the charges shall appear to the court to be unduly extortionate the burden of proof shall be cast on the borrower to show that the transaction has been fair and that the parties have stood on equal terms;" and I follow there the decisions under Chesterfield and Janssen by which in all cases of sales of reversions the burden of proof is changed. That is to say, the borrower who is asking for relief has not to prove the unfairness, the obligation is thrown (these Irish cases which are very strong upon that) upon the lender to prove the fairness of the transaction, and whether that would pass would depend upon whether the House was ready to accept the analogy of the reversion cases. "(6) In applying this Act the court shall not be limited to allow the court rate of interest only, but shall be at liberty to allow interest at such higher rate as under all the circumstances may seem to be just and reasonable." Now I may venture to think that is one of the most important points for your consideration. I do not think it is fair that a man is to be reduced to five per cent. Even when the Vice-Chancellor thought the lender ought to have a little consideration and gave him seven per cent., the Court of Appeal felt themselves coerced by the principles of equity to reduce it to five per cent.

251. He only got five per cent. ultimately?—The court reduced it to five per cent., Mr. Chairman, because that is the court rate of interest; and if I may venture to refer to my own inconsiderable experience, I have frequently allowed 25 or 30 per cent. Of course you know when I was taking this jurisdiction upon me I felt specially bound to take both sides of the question and view it largely and take it into consideration

Chairman—continued.

where the man is an exigent person, without having given any security. It does not seem to me quite fair that that should not be considered; therefore, I would be entirely against fixing upon any limit; that would be another form of enacting the usury laws over again. If you go out of the law of contract, you must allow elastic powers; if you attempt to fix a man to administer broad equities, you must allow him to throw his shield on any side of his body; for if he held it in one rigid position, the arrows would be sent round him in all directions.

251.* Is that the whole of the clauses?—Very nearly. "(7) Nothing in this Act shall prejudice the existing laws or principles as administered by courts of law or equity; but the provisions of this Act shall be in addition to and not in substitution for the jurisdiction now exercised." I think that would be very important to avoid any question about whether the Act was interfering with existing rules. This, I think, is important to consider. "(8) When any matter within the meaning of this Act shall be tried before a jury it shall be lawful for the jury to decide on any question of fact which may be submitted to them by the judge; but the question of whether the bargain or transaction is 'hard and unconscionable,' and the amount to which the charges shall be reduced, shall be for the decision of the judge." Now, I put that forward also with a great deal of hesitation for your consideration; but the meaning of it is this: I do not think it would be fair to the lender perhaps, where you were considering these fine equities, and the question of what was "hard and unreasonable, and unconscionable," questions difficult for an equity judge, of the greatest training, to arrive at, to ask that to be decided by a jury; and the reason why you must have some legislation upon it, is, that this case will often indirectly transpire in the course of an ordinary action on a bill of exchange, and therefore the issue upon the record will be, whether in England or Ireland, a question for the jury, and therefore the legislature will have to come to some conclusion, when they mean to pass an Act upon this subject, as to how they will separate the judicial functions from the functions of a jury.

252. But will not that arise more upon the drawing of the Bill by the Government or by the draughtsman than on a report from this Committee?—It will certainly. I was perhaps going out of my way in saying that.

Mr. *Ascroft.*

253. I do not think so, I think it is very valuable to have that suggestion for the use of the draughtsman?—You may take it as part of my evidence, or you may strike it out. If you do think it is worthy of consideration, or a suggestion that is likely to helpany honourable member, you may put it in as part of my evidence.

Chairman.

254. I understand that it is all going in?—I think I may be asked a question before I part with that. I think there is a very striking precedent for the principle of that, and if any gentlemen

Chairman—continued.

gentlemen of this Committee are lawyers, they will be able to follow me, I mean the class of cases known as actions for malicious prosecutions, that is where a man has been acquitted before a jury upon some criminal charge, and taken his action then against the prosecutor for falsely and maliciously prosecuting; the words are, "falsely and maliciously and without reasonable and probable cause." Now, "without reasonable and probable cause" touches this broad consideration of the whole case which a trained mind is called upon to form a conclusion; and although that is a class of case at common law triable by a jury, the rule of our law is that the question of what is "reasonable and probable cause" is for the judge, not for the jury; I therefore thought that there wa an analogy here, because these, sometimes almost metaphysical, questions will arise, as well as questions of equity and precedents, which a jury cannot have before them: and there is nothing more inconvenient than to address a jury on questions of law and legal argument.

Mr. *Warr.*

255. I do not think we should ever suggest that the discretion should rest with the jury?—No; but in thinking over it last night, when I drew this, it struck me that you would have to regard the subject, knowing that the question will often arise on a record. I have very nearly done. "(9.) In this Act the terms 'lender' and 'borrower' shall include the real and personal representatives of the lender and borrower, respectively, and their respective assigns. The term 'charges'" (I put this in as an interpretation clause, to make it much more short than it would be if put in sections). "The term 'charges' shall include, besides interest, all sums charged in relation to the advances for commission, bonus, or discount, either on the original advance, or in consideration of time given, or otherwise, and all securities or property given or charged in relation to the same, and shall also include the excess beyond the real value of any goods or property" (you have heard of the cigars this morning) "sold by the lender to the borrower as a condition of the advance which the court shall decide to have been a device for increasing the charges upon such advance." This seemed to impress some of the Committee this morning that these professional money-lenders——I was going to suggest that if you deal with that I would deal with it in an interpretation clause; there would be very great difficulty in confining the operation of the Act to professional money-lenders merely defined as such; because how will you deal with any man who lends secretely by other people when the money-lender may be behind them: he may get a private person to do it, and it may be very difficult to prove this.

256. That is a very common thing?—It used to be an old trick, but sometimes it will be *bonâ fide* done. A man may be afraid to do it himself and get someone else to do it.

257. Can you help the Committee on that point?—The only thing I have to say is that you should judge him by the fruits, judge the tree by the fruit, and the test should be what amount of interest he was charging, and put it that anyone should be considered a lender within the meaning of this Act who lent at interest beyond so and so.

Mr. *Ascroft.*

258. That was suggested this morning?—Was it suggested?

259. Yes; and agreed to by Sir George Lewis?—Something was said about why these men used double names, I think. I hope I do not insult them too much by saying: Why is it that thieves go under aliases? They do it simply because they never do anything they are proud of. Take that Accommodation Bank; if there is one bad case that is exposed the name is blown upon (there is no man so lost that he is not more or less ashamed of the public opinion of the world), and it is a very convenient thing, if a case is "blown" (as in Liverpool), that the man in Liverpool may turn up quite rosily in Brighton next day if he likes; that is the reason.

Mr. *Caldwell.*

260. I think it was also mentioned by the witness that they sometimes used a popular name, such as Rylands, to get custom more readily by using a name well known in the district?—If a man is found out in a very flagrant case nobody will deal with him.

261. What I mean is they use a name that is popular and well known in the district in order to lead people to suppose that there is some connection between money-lending and the well known name in the neighbourhood, such as Rylands?—Clearly that ought to be put an end to.

Mr. *Ascroft.*

262. I do not know whether you provide for facilities in having the opinion of the court given at any time on the position of a deed as to its reasonableness or unreasonableness. I do not know whether you have provided for that in any way in those suggestions of yours?—The only thing that I have said there is that the question may be raised either in a redemption suit—in fact, the same question was asked of Sir George Lewis—I anticipated it, and put it down here, saying that it was to be allowed in either case to go back to the old transaction, so far as it was connected with the case before the Court.

Mr. *Warr.*

263. You only used the words "redemption action." As a fact, Sir George Lewis proposed that at any period of the account the borrower should be at liberty to go to the court and have it reopened?—I think that is provided in what I have said; what you asked me goes a little further, whether it could be brought forward as an abstract question at any time.

Mr. *Ascroft.*

264. At any time?—I did not think of that.

265. We want to know whether you have provided for that?—I did not think of that.

266. Possibly

Mr. *Ascroft*—continued.

266. Possibly you will think it over, and will communicate with the Chairman?—The wisest thing to do with that, if I may dare to say such a thing, I would advise that you should not attempt to be too specific. I suggest this: The courts are at present vested with authority to make rules for their courts, and they should have power to make rules and define it in them; not only to make rules for procedure, but rules providing for these questions, and that from time to time, because the enormous advantage of rules, as against an Act of Parliament, is that there is nothing harder than to debate beforehand all the possibilities which may arise; whereas if you have rules you can make them from time to time, and if they are found to be bad, they can be abolished without going for a new Act of Parliament.

Mr. *A. K. Loyd.*

267. You are in favour, as I understand, not only of extending the power which the Court of Chancery at present exercises to all tribunals of common law, but also of extending that doctrine itself to all cases where the parties have been in a position of inequality, and advantage has been taken of that inequality?—You are considering the case of money-lenders; you will be met by saying that this is new law—there is no analogy for it. I have been pointing out that the Court of Chancery has not only adopted the principles running through your mind in the case of reversions; but in the notable case of Nevill *v.* Snelling they went further, and then comes the question for Parliament, will they extend it now generally, and make those principles applicable universally?

Chairman.

268. Then do I understand you to answer Mr. Loyd in the affirmative?—Yes, I do.

Mr. *Yerburgh.*

269. I ask you whether in your experience you find that the cases of farmers coming to the Bankruptcy Courts through the operation of money-lenders are on the increase?—I am not competent to give you information upon that. They exist very largely in the far-off counties of Ireland. There is very little of that in the County of Dublin, with which I am connected—that is the gombeen men as they are called, there is a good deal of it.

Mr. *Garfit.*

270. With regard to the question of lending through another man, you say that the money-lender would very likely send a borrower to another man, and so get the money lent through him, and that, therefore, you would consider anybody a money-lender who charged beyond a certain rate of interest. Do I understand you to say that? You said it would be difficult to find or define a professional money-lender, because he would send the borrower on to his next friend to lend the money, and therefore the only way you could define it was by saying a man who charged a certain rate of interest?—Yes, that is very nearly what I said.

Mr. *Garfit*—continued.

271. Is not that re-enacting the usury laws almost at once?—Oh, no, because the usury law was that over 5 per cent. was illegal.

272. You would have to fix the rate, and if anyone went beyond that he would be a money-lender?—It was merely upon the question of whether you would confine the question to the professional money-lender, which I understood the late witness to have suggested, I was saying that I thought that might be debated very largely, and I do not see why any member of the community should not be in just as disadvantageous a position as the money-lender, who was really doing the same thing, and therefore that I would make the test as to whether the relief was to be given, not whether the man was a professional money-lender, which is hard to define and hard to catch, but whether he was acting as if he were one by charging exorbitant and unconscionable interest.

Mr. *A. K. Loyd.*

273. If you extend the doctrine of chancery to all "unconscionable loans" you do not require any definition of "money-lender"?—Immediately you get to a definition you get people trying to evade it in every way.

Mr. *Garfit.*

274. Could not you prove agency in the case we are contemplating?—It is the most difficult thing in the world, and often very expensive.

Mr. *Caldwell.*

275. You mentioned that it was advisable in legislation to have very general language in an Act of Parliament?—I think so, to make your powers elastic.

276. I quite agree; do not you think it would be quite sufficient in a matter of this kind, instead of the details you have given, to introduce the words that where it appears to the court that the transaction is hard and unconscionable, that the interest charged, or the circumstances are hard and unconscionable it should let in the equitable jurisdiction of the court without defining any other thing?—I would be very glad if it were so, the more general the better. The reason I suggested those four or five different clauses was to meet the objections which would probably be made by an opponent of the Bill. I would rather have it as you put it.

277. The greater the definition the more risk there is, is there not?—There is no doubt about it.

278. I wish to make it clear—that would also apply to where you give all the charges. Do not you think it would be better to say "all charges made on the advance or in connection therewith," which would include everything—because you are leaving everything to the equity of the court—it would leave all these matters open?—I entirely agree with all you say; anything I put in as specific was rather for the purpose of helping to meet the arguments that might be advanced.

279. You mentioned another point in the case of the Appeal Court; to the effect that they should

Mr. *Caldwell*—continued.

should have power to review the facts as well as the law. So far as regards what the transaction was—the interest charged and all the particulars—would it not be advisable that in the Court of First Instance these facts should be determined by a jury, so that where the question came to the Appeal Court it would only be a question, upon the facts admitted, whether or not the bargain was hard and unconscionable, uniting in this way the jurisdiction of the Court of Appeal to the application of the law, which you yourself refuse to give to the jury—the jury to find facts?—The only thing I can say is that in all these cases, from Chesterfield *v.* Janssen down to the present, the Court of Chancery in the Appeal Court have gone most minutely into all the facts, for the purpose of seeing whether those vague words, "hard and unconscionable," are justified by the particular circumstances; and you will find, Sir, not only that Mr. Justice Monroe and the Vice-Chancellor, in the two cases of the Accommodation Bank which I have adverted to, do most minutely give their judgment upon the facts, but Lord Chancellor Walker, who was the judge in the first case (I think in both of them), most elaborately went into all the facts; and would have reversed the judgments if he had not agreed on the inference of facts.

280. No. Observe. The question of fact would be determined by the Court of First Instance; that would not prevent the review of the matters so ascertained by the Court of Appeal. It would only be that there was to be no rehearing of the case by evidence in the Court of Appeal; that the facts were to be determined by the Court of First Instance; the question whether the transaction was hard and unconscionable on the review of the facts so found would be for the Appeal Court to determine; but no new opening up of the facts. As I understood you to say you opened up the question of fact on the appeal?—My own opinion is, Sir, that you could hardly confine the Court of Appeal. First of all, with regard to the difficulty of procedure you speak of, I think that would have to be met pretty largely by rules, as

Mr. *Caldwell*—continued.

I suggested before; in other words, the deposition, supposing it was taken by oral evidence by the lower court, would be handed in to the Court of Appeal. The depositions are taken or the evidence is taken and sent up, and it is dealt with, and sometimes the court will not go behind it; and that is the way the judges did in those cases I told you of. They took the facts in this way. When it came up it was to that extent ascertained; but when they went into them (I suppose there were 20, 30 or 40 facts) the facts were all commented upon and found by the judge before he came to the question of whether upon the whole it had been a fair transaction or not. There there would be no new trial; these facts would be sent up from the court below as having been ascertained, and the judges of the Court of Appeal would assume these facts. The application of the law to the facts is a matter for the judge. I mean I should leave things as they were, except that where the appeal—as in the county courts, I believe, in England—is not upon matters of fact, the Appeal Court should have the power of reconsidering facts as well as law.

281. Only one other question, and that is: Do you think it would be any improvement of the law to say that where a bill of sale has been granted, we will suppose, over household furniture, it should be necessary to apply for a judge's order, before execution of the bill of sale takes place, in order that before the judge the debtor might be heard upon the question of the execution, and the discretion of the judge might take place as to whether he will allow immediate execution or not, instead of the creditor entering upon possession, under the bill of sale, without the intervention of the judge as at present?—I am not competent to speak much upon bills of sale; they are most unsatisfactory. Your legislation is utterly unsatisfactory; the Acts of 1878 and 1882 are utterly unsatisfactory. They lay down a set of hard and fast rules which struck the money-lenders at first, but when they came to know them, they knew them as well as a fox knows a trap.

His Honour Judge COLLIER, sworn; and Examined.

Chairman.

282. I BELIEVE you are one of the Liverpool County Court Judges?—I am.

283. How long have you been in that position?—Twenty-four and a-half years.

284. Have you had a great many money-lending cases before you?—A vast number in that time.

285. Can you put in any figures as to the numbers. I do not wish you to give them to the Committee; you can put them in?—I can give the figures for 1896. I divide money-lenders into three classes, roughly. One is the societies or companies; another is individual money-lenders, and then the third class is what one may call the female usurer, who deals with the poor.

Chairman—continued.

286. The female usurer?—They generally are women who deal with the poor.

287. I think that is rather new to the Committee?—In 1896 the number of cases entered by societies or companies in the Liverpool County Court (of course the Committee is aware that we have other places we go to, but I am only dealing with that now) was 471—that is, cases entered by loan societies—for 1,667*l.* 14*s.* 9*d.*, and there were 1,009 cases entered by individual money-lenders to the amount of 2,427*l.*

288. What is the third case—people who lend money to the poor?—We have no statistics about them. I will mention them presently if the Committee will allow me to. We have no statistics

Chairman—continued.

statistics about them at all. I daresay the Committee are aware that in proceedings in county courts the registrar takes all the undefended cases; then the defended cases are sent in to the judge. I am speaking now of the companies or societies—money-lending societies—which are generally well conducted. I very seldom get cases in my court which are not disputed; but on one occasion one of the registrars was ill and the other one was wanted for something else, so he asked me to take all the cases in the registrar's court, whether defended or undefended, and I went into court and took about 20 or 30 loan cases, and there was not one single one that was disputed. In every case the defendant appeared—the defendant's wife or somebody appeared—admitted the debt, and agreed to a moderate order. I may say that the orders of the court are very much less than the parties have agreed to pay under the promissory note.

Mr. *Warr.*

289. Is there any limit to the power of the court to direct payment by instalments?—Over 20*l.* We cannot order payment by instalments over 20*l.* except by agreement: we have no power to do that ourselves, over 20*l.*

Chairman.

290. Well, what is the rate of interest generally charged by these loan societies?—It is almost invariably a halfpenny in the shilling a week if there is default. I have got one of the promissory notes here which I will put in if you would like to see it; they are almost always in the same form.

291. Supposing a man goes to a loan office desiring to borrow. I am not speaking of default at all, or fines, or anything else; what is the rate of interest they lend at?—I have got an actual case here which I have been permitted to get from one of the loan societies. I have looked into that, and the amount charged.

Mr. *Warr.*

292. When you speak of "loan societies," are these registered companies?—Yes, they are limited companies I believe in all cases; but in this particular case 5*l.* was advanced, and the charges were 7*s.* 6*d.* Now this was to be paid at the rate of 2*s.* 6*d.* a week; that would take 40 weeks, and so the 7*s.* 6*d.*, according to my calculation, is about 9 per cent., so that the 9 per cent. is taken by way of interest before the people got the money. The 7*s.* 6*d.* are the charges according to what I have here, which makes, according to my calculation, 9 per cent.; then they got cash 4*l.* 12*s.* 6*d.*; but then there is this to be observed (I am not quite sure that this has ever been placed before this Committee before), that directly there is any default in the payment all the remainder of the balance becomes due, and the rate of interest then is 216½ per cent., say 217 per cent. Then you see the people have already paid the full interest up to the time, so they have to pay this 217 per cent. in addition.

Chairman.

293. Now about the individual money-lenders; do you find them more exacting than the loan societies?—The individual money-lender is very much more exacting and rapacious than the companies. The companies I think are carried on very fairly indeed. I think they are well conducted. There are a good many of them in Liverpool. There is an immense business done in money lending there. I have taken out of the "Daily Post" for the 3rd March, 1898, the advertisements of money lending, and there are 20. There are 20 advertisements of money lending here. The individual money-lenders of course do not always sue in their own name, though they do sometimes.

294. Do you find the interest much higher?—Promissory notes are almost always in the same form; but then the deductions are very much higher generally speaking, and the individual money-lender is much more exacting, and there are hard cases in various ways; they allow interest to go on without suing, and then at the rate of this 217 per cent. it runs up enormously. But I do not think anybody ever dreams of recovering the 217 per cent.

295. May I put this to you. In the case of The loans by loan fund societies, have they householders as security?—Well, I have got some statistics here from a loan society, the name of which I should not like to mention because I should not like to appear to be showing any favour to any particular loan society. I have been furnished with statistics, with the method in which the business is carried on, and I have this very thing that you ask for here.

296. The point I want to get at is this, whether the loan fund societies are not able to give easier terms, because they have security of some kind, than the money-lender who has no security?—Yes, they take security in this way; they almost always have a surety or sureties.

297. It is quite sufficient for you to give that answer?—I have a form here with me in which they tell the whole story. They warn the sureties before they become sureties.

298. We will take that without the document?—The terms are 6¼ per cent. on weekly payments, 8¼ on monthly payments, and 10½ per cent. on quarterly payments; those are the charges.

299. Then as to the third class of money-lenders, you promised to give us some information about those?—The third class of money-lenders are people who lend sometimes from week to week; the poor people pledge their clothes on the Monday; they take them out again when they get their wages on Saturday; they wear them on Sunday, and they pledge them again on the Monday; and in the same way they borrow money (I do not mean to say it is always so) at the beginning of the week; they pay it with the interest, which is hardly ever less than a penny in the shilling a week, on the Saturday, and then on the Monday they borrow it again. That is not at all an uncommon case; there are no documents, and so these cases are almost always, I may say, disputed

Chairman—continued.

puted, and it is very difficult indeed to come at the facts. The people mix up the payments for interest with the amount of the loan, and then they talk about fines; they always talk about the interest being fines, but they have no objection at all to pay the penny in the shilling a week for the accommodation, and they do pay it.

300. Then, is it your opinion that these people know what they are doing perfectly well, and that when they fail to pay and are sold up, or anything happens to them, they have simply got themselves to blame?—Do you mean in all cases?

301. I mean in all cases?—I think in almost all cases that come before me the parties know perfectly well what the bargain is. I do not know whether they make the calculation about the halfpenny in the shilling a week, that that is 217 per cent. or something like it, but they know perfectly well that they have to pay a halfpenny in the shilling a week.

302. Do you say that hard cases are rare?—I think the hard cases are rare myself, but hard cases occur in this way. The money-lender knows that he will not get anything from the original borrower and he does not give notice to the surety, and then the sum runs up and becomes a very large sum indeed; it rolls up very quickly indeed at 217 per cent. As I said before they never venture to ask us to give anything like that, or even half of it.

303. You have heard the evidence here of Sir George Lewis and the Recorder of Dublin; you have been present, I understand, all day, what is your opinion as to giving the county court judge discretion in hard cases; would you object to that yourself?—I think it would be a revolution to do so. There is a power in the Court of Chancery to reform and to set aside contracts which are unconscionable, no doubt; but it is very rarely exercised and as far as I know, it is never exercised except in cases where there is some disability, or a party has some estate and the reversion is affected; but I do not see why, if the county court judges and others are to have the powers to reform contracts for money-lending, they should not have the power to reform contracts in all cases. I think that would follow; then it comes to this, that although the parties may have agreed, the judge is to step in, and say: "Oh, you charge too much, and therefore I shall reform the contract. I think it would be a very dangerous power to give, I must confess, and I think it would lead to enormous litigation, because there would not be a case in the county court in which the people would not try to get the order set aside on the ground that the charge was unconscionable.

Mr. *Ascroft.*

304. Have you followed the evidence at all?—No, I have not followed it very closely.

305. Perhaps you are not aware of the great number of cases which have been brought before this Committee showing how scandalous the abuses are in connection with money-lending; not in your district, but in other districts?—No, I have not followed that. I do not find myself that there are abuses. If there are abuses, it is, as I have said before, by the individual money-lenders. I think that these companies carry on their business respectably.

Mr. *Ascroft*—continued.

306. Then, may I take it that your evidence is applicable chiefly to Liverpool, where your court is, and which we know is in a very enlightened constituency?—Oh, yes, I think so, certainly.

307. That is all I have to ask, then?—But I have here a scheme which I wish to put before the Committee, if they will take it.

Chairman.

308. Certainly?—It seems to me the right thing to do is to get hold of the borrower; to prevent borrowing if possible. Of course, I admit at once the evils of borrowing money, because I know a great number of cases in which ruin has resulted; I think it is very likely to result, and I think a man hardly ever resorts to these individual money-lenders if he can get money elsewhere; it is one of the last steps towards ruin when he does so. I think therefore I would check and discourage borrowing as much as possible, and my idea of doing that is publicity. If the Committee will allow me I will just read what my proposal is:—"In the case of bills of sale, and also in the case of pawnbrokers, the legislature has interfered with what is called freedom of contract, but neither case is precisely analogous to the class of loans the Committee is inquiring into, for there is security in both cases. The principles however of the Bills of Sale Act would apply, I think, in a modified degree, to loans by money-lenders. That principle, as I understand it, is that a man should not have credit to which he is not entitled, and that if he pledges the furniture in his house thereby diminishing his creditor's chance of being paid, that fact should be known to the community. It seems to me that the same reasoning would apply to a man who borrows money at an extravagant rate of interest. It is for the public interest that such a man's true position should be known that he may not get undeserved credit, and moreover nothing would tend to discourage borrowing so much as publicity. The true policy, in my opinion, is to place difficulties in the way of the borrower. I accordingly suggest the following scheme. It is, of course, by no means perfect in its details; it is only a sketch which, if adopted, would require much consideration to work out. I may here say that I have no very great confidence in its being effectual, because the ingenuity of the money-lending class would probably enable them to evade the effect of any form of words Parliament could use. I should like also to say that the scheme is framed in such a manner as to avoid the opposition of the banking community. I am sorry to say that I cannot agree with Sir George Lewis upon what he says about professional money-lenders. According to my view bankers are professional money-lenders; it is their business A banker is a money-lender. It is his business to lend money, and I must say I do not think, if you used the words professional money-lender, that you could exclude the banking community; I should be very glad indeed if you

Chairman—continued.

you could, because that would raise my limit here at once. The limit I put at present is 20*l.*, and that was put with a view to avoid the opposition of the banking community, who would be up in arms at once at any check to borrowing which affected them. I suggest that all loans under 20*l.* on which the interest payable is more than 7 per cent. should be irrecoverable, unless registered in the county court by the lender, and I subjoin a form for such registration. I would make any false declaration in the register, and any delay in registration after the time prescribed, penal; I would prohibit all deductions from the loan, whether by way of bonus, interest, or commission, or on any other account whatsoever, except a moderate inquiry fee of, say, sixpence in the pound, and something for travelling expenses when the borrower lives at a distance."

Mr. *A. K. Loyd.*

309. Who is to register; the borrower, or the lender?—Oh, the lender.

310. Under penalty?—Under penalty.

Mr. *Warr.*

311. That would apply to a transaction whether of professional money-lenders, or friends, or banks, or anyone?—Yes, I think it would, but under 20*l.* only.

Chairman.

312. That is a much larger order than giving discretion to the county court judges, I think; I think that is a revolution?—It is only when the interest is above 7 per cent.

Mr. *Garfit.*

313. You say that many of these respectable companies charge 9½?—Oh, yes; my scheme would affect them certainly. I have got it under different heads here, "date," "name, address, and occupation of the lender or lenders;" "under what designation the lender carries on business;" "the name and address and occupation of the borrower;" "the amount of the loan;" "how payable" "the rate per annum of interest payable." I think it is a great thing to avoid the halfpenny in the shilling a week; I prefer to say the rate per annum that makes it much more plain, "the amount actually received by the borrower," and the "description of the document." I suggest that all such loans should be registered in the county court.

314. Supposing that the amount varied, and that sometimes it was under 20*l.*, and sometimes over 20*l.*; that the bank rate was 7 per cent., and that you were lending at the bank rate, would not you come within that limit?—You ask me whether if the bank rate was 7 per cent. that would affect the bankers.

315. Yes; in the case of an account running below 20*l.* on a fluctuating account?—I have been rather hesitating between 6 per cent. and 7 per cent

316. The Bank of England charges 10 per cent. sometimes; I mean, is it not rather difficult to fix a certain rate per cent.?—You see it is only for purposes of registration, and I thought if I fixed 20*l.* that that would hardly affect bankers at all, because they do not (practically) lend as low as 20*l.*

Mr. *Garfit*—continued.

317. Very frequently I think they do in the country. It is not only a loan of 20*l.*, it is whenever the account is below 20*l.* (which would affect them, is it not?—Yes, in the case of any loan under 20*l.* where more than 7 per cent is charged.

318. It is about the usual rate, but the Bank of England charge more than that sometimes?—I thought that I should escape the objection of bankers by fixing it at amounts below 20*l.*, and putting "7 per cent"

Mr. *A. K. Loyd.*

319. The population of Liverpool is an artisar population rubbing their wits together, and you would describe them as decidedly a sharp population, would not you?—Oh, I should think so, certainly.

320. Money-lending there is a very prevalent thing evidently from the number of advertisements you have picked out of one day's paper?—Very, indeed.

321. You think they understand the transaction, and hard cases are rare?—I think they do. There has been a great deal of talk and a great deal written about the halfpenny in a shilling a week; it has been mentioned often in the papers.

322. That would not at all apply to the rural populations and outlying people who are caught by these charming advertisements, would it?—Well, I do not know how that is. I have had no experience at all except at a place like Ormskirk. I think there they are just as capable of judging. Ormskirk is the country place in which I hold my court; I think they know just as much about it there as they do in Liverpool.

323. Is that on account of its proximity to a large place?—Very likely.

324. You say you are loth to extend this discretionary power on account of its possible abuse by a defence being raised in all cases of contract. Is that your view?—Yes, my view is this: that if you extend that principle to one contract you ought to extend it to others. I do not think you can very well confine it to money-lending.

325. Is there not in the money-lending contract a strong temptation to fraud and oppression in taking advantage very often of distress which does not exist in other contracts?—It may be so.

326. Does not the very desire to borrow money amongst these people imply distress?—It would be so; the judge might set aside any contract in which he thought one party charged too much.

Mr. *Garfit.*

327. Fix the rate, not "set aside"?—Reform or set aside, reform or alter.

Mr. *A. K. Loyd.*

328. Would the judge be at all likely to go astray by confusing a *bonâ fide* transaction for

Mr. *A. K. Loyd*—continued.

for the benefit of both parties with a deliberate getting at a person in distress?—I do not know: I think we ought to assume that they would act reasonably.

329. That the judges would act reasonably?—Yes.

330. Take the case of a man or of a woman in great distress or poverty, temporary or otherwise, caught by one of these deliberately false and fraudulent advertisements, giving an impression of *bonâ fides* and benevolence, and under promises of secrecy, inducing them to accept a loan, very often the cash sent in the letter, making the proposal so as to tempt them to take the loan; then a document, signed, of which that person has no understanding, and can have no understanding whatever; then default made, default interest clause put into force, and their all, to the very last farthing, sucked out of them, by a leech of that sort; is that a contract which has any resemblance to an ordinary transaction?—No, I think in the way the honourable member puts it, it has not. It is a contract, which it would be quite fair to set aside.

Mr. *A. K. Loyd*—continued.

331. That is the sort of case we want to reach?—Those cases I have no knowledge of myself. I take it that they are rare.

332. May I take it, that as things are conducted in Liverpool, you see no occasion for any such stringency as has been proposed by this discretionary power?—I think the power to set aside or reform contracts—I mean the general power to Judges—is a very serious power to give them.

Mr. JAMES DODWELL, sworn; and Examined.

Chairman.

333. You reside at Aylesbury?—Yes.

334. I believe that you feel aggrieved by some statement made by Mr. Farrow?—Yes, sir. Mr. Farrow has made the statement that I have charged 650 per cent. interest. I am very much obliged to you for giving me——

335. Never mind that. Are you a money-lender?—No, sir; I have never advertised by newspaper or by circular in my life.

336. That is not the question. Are you a money-lender?—No, sir.

337. Then did you lend this man any money?—Yes.

338. What do you feel aggrieved at?—I feel aggrieved that they have distorted a mere charge of mine, it was not a charge of mine, a promissory note that was given to me, they have distorted that into some very iniquitous charge of charging 650 per cent.

339. Now, explain your case for yourself, if you wish?—I am very much obliged to you for giving me this offer of coming and explaining myself here. It is a rule of my life; I have always tried, to the best of my ability, to act upon the golden rule to do to others as I would have them do to me, and I hope the Committee will be kind enough to consider whatever may be brought against me, and apply to it that standard. I have already given you private notice, sir, that I would ask Mr. Farrow a question, and it is this——

340. You are not entitled to ask Mr. Farrow any questions; if you have any explanation to make as to what Mr. Farrow said, make it, please?—Well, I indignantly deny ever making any charge of this description.

341. Is that all that you have got to say?—No.

Mr. *Garfit.*

342. Have you got a copy of the evidence he gave relating to the loan you made of 5*l.*?—With relation to that loan I should like to point out that that promissory note is missing somewhere, and I have reason to believe that Mr. Farrow, or somebody else on behalf of Mr. Farrow, has obtained that promissory note by dishonest means; I mean this, that the person who signed that promissory note is a Mr. Caudery, and Mr. Caudery has been to me to inquire, seeing that he has paid the money, why he has not got the promissory note—and where is it. I told him, of course I could not say where it was.

Mr. *Garfit*—continued.

Mr. *Ascroft.*

343. Do you mean the promissory note is not correct? Do you mean that the facts stated here are not such as are stated on the face of the promissory note, and that Mr. Farrow has altered them?—The promissory note, so far as I understand this charge, is based upon——

344. Did the promissory note show 650 per cent. interest that you were to receive?—Most certainly not, sir.

Chairman.

345. Did you lend this man 5*l.*?—I lent him 5*l.*

346. Did you lend this man 5*l.*?—Yes, sir, I did.

347. How is he to repay you?—It was to be repaid to me with 1*l.* interest, and it was to be repaid by 15 monthly instalments, of 8*s.* per month. He paid the first two or three instalments.

Mr. *Warr.*

348. Was not there to be an additional payment of a shilling a week?—When I wrote that, sir I had no idea whatever of charging it; I never have charged it.

Chairman.

349. That is not the point. Was that part of the contract Mr. Dodwell?——

Mr. *Ascroft.*

350. I have got the note here?—It was a promissory note; I have got a letter from Mr. Caudery.

Chairman.

351. Never mind the letter; was that on the contract?—Yes, sir, it was.

352. What did the man pay on that promissory

Chairman—continued.

missory note?—To the best of my remembrance it was about two or three instalments, about 24*s.* I do not know; I am subject to correction.

Mr. *Ascroft.*] He paid you 1*l.* 9*s.* 6*d.*

Chairman.

353. Did the promissory note mount up to 20*l.* 9*s.* 6*d.*?—No, sir. I have never reckoned up what it amounted to. I simply received the 29*s.* I take that gentleman's statement. I thought it was about three instalments, and at the end I wrote to him, and could not get any money from him, and then I went to the gentleman who signed the promissory note with Mr. Caudery, and told him that I could not get the money from Caudery, therefore I must come to him, and I hoped some arrangement would be made whereby I might obtain the money, the 5*l.* and the 1*l.*—the 6*l.*—back again; but if not, I said the case must go on to the county court; if no arrangement was made it must go to the county court; if it went on to the county court I should submit the thing to the judgment of the county court judge, and let him say what was fair and right as between us. That is where the matter stands. Mr. Caudery has given me the letter, and I have got a letter from Mr. Smith, which I hope you will be kind enough to allow me to read.

354. What is that?—A letter from Mr. Caudery on this point.

355. I will not have that. You have given your explanation, and what it amounts to is this, that you lent this man 5*l.* at a certain rate of interest, and the default interest was to be at a certain rate?—I have never charged it, sir.

356. That is not the point. It was part of the contract. Mr. Farrow did not say you had charged it. Mr. Farrow admitted your good intentions, but he maintained that that was the logical result of the contract?—The general public would not understand it so.

357. He quite admitted your good intentions, and said you had dealt rather favourably with the man, in fact?—But the general public would not understand it so, sir.

Mr. *Warr.*

358. It would be kinder to your own customer, whom you wish to help, not to read that note. His name does not appear, as I read the notes?

Chairman.

359. Did you see the borrower's wife and tell her that 20*l.* was due?—The borrower has not a wife, he is a single man. Perhaps you refer to Smith?

Mr. *Ascroft.*

360. Mr. Dodwell, there was some dispute as to this money being paid, was there not?—There was no dispute as to the money being paid. The man acknowledges liability to pay the 6*l.*, and that is all I have ever charged him.

361. My dear sir, I have got your own letters. There was a dispute, but you suggested that it should go to arbitration. Now listen to your letter of February the 9th, 1896. "I would be willing to leave the whole matter in the hands of Mr. ******* for him to decide," and then "He should have simply the note to go upon without comment, from either you or me, or he should hear first you, and then me, and then decide without a third party being present." Now if this note had been arbitrated upon, upon those terms, would not you appear to be entitled to 650 per cent.?—Certainly not, sir; I should have been entitled to 6*l.*

362. Listen to your note. "We jointly and severally promise to pay James Dodwell, or his Order, the sum of 6*l.* in 15 consecutive monthly instalments, of eight shillings per month, the first of such instalments to be paid December 1st, 1894, with an additional payment of one shilling per week, on each monthly instalment not duly paid to date for value received"?—That "one shilling per week" is a mistake.

363. It is there. That is the note, is it not?—Yes, I daresay it is.

364. Now let us get at it. He paid you 1*l.* 9*s.* 6*d.*, did he not?—I will take your word, sir; I have not got the particulars here.

365. Leaving 3*l.* 10*s.* 6*d.* You first of all asked for 20*l.* in settlement?—For 20*l.*

366. For 20*l.*?—£20 has never crossed my mind.

367. Did you state that it had come to 20*l.*, but that you would be willing to settle it for the smaller amount if settled at once?—I never calculated what it would take.

368. Did you then ask 7*l.* in place of the 3*l.* 10*s.* 6*d.*?—I daresay I did; I may have done.

369. You know you did. Did not you send the promissory note to him to sign?—I beg your pardon, sir; I do not know that I did. I wrote and asked you what cases you referred to before I came here, but you did not write and tell me what cases you referred to, and therefore I am come unprepared with witnesses.

Chairman.

370. I thought you were not a money-lender?—I am not a money-lender.

371. You are referring to "cases"; then have you other cases of money lending?—Yes; I have lent several times on promissory notes.

372. You lend money, but you are not a money-lender?—I have never solicited the loan of money in my life on a bill of sale. I do not know what a bill of sale is; I never saw one in my life.

Mr. *Ascroft.*

373. You admitted, in your own letter, that you were a money-lender. "I should be only too proud to have all my money-lending transactions criticised by a qualified business man on the golden rule principle, and would be only too glad to receive my capital back, without one farthing interest being paid, only a very low moderate amount for my trouble." Let us get on to this please. You sent a promissory note (which I have here, or a copy of it) for 7*l.* in payment of the 3*l.* 10*s.* 6*d.* owing?—£6, sir; 5*l.*, and 1*l.* interest.

374. £5 was the money advanced, but you took a note for 6*l.*?—Yes, that is so.

375. You took 1*l.* in hand; then he repaid you 1*l.* 9*s.* 6*d.*?—Yes.

376. Which

Mr. *Ascroft*—continued.

376. Which left 3*l.* 10*s.* 6*d.* actual cash owing?—Yes.

377. For that you wanted 7*l.*, but settled for 4*l.* 10*s.* 6*d.*?—I did no such thing, sir. What I wanted was the 6*l.* I should be perfectly satisfied with the 6*l.* That is what I wanted.

378. You say you are not a money-lender?—I am not a money-lender.

379. Are you not in the habit of lending money at the rate of 100 per cent.?—Certainly not; I never did such a thing in my life.

380. Sixty per cent.?—No.

381. Forty-five per cent.?—No.

382. Let me go through a few cases quickly. You lent money to Sergeant Thomas, did not you?—Yes.

383. He is in the Bucks Police?—Yes.

384. Did you in April 1895 lend him the sum of 12*l.* on a promissory note, repayable at the rate of 1*l.* a month, advancing him 10*l.* only in cash?—It is unfair to bring questions like that; I am quite unprepared for it; I have not my books with me.

385. Did you receive 5*l.* back again, and then demand 7*l.*, which was at the rate of 45 per cent., and did he pay you that; yes or no?—I cannot answer because I am not prepared; I have not got my books with me. If you had stated the cases you referred to I should have been prepared to answer.

386. I will give you another. You deal a good deal in pianos, or rather take pianos as security?—No, I do not.

387. Are you sure?—I have had one.

388. We will take Mr. Churchill first. You advanced Mr. Churchill a sum of money on loan, did you not?—Yes, I did.

389. Did he pay you back again?—No, he paid something back and then it went to liquidation or something. I had poundage.

390. Did he pay you back again?—No, he did not pay it all; he paid some back.

391. He subsequently died, did he not?—Yes, he did.

392. And after he died they offered to sell his furniture, did they not?—Yes.

393. And did not you put in a claim for his piano, and say it was yours although the money was paid off?—When I wrote to Mr. Churchill——

394. Did you put in a claim to the piano?—When I wrote to Mr. Churchill and gave that money I was very unwilling to accept it; I knew it was quite invalid at the time; he said he would insist on giving me a receipted bill for that piano. I had not the piano, but he gave me a receipted bill for it. I thought there was no harm in holding that.

395. My good sir, Mr. Churchill was dead at the time?—At what time?

396. At the time the piano was offered for sale did you, although not a single penny was owing to you, send this letter to the auctioneer and tell him the piano was yours?—Money was owing to me, and there was some paid afterwards; Churchill's brother came and paid it a long time after.

397. Look at that letter giving the auctioneer notice not to sell the piano (*handing same to the witness*)?—This is not my writing.

Mr. *Ascroft*—continued.

398. Whose letter is it? Is it your letter?—It is not my writing.

399. Is it your letter?—"According to the 'Bucks Herald,' which I have just received, you are selling Mr. Churchill's furniture; and I hereby give you notice that the piano in his house belongs to me, and that I hold the receipt from him of the money paid for it; that I forbid you to sell it, or if you do so, I shall hold you responsible,—Yours truly, *James Dodwell.* I expect to be home on Monday night." I expect very likely it is.

400. Of course it is; you know that; did the brother write you and inform you that not a single penny was owing?—No.

401. But you forgot to hand over the promissory note and the receipt; the piano was collateral security, you know, was not it?—There was money owing, because the brother came and paid me afterwards.

402. Do you say the brother did that?—Yes; the brother came to my house and paid me.

403. I will take a second piano, Gayford; you lent this man 20*l.* at 100 per cent. on another piano; did you lend him 25*l.*, advance him 20*l.* cash, and did he repay you in three months?—I lent him 20*l.*, I believe.

Chairman.

404. You are the most extraordinary man I ever met, not to be a money-lender and yet to be lending money?—If I was a professional money-lender I should advertise by circulars and in the usual way.

Mr. *Ascroft.*

405. You are connected with the Young Men's Christian Association?—Yes, I am, unfortunately; I was, at least.

406. It is well you should be known; the second piano, did you take that as security from Gayford?—I took that piano as security, and have got it now.

407. Did you advance him 20*l.* on a loan of 25*l.*?—Yes.

408. Charging him 5*l.* for three months interest?—I do not know.

409. Do you know that that is 100 per cent.?—I do not know.

410. Do you remember Startup's piano; you lent him 20*l.* on 23rd July 1896?—Yes.

411. You gave him a cheque for 18*l.* 15*s.* 3*d.* and charged him 1*l.* for packing his piano, 14*s.* 9*d.* for returning his empty case, and you still hold the piano, do you, or has he got it back?—He has not got it back, but it is entirely misleading what you say.

412. Do you know that that was 75 per cent.?—I can only say this, I charged him 10 per cent.; that is every halfpenny I have ever received from him and packing the piano.

413. You wish us to understand that you are not a money-lender?—I am not a money-lender.

414. You simply take pianos in pawn and advance cash?

Tuesday, 15th March 1898.

MEMBERS PRESENT:

Mr. Ascroft.	Dr. M'Donnell.
Mr. Caldwell.	Mr. Price.
Captain Chaloner.	Mr. T. W. Russell.
Mr. Garfit.	Mr. Warr.
Mr. Hazell.	Mr. George Whiteley.
Mr. Jeffreys.	Mr. Yerburgh.

Mr. T. W. RUSSELL IN THE CHAIR.

Sir HENRY HAWKINS, Examined.

Chairman.

415. THE Committee, Sir Henry, have heard a great deal of evidence regarding the evil results of the present money-lending system; we have now turned our attention to possible remedies for these evils, and I think I may say we are exceedingly obliged for your attendance here this morning?—I am very happy to give any information I can.

416. There is one point on which we specially desire assistance and advice (especially that of the judiciary); more than one witness has declared that the only effective remedy for the evils of the present system would be that Parliament should confer upon the judiciary a discretion in dealing with cases of extortion. Perhaps in the evidence you are about to give you will be good enough to give the Committee your opinion upon this remedy, which has been suggested by more than one witness of importance?—I do not know whether the Committee have had evidence before them as yet, or whether they desire it, as to some of the devices by which real money-lenders conceal their operations. A case occurred before me the other day (it was a case at Nottingham)—I am going to say nothing against the character of the man whose dealings I am going to mention (I know nothing of it), I only had to try the man who went to him for stealing a bicycle; the value of the bicycle was said to be about 7*l.*; of course, if he stole it, he wanted to get rid of it. He went to a man who said he was not a money-lender and he was not a pawnbroker—he had not a pawnbroker's license—but that he was a finance agent, and that he bought out and out the goods which were brought to him. The thief went to him; he took the bicycle, and they made this bargain between them: the one said, You shall sell me this bicycle out and out. I will buy it of you for 3*l.*, and you shall have the opportunity of redeeming it, and purchasing it back at the end of a month, but the contract must appear to be this, that I have given you 4*l.* for it; I have given you three pounds, there is another pound to be paid to me at the end of the month; if you bring back the money I have advanced to you already, and another pound (making four pounds altogether) you shall have your bicycle back. Well, that struck me as being a very hard bargain for the man, if he had been an honest man pawning his bicycle; but of course a thief does not care how soon he gets rid of it, or how he gets rid of it, or much about the price, so long as he gets something for it; the article cost him nothing, and he has got 3*l.* for it at all events. But if you work that out as a transaction of loan, instead of a purchase out and out for 3*l.*, to be redeemed at the end of a month, it works out just 400 per cent., which is a tolerably good interest. Worked out according to his view of the character of his contract, it would work out at about 1,600 or 1,800—it may not be quite so much, but it would be over a thousand per cent. a great deal. He said: This is my contract, and I look upon it that under this contract my authority to redeem only applies if I have not sold the article in the meantime; so that if he sold the article in the meantime—say sold it the first day afterwards—and got a customer for 5*l.*—if he chose to sell it—this poor wretched man might come with the money at the end of the time, and then be told: I have not got your bicycle; I have sold it in the meantime; therefore, it is gone. He has sold his bicycle for 3*l.*, and there is an end of it. But if you take it in that way—if the pound had been actually paid—it would certainly have worked out somewhere over 1,200 per cent.; and what strikes me very forcibly is this: that that is a very dangerous system, to allow a man to pretend, or rather to say, that he is a financial agent—that he is not subject to the laws affecting pawnbrokers, and that he may buy these things out and out at this rate with impunity. I do not say at all that the man was not honest, although the transaction was one which made me open my eyes; at the same time I say nothing against him; but I do think the system is one which I ought to bring to the attention of the Committee, that they may deal with it as they think fit. With regard to the general question, I would rather say something first of all on another matter which was spoken to (I think it was by Sir George

Chairman—continued.

Chairman—continued.

George Lewis) the other day, in which I thoroughly agree—and my knowledge of this part of the subject is derived from matters which have occurred before me, myself, and in the course of the last 18 months. There was a prosecution against a man for obtaining money under false pretences, and the pretence was this: that he lent money at 5 per cent. and without security.

417. Is that Pockett's case?—Pockett's. There were a host of people, very very poor people; some of them wanting to tide over a little difficulty for a very few pounds. They went upon the faith—they did not want to pledge their little home, they had not (some of them) much to pledge, but they relied upon having a very low rate of interest to pay.

Mr. *Warr.*

418. I suppose that pretence was in an advertisement, your Lordship, was it?—In an advertisement and in circulars; and naturally I take it no man in his senses would read a "loan at 5 per cent." as other than "5 per cent. per annum"; but I know in the course of the case it was urged before me (I forget whether by the man or his counsel) that it did say "5 per cent.," that really was 60 per cent., and meant 5 per cent. per month. Of cource a bait like that, to borrow money at this rate of 60 per cent. is a totally different thing to borrowing on the ordinary construction of the advertisement of "5 per cent."

Chairman.

419. That is the usual system apparently?—It is. I thought myself it was a very bad one, and I quite approve of the suggestion that has been made, that whether money is obtained by false pretences or not it is a very extortionate and very bad system, and I feel it so myself; but that is not the whole of the evil to my mind. When these people wanted to borrow money they had fees to pay in order that some inquiry might be made as to whether they were persons to whom loans would be made at all, and in a host of cases the false pretence was simply the obtaining of fees, because in a great many of the cases the loan was refused; and it is a new mode of getting money by charging inquiry fees; I cannot say, "with the preconceived idea and determination," but it looked very like it, not to advance the money at all, except the security was such as would not justify the loan at an exorbitant rate of interest even.

420. I think it is rather worse than that, for the evidence we have had is that there are men advertising as money-lenders who are not money-lenders at all; who are simply touts, who take the person on to other money-lenders, taking the fee in the meantime?—Yes; I have not a shadow of doubt of the existence of that. I cannot mention particular instances, but I mean that has come before me hundreds of times.

Mr. *Warr.*

421. And the law is strong enough to deal with those cases, is it not?—Well, it is a difficult thing, unless you get isolated cases, to say how far the law would reach it. Men are so cunning.

Mr. *Warr*—continued.

422. Would you suggest an alteration in the law to meet that?—I should register every money-lender. I mean to say, such a money lender as I have just been speaking of—people who lend money to poor people at big rates of interest; I should insist upon there being a register of the name.

423. How would you describe him—as a "professional money-lender"?—Perhaps "professional money-lender" would be as good a term to give him as anything; but you would hardly call him a real money-lender very often.

424. I mean it has puzzled the Committee a good deal as to how these men are to be described?—I should think any man who lends money—who professes to be a money-lender, and professes to advance money on particular terms, would clearly come within the term of a professing money-lender.

425. Some people have thought that that possibly would apply to a legitimate banker?—I do not think so. At all events, if an Act of Parliament were passed to deal with that class of case, I think the draughtsman would be able to put in some clause which would protect any legitimate *bonâ fide* banker. I do not like men being called bankers whose trade is merely that of money lending; that I would not call a banker at all; he is a money-lender under another name.

426. I am sure we are very much obliged to your Lordship for that expression of opinion.—

Mr. *Ascroft.*

427. Would you compel him to put his name over the door as well, "Professional Money-Lender"—in the same way as a pawnbroker?—I do not see why it should not be so, because if men associate themselves together for the purpose of making a fund for the purpose of lending at exorbitant rates, I do not see why they should be more ashamed of their business than other people.

428. And also in all circulars, and in every advertisement?—Every circular and every advertisement.

Chairman.

429. Would you go the length of suggesting that these professional money-lenders should not only be registered, but that they should be licensed?—I think so. I think they should be licensed too, because I think those who granted the license would require some guarantee that there should be a particular amount of capital which would enable them to repay money they obtained from others if the tribunal dealing with the matter should order it to be refunded. If the tribunal ordered it to be refunded, there it would be.

430. And I might suggest that in the event of some bad practice the license might be endorsed and taken away precisely in the same way as other licenses are?—Quite so. Whatever was the authority to deal with these matters I should give them the fullest power to deal with the whole matter.

431. Then you substantially, on the question of fraud, agree with Sir George Lewis's evidence?—I do.

432. On these points?—On these points. But there is one other thing I should like to suggest for

Chairman—continued.

for your consideration; it is this: The transactions of pawnbrokers are always recorded in books. I would make every money-lender keep a record of his money-lending transactions with a record of all the details of his renewals, because the shocking accumulation of debt arising from interest alone is too awful to contemplate.

433. Default interest?—Yes. I will give you one instance that occurred to my own knowledge. I was placed in a very painful position to know what to do with the man, and ultimately I did deal him out as light a sentence as I could conscientiously do under the circumstances. He was a man who was in a very respectable position; he had married a wife, a very nice woman, who was very much attached to him and he to her; his income was very small, that is to say 200*l.* a year—some very small income at all events; he tried to do so the best he could to make a good home for her; the result was that the first year he a little exceeded his income—not much (40*l.* or 50*l.*); he had recourse to a money-lender (these transactions came before me) at a large rate of interest. Naturally, as anybody who knew his circumstances and position would expect (he never thought of it), at the end of the year he was worse off than he was at the beginning, because he owed more interest than the loan amounted to. Under those circumstances he thought he would avail himself of the chances of the Turf, and he backed a horse or horses at very large odds, I think it was 100 to 1, or something of that sort. Well, anybody who thought of the matter would think it was really a 100 to 1 chance whether he ever made anything out of it; but he looked upon it as a dead certainty. When the race was run he only lost his few pounds that he had put on the horses, but was worse off still; there was his debt to the money-lender still due; he had hoped to pay it off with his Turf winnings. The result was, he was put to his wits' end. I have no doubt the man was intending to be honest, that is say in the result, but unfortunately he had the means of forging names which gave him the opportunity of realising a sum of money sufficient to satisfy his then immediate wants. He explained to me (and I believed him, and I believe everybody else did, for he had a most estimable character) that his intention was not to steal the money absolutely, but to save and to repay the debt; but he was overtaken before he had the opportunity of doing it. Well that is forgery. It places the judge in a very painful position to know what punishment to award to a man of that sort; but under the circumstances I met the difficulty as best I could, and gave him that amount of punishment which I thought was lenient under the circumstances, as it ought to be; but that is the mischief. That to my mind is a strong instance of the misery which is brought about by these extortionate money-lenders.

Mr. *Ascroft.*

434. Then you think that they assist in the committal of crime?—I am sure they encourage it. I mean it is an encouragement. For instance, I believe myself that the system of

Mr. *Ascroft*—continued.

betting—I have had a good deal to think about in that—encourages a good deal of crime. Some people who are poor say: There is 10*s.*; I am going to advance 10*s.* on a horse. He picks out the horse; he knows nothing about it himself; he knows nothing of the chance he takes up; there are long odds, and thinks if he can win 20*l.* by a deposit of 10*s.* he is all right.

435. Then do you consider the time has come when legislation should be passed to deal with this evil?—I do.

Chairman.

436. In the case you have mentioned this young man first went to the money-lender?—He innocently, and with a view of making his little home comfortable for his wife, a little exceeded his income.

437. He went to the money-lender; then he took to betting. Would you say that it was the case that men take to betting and resort to the money-lender's office to pay the bets?—I think very often.

438. That was Sir George Lewis' evidence?—That is my opinion.

439. So that it encourages gambling and leads to crime?—It does.

Mr. *Ascroft.*

440. The knowledge that they can obtain cash from a money-lender is encouragement to them to run the risk of betting?—It is. I am quite satisfied of that. Of course one does not keep a record of all these transactions, but constantly, after a man is convicted on his trial—if it is a young man who has been robbing his employer or forging an order, small or great, as it may be—it is a common thing for me to have handed up to me a petition from the prisoner setting forth his real condition, setting forth the miseries that he has been in by his being driven to borrowing money and driven to betting and gambling; he has accounted very often for his misdeeds in that way, and by that very thing.

Mr. *Warr.*

441. Is it possible to help a man like that by legislation?—Only by making it a very dangerous thing for these men to advance money to him. I should myself be very glad indeed to say that which I think would deter these money-lenders quite as much as anything else—that is to say, if this man is in difficulty, and you are charging him 60 per cent., you shall not recover more than a reasonable sum.

Chairman.

442. Now you are coming to the exact point we want to get at?—I should make it a prohibition; I should say, You shall not do it; and, what is more, as to all sums of money which are advanced at over a particular rate of interest (it is difficult to fix one rate which should be applicable to all cases—you cannot do it), I should say, If you do make a bargain of this sort you shall not take the same rating amongst creditors in bankruptcy, you shall come last of all; I will put you in the position you ought to be put in,

Chairman—continued.

because you have (very often) brought about this particular thing—this mischief—the bankruptcy; I will not allow you to put yourself upon an equality with men like tradesmen, who supply their goods, and, of course, are entitled to their money.

Mr. *Warr.*

443. You would not allow him to be on an equality even up to the extent of a reasonable rate of interest?—No, I would not, because if that were so the man would not run the risk. I wish him to run the risk; that is to say, to run the risk of getting nothing.

Mr. *Ascroft.*

444. That is a plan adopted in many of the States of America, is it not?—Yes.

445. If the money is lent at over a certain fixed rate, which is called usurious, and the lender forfeits in some cases the principal, in other cases the interest, and in some cases it is a misdemeanour punishable by fine and imprisonment?—Yes, I think that is a good system.

446. You think that is a good system?—I do.

Chairman.

447. Of course there is very great difficulty; I need not tell you about re-enacting anything like the old usury laws?—I know there is difficulty always in retrogression.

448. Of course?—But I am one of those who think that if it is found by experience that the repealing of an Act of Parliament, or the enacting of an Act of Parliament, is prejudicial to society in general, or (in these money-lending cases more particularly) to people in the poorer classes of life, I do not see any reason why there should not be repeal and re-enactment.

449. Of course the usury laws were repealed not altogether because they were bad in principle, but because it was so easy to get behind them and defeat them, and I am not sure that we are much further advanced in the way of getting round a difficulty like that than we were then, but I should like your opinion very much upon this point. You have already said that you would put these money-lenders in a class by themselves in cases of bankruptcy?—Yes.

450. That is an excellent suggestion. But now take the ordinary money-lender, lending to a man at 60 per cent. An amount of default interest accrues and it comes into court; would you be inclined to say that the County Court judge or the judge of the High Court, whichever it was, should have the power looking at all the facts of the case to say that this was "a hard and unconscionable bargain, and I shall give you so much interest and no more"?—Yes.

451. That is not re-enacting the exact interest, but it is allowing a wide discretion to the judiciary?—I think it must be so; and it must be a wide discretion, of necessity, because there may be cases in which you very much question whether there has been any imposition at all—it may be that; but there are cases which nobody can doubt are very hard, and which require very serious consideration. All cases are not alike in point of fact—there are differences in the extortion—different degrees of it,—but I should leave it to the tribunal before whom the question

Chairman—continued.

came, whether it was the County Court judge or any other; I should not allow the County Court judge to interfere with a transaction which was not brought before him for some adjudication.

452. Quite so?—But I should give the power to him; if it went to an Official Referee I should allow the Official Referee to do it. In larger transactions (which would come before the Superior Court) I should leave it to the judge to do it; and I would not allow an appeal in these cases, because the judge who has the consideration of these things, if he is fit to occupy the position that he does occupy—his judgment upon questions of extortion would be just as good as the judgment of the Court of Appeal, and I think it would be an encouragement to people (money-lenders particularly, and particularly those who were not very scrupulous about things) to say: Whatever this judge does I shall appeal against him. I would like the judge to be at liberty to say: You cannot.

Mr. *Ascroft.*

453. Would you, Sir Henry, with a view to check money lending, throw every legitimate impediment in the way of the transaction that you possibly could?—I would.

454. Would you see any objection to a borrower having the right at any time, whilst the money was owing, to apply to the court to have the transaction reviewed and a fair and reasonable rate of interest decided upon?—The difficulty of that is that you would want so many courts; you would have everybody who had borrowed money and found he could not pay it—knowing he could go to law, knowing he had no money to lose—going to the County Court judge or tribunal.

455. Would it not be a check upon the money-lender?—Yes; but it would be a check upon the administration of justice in other matters. Certainly, as a judge, I should discourage dealing with the case until it came before me for legitimate judgment. If a man brought his action and said, I want to recover in a County Court (say) ten pounds or twenty pounds, I should say, Well, now this is before me I finally determine it.

Mr. *Warr.*

456. We have had a great many instances, from previous witnesses, in which the money-lender altogether declined to resort to any court at all?—Yes.

457. And in the meantime his interest is mounting up?—His interest is mounting up.

458. So it has been suggested, with a view to meeting that, that the borrower should have himself a right to resort to the court to have the account taken?—Well, I think the borrower would have it in his power to have it taken by simply going to the money-lender and saying, I am not going to pay you any more than this; I tender the interest, at 5 per cent., which I think you ought to have under any circumstances.

Mr. *Jeffreys.*

459. Then he would be sold up, would not he. The money-lender would have a bill of sale, would

Mr. *Jeffreys*—continued.

would not he?—They do have bills of sale; that is the worst of it. They get a bill of sale, which consists of all the man's furniture. I do not remember an instance where I have seen a bill of sale, which has been granted under the circumstances, where there has been much left in the house which is not included in the bill of sale. Then, of course, if there is enough to cover the debt and interest the broker is sent in, or a man who has authority, to sweep away all the goods, and they are sold for what they will fetch.

460. Then he could not come into court—he could not have his case adjudicated upon?—He might always make an application if that thing happened. You might give the county court judge power to issue an injunction, or a judge; when I speak of the county court judge I only mean in a matter which comes within his jurisdiction, and the superior court where the matter is only within their jurisdiction. The man might go for an injunction upon a statement of what the circumstances were.

Chairman.

461. As the question of bills of sale has been raised, may I ask if you would concur in a proposal of this kind, that where a bill of sale is taken by one of these professional money-lenders and the interest is more than 10 per cent., the bill of sale should be void?—Yes; that is to say, where the bill of sale absolutely covers the whole of the loan and an unreasonable amount of interest.

Mr. *Ascroft.*

462. Would you abolish fines and bonuses, or would you leave that for the court before whom the case came to deal with?—I should leave that to the court before whom the case came; but as regards fines I know they must be always in the rules, or rather the terms upon which the man lends his money; and that brings to my mind this suggestion, that in all the advertisements of the terms on which the man's license was granted, I should require rules, or something of the sort, which should be sanctioned by authority, which would prevent any little tricks of that sort.

463. I suppose you know that in some of the American states, no deed or document, which on the face of it appears to be of a usurious nature, can be sued upon?—Quite.

464. Would you apply that in a limited degree, or would you give the court power (where they found a case of gross usury or misrepresentation) to cancel the whole of the contract?—Well, it is a difficult thing if a man has advanced money actually to cancel the obligation. It is a difficult thing unless there is something like fraud or absolute over-reaching. I should cancel, for instance, a transaction of this sort, one which I know has happened over and over again: a money-lending transaction where *bonâ fide* cash is not advanced. I would not allow that, because if the man wants to borrow money for his own purposes, it is an absurd thing to say: You want five hundred pounds; I will lend you three hundred, or rather two hundred would be more likely, and I will take the other three hundred

Mr. *Ascroft*—continued.

and put in a magnificent picture which I have got here.

465. Or jewellery?—Or jewellery.

466. Or wine?—Or wine.

467. And, I think, a case was mentioned of a barber's shop, and shares in an imaginary gold mine?—Yes; anything.

Chairman.

468. With regard to the registration and licensing of these persons, you have given a case to-day where a man would not call himself a money-lender, and we had a witness to it on the last day here; a man who was largely engaged in money-lending transactions, but who declared he had never advertised or sent out a circular, and that he was not a money-lender. This suggestion has been made to the Committee as to this kind of gentleman who carried on this business without registration, and I ask you whether, where the judge was satisfied that he was a money-lender, and had not registered himself, would you go so far as to say that he ought not to be able to recover?—I would not allow him; I do not think you can make exceptions. A man may say, I do not want to appear as a money-lender; I am as extortionate as anybody, but I do not want to be found out. That is a very common case. A man might say, I should like to put myself down as a tea dealer, or corn merchant, or anything of that sort; but I really do lend to everybody who comes in and buys twopennyworth of goods.

Mr. *Jeffreys.*

469. Would not the word "money-lender" raise a great deal of litigation?—I think you would have a definition of the class.

470. Could you define it?—Yes. In any Act of Parliament you could put in "money-lender shall mean so-and-so and so-and-so."

Chairman.

471. What the Committee feel is that whatever Parliament may attempt to do in these cases, attempts to get behind it will be certain?—There will be attempts.

472. That is the reason the Committee are pressing you to-day?—I am very glad, indeed, to assist in any way I can.

Mr. *Warr.*

473. Would you allow the borrower to recover back over-payments?—I would if it were satisfactorily proved to me that the man had made his payments under wicked and cruel pressure; as for instance, suppose this happened: A man pledged his house and his furniture; his wife is in trouble, and his family, and he has hardly the means of supporting them; the money-lender says: I shall take all these goods, no matter what your family position is, what your wife's position is, or anything at all about it; or whether you are starving or whether you are not, I shall take all these goods unless you give me down on the spot fifty per cent. If he extorted money in that sort of way I would not allow the transaction.

474. You would not interfere with negotiable securities in the hands of *bonâ fide* holders?—

Mr. *Warr*—continued.

The difficulty is to know where the "*bonâ fide* holder" is. I have seen an immense number; indeed, it has become a joke almost to say "Oh, yes, of course, you are a *bona fide* holder," "*bona fide* holder" is a difficulty. I know in the Bills of Exchange Act they have tried to define it, but they have not done it.

475. But you would not interfere with him, would you?—Yes, I would if I was quite satisfied; I should put upon the *bona fide* holder this position. I should not allow him merely to say I gave so much. I should like to establish it in some way or other.

Chairman.

476. I suppose the "*bonâ fide* holder" is almost as difficult to get at as the "*bona fide* traveller"?—Very much so.

Mr. *Ascroft.*

477. Would you see any difficulty in compelling a money-lender to have the note, where the money was advanced at a usurious rate, headed "Money-lending transaction," and then whoever took that note, whether *bona fide* holder or not, let him take it subject to the equities?—It would be giving him notice, in point of fact.

478. Exactly.—Yes.

479. Let him take it subject to the equities that the borrower would have, and his right to have the note set aside?—Yes, I should not like to say that if the note were a note which was handed to the man for the purpose of getting it cashed, or anything of that sort, because it would be rather exposing too much the necessities of the borrower, but where the money-lender takes his note and keeps it in his cash box or gives it over to a *bona fide* holder——

480. I am only speaking of money lent at a usurious rate of interest?—Yes, I think so.

481. I am not dealing with legitimate commercial transactions?—No, but then you must define, I think, what is a usurious rate.

482. Would not this meet it. Give the court power, in case that note came before them for adjudication, and it turned out to be at a usurious rate and it was not so headed, to say: You shall not sue upon it?—I quite agree. I think it would be very useful if that were done. The great difficulty always of course is this: A man gets hold of a note or bill of exchange, if it is not a *bona fide* trade bill, but a money-lending transaction of that sort, with an unscrupulous money-lender, they pass it off to a *bonâ fide* holder in the first instance, and he passes it off to another, and so you get it through five or six hands, and then when the poor wretched borrower comes to be called upon to pay off, he has to get rid of the liability; he must prove first of all that there is no consideration between any of the parties. I would not do that at all. I would say that would be abundant proof, direct notice; you knew all about it, because there it is at the head of your note, and you cannot say you did not read that.

483. Then would you go so far as to extend the law in respect to advances upon promissory notes, by enabling the court to give leave to defend on merely being satisfied that the transaction was of a usurious nature, for the purpose of suing?—I do not know that I should do that, but I do not at the same time see why it should not be. I know very well that a great many people are very strong advocates for the privilege and power which is now vested in the courts of ordering judgment to be entered where there is no defence; but if a man swears to his defence, I do not see why he should not be at liberty to go into court to prove it.

Mr. *Ascroft*—continued.

484. But unless it were provided for, that would not be a good defence, merely?—No, it would not.

485. The usurious interest?—I think there would be a difficulty in working that out; I think the difficulty would be what was actually given for this note, if a man said: "Well, I am claiming fifty pounds," "Oh," the other man would say, "I do not know at all; how do you make that out," "Oh, it is interest and principal." "Well what principal is there that you say is unpaid." If that only were put, if it were not fraud; I am putting fraud which beguiled a man into the transaction and deceived him, which is a totally different thing; but if the man actually advanced his money, I do not know why the borrower should be at liberty to defend himself upon that, and say he did not borrow it, because it would raise an unnecessary issue. When the issue came before the court the borrower might say: "Now then it is quite true he did give me this ten pounds; I do not defend myself in that way, but what I say is, that the whole transaction was a transaction which requires modification," and then he would come within that provision which we have already discussed, that is, the judge says what is right: "This is an unconscionable bargain, and I shall modify it; the man admits he got ten pounds, and therefore must not defend."

486. Would not the difficulty be this, that by a bill of exchange or promissory note, in the natural course of things, the transaction would never go before the court; judgment would be obtained, as a matter of course, in the absence of a strong affidavit on which leave was obtained?—Any affidavit. I think a very slight affidavit should do that if the defendant made the statement. This man told me he would do this and he did not do it, and it was made upon this condition or that condition, or he represented these goods as being worth so much money, or he represented something else, anything in point of fact.

487. But assuming that 50*l.* was lent on interest at the rate of 5,000 per cent., leave would not be given to defend now?—All I can say is, if it came before me I would give the leave, and the parties might go to the Court of Appeal if they liked.

488. You would wish to act upon that principle?—I would. I think it is right to do so. When a man comes before the court to ask you to do what the common law will not allow you to do, the common law, you know, would permit a man to say: I know perfectly well that I have had these goods of you, but I mean to defend the action, and I mean to say (suppose it is on a baker's bill) the loaves were not brought in regularly. I am going to set such a defence as that up. Why, the man has a right to set it up if he can, and get the law to decide upon the legality of his plea; but you are taking away the power

Mr. *Ascroft*—continued.

power to set up frivolous defences; that is to say, if the judge thinks the defence is frivolous the power is taken away by saying judgment may be ordered under Order 14; but if you have a thousand per cent. charged as interest and this 50*l.* was the only sum that was admitted and paid, I know I should feel there was a good deal of shadiness about the whole transaction, which justified the man in defending it the best way he could.

489. We have had evidence here from money-lenders, that when the day arrives that a "reasonable rate of interest" is the amount only that the money-lender can recover, on that day they will close their places of business. I suppose you would be willing to assist them in that?—I should assist them in that by all means; by all means I would.

Mr. *George Whiteley.*

490. That would depend upon what a "reasonable rate" was?—Yes, and that must always depend upon the circumstances of each particular case; you can lay down no general rule as to what is reasonable and what is not; it must be that which the particular tribunal feels upon the weight of the evidence to be reasonable.

Mr. *Ascroft.*

491. Would you throw the onus of the proof as to the fairness and reasonableness of the transaction on the man who lends the money?—Yes, *prima facie* I would.

492. Then in respect of the Bankruptcy Act, you know that the money-lenders have a considerable advantage under that Act under Section 23?—Yes.

493. You would extend that, I presume?—I would.

494. Then in cases of imprisonment for debt, would you go so far as to say that in all cases where a poor man has borrowed the money and has repaid the capital, with five per cent. interest, there shall be no imprisonment for debt?—I would not allow imprisonment for debt under those circumstances.

495. You would not allow it?—I would not allow it; I would not permit the screw to be put on a poor man to do that which was inequitable.

496. You would see no objection, would you, to compelling a money-lender to pay a royalty for all advertisements inserted in newspapers—I do not mean a bank but the usurious money-lender?—You might stick it on to his license, I do not think you could take a royalty out of his profits; I mean to say when it came to be enquired into in the House I have no doubt that on the estimates, or when the supplies were under discussion, somebody would put this question: What about this royalty? You are taking a royalty upon illegal transactions, or shady transactions.

497. But we are taking it?—You are taking it. I do not think that would do.

498. In respect to entries in the same manner as brokers, and the suggestion that a money-lender should keep books, I presume you would give the same powers to the police for inspection as they have over brokers?—Yes; I am much obliged to you for reminding me of that. I would do this with the register and also with the

Mr. *Ascroft*—continued.

books which the pawnbroker is bound to keep. You would have to consider, you see, in any Act of Parliament framed, who the person should be, or in whose custody the books or the register should be held, or whether there should not be a duplicate made of these books from time to time, and they ought to be open to the inspection, to my mind, of anybody who chose to pay a reasonable fee to inspect; and I would not charge any fee at all if the thing could be carried out without it; but at the same time, I should think a reasonable fee, dependent upon the circumstances, would be right; and I will tell you why I say that. I think there are a great number of men who have pledged themselves to pay sums of money which it is hopeless to suppose they ever can pay. Now, if all these transactions are kept secret, other people who may be disposed to charitably lend a few pounds or to give some credit to a man, to tide over a crisis, if they are kept in ignorance of all these transactions, are grievously injured. I think you might put these loans upon the same footing as bills of sale. A bill of sale, being registered, anybody may go and look up the Register.

Mr. *Warr.*

499. A man's credit is gone the moment he has given a bill of sale, is it not? so the man's credit would be gone the moment he had his first transaction with the money-lender?—Quite so; or possibly not the first transaction, because in these loan transactions I would have them set out in full. I would not merely let it be said, "Loan of 50*l.* to A," "Loan of 50*l.* to B," but I would make him put down the real rate of interest, terms of payment, &c.

Mr. *Ascroft.*

500. And the terms, however strong?—Yes, I would.

501. Would you say that, in the absence of that information on the note itself, the court should declare the bill or promissory note void?—Yes, precisely as I would a bill of sale.

502. In respect to the licensing, we did not quite ascertain who was to grant the license?—That must be for some department. The Inland Revenue, I suppose, would be those who would grant the license.

503. Would there be any objection, instead of allowing the Inland Revenue to know anything about it, to allow the Magistrates, or the County Council, or the Borough Council to deal with it?—No, I do not think there would; and perhaps it would be better to go to them. They certainly should appear, because, suppose the licenses were all to be granted from the London office, no inquiry would be made in the various populous towns and places where these money-lenders abound; they would not know what their particular characters were at the Inland Revenue. I should require a good deal of evidence about that.

504. You would require notice of the application to be given in the same way?—I should.

505. Certificates of character of the evidence of fitness?—Men who are embarked in business of this sort now ought to be very stringently watched.

506. Of

Chairman.

506. Of course, if the Inland Revenue granted the licenses they would take care before granting any renewal to enquire as to the character of the man?—The magistrates would be better qualified for that, I think.

507. You would prefer either the magistrates or the local authorities?—The local authorities would be the best, I think.

Mr. *Hazell.*

508. You would give the local authority power to grant or to refuse a license because of malpractices?—I would. I think it would be scandalous that a man who is known to be guilty of malpractices, cruel and illegal extortion, should be allowed to have a license to continue.

Chairman.

509. What do you think of money-lenders trading under different names?—I would not allow it; I would have no aliases.

510. "Pockett" was an alias, was it not?—That was his name.

511. He was trading under the name of "Wilberforce"?—Yes.

Mr. *Ascroft.*

512. In respect to the enquiry fee where great extortion is committed, would you abolish that altogether?—Well, I do not know that I would abolish it altogether; I think I would not.

513. An ordinary tradesman does not charge for ascertaining whether his customers are solvent?—No, I do not think myself, unless it is made a matter of special bargain, that there should be anything of the kind.

514. I do not know whether you are aware of the respectable money-lending societies in London; there are several large banks which have a good reputation—the London and Westminster, the Mutual, and others?—Yes.

515. They charge no fee for enquiry, except the money is found, and then only a small sum of 5*s*., no matter what the amount may be?—Yes, I do not see any objection to that.

516. You see no objection to that limit?—I see no objection to that at all; but I know what the system was when I had a great deal to do with these matters; not with them myself, except as hearing them spoken of as counsel. I know very well in a conversation I once had (not a professional conversation), I was speaking about the great extortion of 60 per cent.; and the man to whom I was speaking said: "We do not get a profit even at that." I said, "What customers you must have." He said, "We are obliged to charge a man who is solvent (who could borrow money anywhere at 5 per cent.) 60 per cent., because other people come to us who have not the means of paying, and the others make up the loss on our transactions." Well that is imposing upon the others.

Mr. *Jeffreys.*

517. You propose to put "professional money-lender" in an Act of Parliament;—how would you define him as compared with a "bill discounter"?—Well, I have not applied my mind to that yet; "money-lende s pretty well understood.

Chairman.

518. It does not pass the wit of man to define him?—No, what I mean is, it requires consideration.

Mr. *Jeffreys.*

519. Very great, I should think, to put it into an Act of Parliament?—I think I can do it; but I should not like at this moment to pledge myself to any definition, because I might omit something which it would be very important to consider; but I do not think you would find that a draughtsman would have much difficulty; and I do not think, moreover, that if the draughtsman had difficulty he would find any difficulty in getting assistance.

520. Then if you registered these money-lenders, would you register a bill discounter?—Not of necessity.

521. But he is only a money-lender, is not he?—Make him out to be a money-lender, then he will come within that other provision.

522. Then he would have to be registered?—Yes. You could hardly say he is a money-lender in the one sense; in a great many transactions you would interfere too much with trade transactions if you did.

523. I understood you to say that bills of sale which charged more than 10 per cent. were to be void; is that so?—I would recommend that.

524. But I think we had in evidence that money, even on the Stock Exchange, is lent at more than 10 per cent.?—Oh, that may be for a particular occasion. I remember the Lord Chief Baron Pollock, many, many years ago, told me this about money lending: he said: I can imagine a case in which it would be worth while for a man, to save himself from ruin and bankruptcy, on a particular day, to give a thousand pounds for a thousand pounds to tide over that day; but he could not go on with the transaction; and I think he added (I think it was in the same conversation) no man can go on trading upon capital which he borrows at more than five per cent.; he may go on for a time, but he cannot last.

525. That is what I meant. Limiting the interest at 10 per cent. might be rather hard sometimes upon a poor borrower, to whom the money might be a great deal more important than the 10 per cent?—Yes.

526. As in the case of the man you gave us the account of just now; I think you said he was brought to grief by the money-lender?—He was brought to grief primarily by his extravagance.

527. He exceeded his income by a quarter?—Yes.

528. I suppose if we all did that we should all come to grief in course of time?—Very likely. I only put that as an isolated transaction, to show how the thing works. If the man could have tided over that year or had borrowed from his friends, as he might probably have done, only that he did not want them to know, he would have gone straight.

529. But the money would have been worth even 25 per cent. to him then?—He got it, but he got it not at 25 per cent. cash down, which I could understand, the next day. It is an isolated transaction. This is only an illustration of the system of extortionate interest being charged.

530. Yes;

Mr. *Jeffreys*—continued.

530. Yes; I understood that?—Which brings a man to that condition in which it is impossible for him, by his honest industry or the proceeds of his income, to recoup himself. Then he is driven on.

531. I only wanted to ask whether you do not think 10 per cent. might be too low a limit to put in these Bills?—I should not put that as too low myself.

Captain *Chaloner.*

532. You said that trading under aliases ought to be stopped, I think?—Certainly.

533. And would you include in that the case of a man who trades under his own name in one town, but belongs to a banking firm or some other in another town?—Then he does not trade for the banking company; if he traded for the banking company, or used the name of the banking company for his own name, I should insist upon his putting "So-and-so, trading also as So-and-so."

534. And on his prospectuses?—Yes. I would not permit him, in point of fact, to change his name so as to appear to have a different establishment. One man is the money-lender, whether it is in Nottingham or whether it is in Birmingham; he is a money-lender, and I should not allow him to use one name in one place and another in another.

535. Without stating it, at any rate, on his prospectuses?—Without stating it.

Mr. *A. K. Loyd.*

536. As I understand, there is nothing whatever in the evidence you have given us in favour of ripping up transactions between parties of full age and dealing on equal terms?—I rather prefer to leave that untouched, because the courts have already power to do that. Unconscionable bargains they have power to deal with; and in anything I have said I have not considered what ought to be the general law between parties of full age and competent. I think the law has power over them.

537. I mean you would be, quite as much as any judge upon the bench, in favour of standing to a bargain entered into upon fair terms?—Entered into upon fair terms, clearly.

538. I understand that, well within that principle, in your judicial experience, you have found a great number of cases in which fraud is committed by money-lenders?—Beyond all question.

539. Do you consider that there is any danger whatever of judges, if they have that discretionary power given to them, falling into any error as regards ripping up fair transactions?—No, I do not think there is. I have heard thousands of times judges say: "Why if the parties come to the bargain between themselves, and there is no fraud or over-reaching on one side or the other, I do not see why people should not make their own bargains."

540. May I take it that among the instances which have come before you, which afford indications of this kind of unfair dealing, are those in which fraudulent and misleading advertisements are put forward to catch the borrower in the first instance?—I think wherever these advertisements are put forward, they are put forward to catch the borrower.

Mr. *A. K. Loyd*—continued.

541. And that is an element to be taken into consideration?—I think it is; and I should like to say that if there is a false statement made or a false advertisement issued, I would make it criminal; I would make it a misdemeanour for a man to publish or to circulate that which he knew to be untrue, for the purpose of deception.

542. We have had an instance of a money-lender stating he was incorporated as a joint stock company for the express purpose of lending at a low rate of interest; is that in your opinion a false and fraudulent statement?—That would not be true, and if it were not true I would bring it within the category of misdemeanour.

543. We have also had the case of the professional usurer advertising himself as a private gentleman anxious to meet with some one to lend to?—Yes, I should certainly bring him within my rule; I should make him a "private gentleman" for some time.

544. And in several cases we have found that these advertisements and circulars have been signed by a name well known in the locality as that of a family in affluent circumstances?—That is fraud.

545. That is a fraud?—If that is done for the purpose of making the public or any individual with whom dealings are contemplated believe that he is a person who he is not, it is a fraud.

546. I am trying to get the benefit of your evidence as to whether these are not some of the instances which would render it perfectly simple for the judge to put his finger upon the cases which ought to be interfered with?—I think so.

547. May I go one step further: you gave us an instance of a man, in a perfectly well-intentioned way, who got beyond his means and fell into the hands of a money-lender, and I think you said found himself unable to pay off the debt, and got further and further into difficulties; was that an instance of a default interest clause, a clause which made him liable to much more than he anticipated?—No, I think not. It was the large rate of interest which he could not pay. His income did not enable him to pay a large rate of interest, and he got into arrears, and then it was that he took to this system of backing a horse at a thousand to one, or something of that kind.

548. Have you had experience of that default interest clause?—No, not a great deal.

549. Judge Lumley Smith told us it was so worded (making the interest one shilling in the pound per week), and purposely so worded, that the borrower would not understand, and could not take in the effect of that when it came to be put into force; have you had any of these cases before you?—I have; I do not remember specific instances, but I know it has over and over again happened, and I will tell you another thing that very likely often has happened, and that has struck me as being a matter which ought to be corrected in some way or other. A man says: I will lend you this, to be repaid by instalments at so much a month—so much a week; in default, the whole sum of money becomes due. Well, that whole sum of money has included in some instances interest calculated for the whole year upon the whole of the money.

550. And the whole amount then becomes due at

Mr. *A. K. Loyd*—continued.

at this very exceptional rate of interest?—Yes. If default is made, say, in the second month, the whole amount becomes due, and the whole of the loan and the back interest which is already added to the loan as principal.

551. And the whole amount which has so become due runs at the rate of one shilling in the pound per week until payment?—Yes.

552. That is another circumstance which would distinguish a case of this sort from an ordinary *bonâ fide* transaction?—Yes.

553. Some of the Acts of Parliament which are perfectly workable, such as the Bills of Exchange Act of 1882, and others, define a banker as a person who carries on the business of banking. In your opinion, would there be any more difficulty in construing "professional money-lender" in the courts, if he were defined as "a person who carries on the business of money-lending"; would there be any more difficulty in practice; would there be any more vagueness or difficulty in defining a professional money-lender as a person who carries on the business of money-lending, leaving it to the court and jury to decide?—I think it is a question of fact in each particular case.

554. Would it not be as easy to do that as to say whether a person carried on the business of banking?—Yes it would.

555. Banking is a well-recognised business?—It is.

556. Money-lending is also a well-recognised business?—I would not profess to make a definition at this moment, because I do not feel that at this moment one could give it all the consideration one would desire to do; but I do not think there would be any difficulty at all in defining that which is in my mind a money-lender.

557. "Pawnbrokers" have been defined; "hawkers" have been defined; "bankers" have been defined?—Yes.

558. With regard to these promissory notes and bills of exchange transactions, as I understand, these money-lenders' bills and notes are really an abuse of negotiable instruments, and not part of the commercial law at all?—Quite.

559. With regard to the stringency of the affidavit required under Order 14, is there not amongst the judges a well recognised distinction between trade bills and these?—We always look at them more suspiciously than if they are not trade bills.

560. So that a much stronger affidavit would be necessary for leave to defend on a trade bill than in a matter of this sort?—This is a matter of practice; it would depend upon the views of the particular judge sitting there.

561. A trade bill has a great deal more stringency applied to it than where the form of a bill has been resorted to merely for the purpose of getting the benefit of exceptional procedure, exceptional profit?—Of course it has; for instance, if a man has given a bill to a tradesman for a debt for goods supplied to him, or work done for him, that is a legitimate transaction—it is an admission of the liability, to some extent—I will not say it is a security, because, if the man has got nothing, his promissory note is worth nothing—but it is a useful instrument nevertheless very often.

Mr. *A. K. Loyd*—continued.

562. Then where the money-lender has passed on his promissory note to a *bonâ fide* holder, I understand you look very closely at that *bonâ fide* holder in the first instance?—I should like to have a definiton of "*bonâ fide* holder" under those circumstances.

563. Of a money-lender's note. But suppose the person who sued in that case as a *bonâ fide* holder did make out the case of *bonâ fides*, would there be any difficulty in enabling the borrower by notice to bring the money-lender before the court, and doing complete justice between the parties?—Oh, that is done very often; it is done under particular circumstances, but there is no general rule with regard to it.

564. It has been suggested to us that it would be possible, whenever a usurious transaction came into the courts in the ordinary way, for the court to decree the proper rate of interest, and confine the order to that amount; would you be in favour of making that order retrospective, so as to go back upon the whole transaction, or confine it only to the question of the amount remaining unsatisfied at the time?—I am very much inclined to think that I should go back to the whole transaction, so as to make the whole transaction fair and equitable; and if the man had received 300 per cent. already upon the capital in the shape of interest, I should be very much disposed to look very closely at the matter, and hesitate a long while before I allowed him any interest at all after that.

565. You would not allow the money-lender to set up an account stated up to a certain point?—No, no; an account stated would be a mode of easy evasion of the Act; the money-lender would get his poor wretched debtor and would say: Now, come, I am going to sell up your home unless you write down here: "This account is all right. I owe you so much money." That would be an account stated; that might be a very easy way of evading any provision you might be disposed to make.

Mr. *Caldwell.*

566. Assume that the usury laws are not re-enacted, and then assume that a borrower is of full capacity to make a contract, that he has full knowledge of the transaction, that there has been no fraud or misrepresentation, that the rate of interest may be high, but was an agreed upon rate of interest, do you think that the judges should have power to review a transaction entered into under those circumstances?—I think so, because if the judges found that it was a reasonable bargain made—if they find that the men were competent to do their own work, that there was no pressure put upon either, that it was a voluntary thing that was done—I think the judges would all say: "It is a bargain; it is made, and we will not interfere with it." But there is often a good deal of pressure which renders a transaction, to my mind, very shady and very suspicious; pressure may be put on which is not actually amounting to deception.

567. Are there any precedents in the existing law for interfering with such contracts, where no fraud or misrepresentation is alleged?—I really do not think I can tell you, because I do not profess,

Mr. *Caldwell*—continued.

fess myself to be a walking or a sitting digest of the whole of the law of England; but there is a very, very useful book which I have read written by Messrs. Bellot and Wills.

Mr. *Ascroft.*

568. On the law relating to unconscionable bargains with money-lenders?—It is a very good book.

569. A book containing the whole of the law on the subject up to date; a most excellent work?—Yes, it is a most excellent work.

Mr. *Caldwell.*

570. Do not you think there would be practical difficulty in allowing such transactions to be reviewed, owing to the uncertainty of the view which any judge might take; for instance, you might have a judge in one part of England take one view, and a judge in another part take another view; have you considered the effect of bargains entered into in a legitimate manner being overturned by judges?—Of course, you could hardly expect to find two judges to think exactly the same in all respects; but my confidence in the judges, both the judges of the High Court and the county court judges, is such that I believe each judge would take conscientiously into consideration everything, and I think it is a great deal better to allow the thing to be done legitimately (and in court if you like) than to do it by a side wind, because to say to a man: You have recovered your money, but you shall have a halfpenny a month, is only indirectly doing what you had better do directly if it is a legitimate and fair thing to do. I do not like to do it myself. I never will allow it to be done, and will not do it myself, if I know it, a thing indirectly, which I could not do or should not like to do directly.

571. Then I think you would draw a distinction, at any rate, between a contract made for the original interest, and a contract made for what may be called a renewal, a penalty in case of failure to pay, the ordinary law at present being, if the debt is not paid, legal interest runs at 5 per cent.?—Yes.

572. In the case of a money-lender the renewal interest is not 5 per cent., but a very much higher interest?—But I think in those sort of cases the most likely thing to keep the money-lender straight would be fair I mean—between man and man, and not be extortionate—that he should be conscious that his contract is open to review, and not say, I can satisfy myself this man understands it, now I have made my bargain, and I will make him perform it; I should like in all cases where there is the slightest reasonable suspicion, that the contract was an unreasonable one, to let the money-lender feel: This is a very nasty position to be in; my contract may be ripped up any day by a judge who takes the whole circumstances into consideration, and a little transaction in my back office cannot prevent an exposure and discussion of it in open court.

573. I was assuming that the legislature did not go the full length of allowing the judge's interference with the transaction *ab initio*?—Yes.

574. Do not you think there is a little room

Mr. *Caldwell*—continued.

for intervention in the case of the renewal interest which is running for a period, on the ground that the original interest might be supposed to cover the risk run; that the interest for a renewal is practically of the nature of a penalty, and I daresay your Lordship is aware that penalties, although in a contract, are subject to the equitable review of the court?—Yes.

575. Then the point I wish to come to is this: If the legislature did not go so far as to interfere with the original interest, they might in all cases allow the judges a discretion as regards renewal interest?—Yes, I think so. I think that would be an advantage.

576. I wish to draw a distinction, because the legislature might not go the whole length of interfering with the original agreed on interest for the loan?—Clearly I think it would be so; I can thoroughly understand the question of security being required for the arrears or upon default being made; that is one thing, but if a man says: You have not been able to pay me the debt of 100*l.* at 5 per cent.—the terms on which I lent it; therefore, because you have not been able to do it, I will charge you 50 per cent.; that is an unconscionable thing, because if the man has not the means of paying the 100*l.* at 5 per cent., he certainly will not improve his position by having 50 per cent. to pay.

577. That is not a case of freedom of contract, the borrower in default not being in a position to make a free contract?—No, it is undue pressure.

578. And in that case you would rather be inclined to put the money lender in the same position as an ordinary creditor?—Exactly.

579. Of course you are aware it would be said on the other side that he would not give him time then, and that the debtor pays the extra interest on account of the time given to him?—Yes.

580. Then you mentioned about bills of sale: If you were to have the review in equity of the judges on a money transaction, would it not be advisable that a bill of sale should not be executed without the intervention of a judge's warrant after notice given to the debtor, so that if he wished to raise the question of the equitable interest it could be raised before the goods were sold, instead of afterwards?—Yes. I am by no means opposed to such a clause being added. I do not know whether there is—I fancy I have seen somewhere that there is—a proposal to deal with bills of sale by the legislature; I should think that a clause of that sort might be put into the bill.

581. Made part of the common law?—Yes.

582. Because if you are going to give the judges the power of equitable relief, why should it not be given before instead of after?—It would not be part of the common law, I mean the statute law.

583. I mean the statute law?—Of course.

584. Then you mention about imprisonment for debt. Have you imprisonment for debt in England?—Oh yes; it is only when a man says: "I have money; I have got it, but I will not pay it." I do not see the least reason why, if he says "I have got it," but will not pay a just debt, you should not say: "Very well, we will put a little pressure upon you."

585. Then the suggestion has been made that

Mr. *Caldwell*—continued.

you should abolish imprisonment for debt for a loan transaction?——

Mr. *Ascroft.*] Only in certain cases, where 5 per cent. and the principal has been paid.

Mr. *Caldwell.*

586. If the judge reviews the transaction and reduces it, you would allow imprisonment for debt for a given sum, of course?—That is a matter rather of detail—the amount.

587. If the judge reduced the transaction to a legitimate basis, necessarily the creditor would then be entitled to it?—That is not the remedy in the usual way, because the judge is not bound to allow a warrant to arrest a man; that, again, must depend upon his discretion. It may be possible that it would be found, if one were to investigate the law, that if a man is proved to have means and will not pay his debt, though that debt may be of very small amount, the creditor might have a right to claim a warrant for imprisonment. I do not think he would have, but supposing he had, the judge would very soon find a way of dealing with that claim by simply saying, "You have not satisfied me as fully as I should desire that the man has got the means."

588. I suppose you recognise the difficulty of distinguishing between professional money-lenders and the case of a private transaction?—Yes.

589. There will always be a practical difficulty?—I mean no man alive would say it with regard to a private loan—if the man said, "I want to borrow from a friend of mine," "I want him to lend me so much money for a little time"; it would be a cruel thing to require that to be published or made known at all. But supposing, then, even by private individuals, if extortion were practised, and pressure put on, then the courts would be open, of course, in the same way as they are to all unconscionable bargains.

Mr. *Price.*

590. Of course, our present system of imprisonment for debt is practically imprisonment for contempt of court, not obeying the judge's order, and paying the money when you have means?—You may send him off to prison at once without any order to pay the money, except that your warrant always goes to this effect: He is to be kept in prison for some period (I think it is not exceeding 42 days) unless the money be sooner paid.

591. It is in the nature of imprisonment for contempt, which may be purged by payment of the money?—It would be purged by payment of the money instantly.

592. With reference to bills of sale, I understood you to say you would only be inclined to invalidate a bill of sale on the ground of usurious interest, and I think you mentioned 10 per cent. as being usurious interest under the circumstances, when the debt was fully secured, with a moderate rate of interest, on the goods—when the goods on which the bill of sale was given were enough to fully secure the debt and the interest; in other words, when it was a secured debt?—Well, a "secured debt"; I daresay there are a great many bills of sale where the goods included in them would not fetch at a forced

Mr. *Price*—continued.

sale anything like the amount for which they are supposed to be security. There is no machinery for ascertaining whether the whole of the debt is secured, or whether the whole of the goods are sufficient security for the amount of the debt, except in some clear case in which it may be said: "These goods cannot be worth more than five-and-twenty pounds, and the debt is 500*l.*" There may be clear cases like that; but where there is anything like a slight margin, the view of one surveyor, one auctioneer, one valuer, would be different to that of the other. There is no machinery for working that out.

593. That would have to be left ultimately to the discretion of the judge?—Yes.

594. With reference to aliases, does not it strike you that there would be a very great deal of difficulty in dealing with a man who adopted aliases if he was only cunning enough to make himself into several limited liability companies?—I do not know; I have no power to interfere with a man making himself a one man company at all; I should doubt the expediency of dealing with that; but I would not have him trade in two names.

Mr. *George Whiteley.*

595. With regard to the rate of interest, I had a deputation recently from a body of money-lenders of my constituents. I am bound of course to believe whatever they tell me?—I hope you do, sir.

596. And they tell me that *bonâ fide* money-lenders, never lend at a greater rate of interest than 20 per cent., and I understand that they are *bonâ fide* money-lenders in that respect. Would you consider, taking into consideration the nature of the security (or the the want of security, you might so describe it in most cases), that 20 per cent. per annum in a *bonâ fide* money lending transaction was a usurious rate of interest?—I do not know; I should think it over in each particular case. It is impossible to to lay down any general rule I think. It would be always necessary, if these transactions come before the judge for consideration, for him to look at each particular case, but I certainly think myself that 20 per cent is a rate of interest which is a dangerous one to allow.

597. Is it not the fact that people do not go to money-lenders until they have exhausted every other possible means of getting money?—That is one of the weapons used by the money-lender:—I must charge you now what I like, because you cannot get it elsewhere.

598. In your opinion is not that the case?—I have no doubt it is, because no man in his senses who has got security to offer for 1,000*l.*, if he wants a 1,000*l.*, would go to a money-lender. If he has really got security to offer he can go to his banker and get that easily at 5 per cent.: if he has not got security, I can understand the banker saying:—It will not do: we have to carry on our bank upon safe principles; we do not do it by pressure at all; we must take security for that which we lend; we cannot take your security. I can understand then a man going to a money-lender, and the money-lender saying:—Very well, you cannot get it at 5 per cent; I must have 20 per cent.; I do not think you

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Mr. *George Whiteley*—continued.

will be able to pay me, or I think you will. If he really believes that the man will be able to pay him, then I think 20 per cent. is a very strong rate of interest; if he thinks that he would not be able to pay him, then the whole transaction is odd.

Mr. *Price.*

599. You are aware, are not you, that the pawnbroker, who gets an admirable security, a a security that is very easily realised, is allowed to charge as much as 25 per cent.?—Well, I should not allow it, that is all.

Mr. *Yerburgh.*

600. I am sorry I was not here in time to hear the whole of your evidence, Sir Henry. I understand you have not expressed any opinion in favour of the abolishing of bills of sale altogether?—Oh, no, because a man may have property which he desires to offer as security,

Mr. *Yerburgh*—continued.

which may be worth more than all the landed property that he may be ever likely to possess in the world. I do not object to a man dealing with his personal property as security, any more than I should have to his making a charge upon his realty.

601. Would you place any limit upon the sums to be raised on a bill of sale, with a view to protecting the homes of the poorer wage-earning classes?—Well, I should like to do it, but it is one of those matters rather more for the consideration of those who deal with a Bills of Sale Amendment Act. If there is such a Bill promoted, I should like very much indeed to prevent that power to charge back interest, and then to sell up the home of a poor man who has no possible chance of helping himself. A poor man who has got a very humble home and wages enough only to live upon and keep his family cannot be expected to find somebody who will lend him, without security, money to redeem his property.

Mr. HENRY WILLIAMS WOLFF, sworn; and Examined.

Chairman.

602. I BELIEVE you have given considerable attention to the question of co-operative banks?—I have.

603. Principally abroad?—Well we have very few in this country, and they have only quite recently been formed.

604. How long have you taken an interest in the question?—I have known something about them for longer, but my attention was more particularly called to them by a report during an inquiry I made in the year 1889 into peasant proprietary, or small cultivation, and peasant proprietorship abroad. The Italian Government, beginning about the year 1880, made a very careful inquiry into the condition of agriculture, and the condition of cultivators, and published a large report of about sixteen volumes, a very well written report, and the German Government followed the example about the year 1883. Dr. Buchenberge, then Minister of Agriculture in Baden, began it, and most of the other German Governments continued it, and they published very carefully compiled reports, and I found from these that very much importance was attached to the creation of co-operative banks. I found that they had done a great deal of good in finding money for the poor people, but more particularly in stamping out usury, wherever they had taken a permanent foothold—usury, which I ought to say in Germany or in Italy is carried on to a far greater extent than anything we know of in this country, more particularly with regard to small cultivators.

605. Since the establishment of these banks in Germany and in Italy have they had any effect upon usury?—Upon the usurer?

606. Yes, upon the usurer?—Certainly; wherever these co-operative banks have become well established, in a short length of time the usurer has had to quit the field entirely.

Mr. *Warr.*

607. May I ask you, are there usury laws in force in Germany and in Italy?—I cannot tell you with regard to that. I believe so. But the Agricultural Ministers of Baden, Hesse and Wurtemburg have told me that where the usury laws have failed to produce any effect the establishment of these banks has driven out the usurers.

Mr. *Warr*—continued.

Chairman.

608. Will you take Germany first and explain the banking system there?—The system is the same all over the Continent, really. It was first established in Germany, it went into Italy, now it has gone into France, where my friend Monsieur Durand has started over 500 small agricultural banks in five years; it has gone on into Austria, into Hungary, and even into Servia it has extended now.

609. Will you be kind enough to tell the Committee the principles upon which these banks are founded?—Well, it is the co-operative system of people joining together. The great point, of course, is, that the men who form this co-operative association can judge better of the claim of any particular man to credit than the capitalist who is living at a distance could do, and at the same time they can exercise more control over their members.

610. Must the borrower be a shareholder?—The borrower must necessarily be a member, that is the first guarantee that members have got; they elect him. I think I ought to speak first more particularly of agricultural banks, village banks, as I call them; they have had most effect because they have been brought most into touch with the usurers. They were formed originally entirely upon the joint liability system, which quickens the sense of responsibility and the vigilance of the members. Persons wanting to join in order to have the advantages of the bank apply for election; two or three begin by forming the bank; every other man that comes in has to be elected upon the ground of his personal qualities; if he is a man of good character, of known honesty, he is admitted; if he is not a man of good character, however

Chairman—continued.

however rich he may be, he is not admitted, because everybody knows that for his failure to repay, should it happen, they would be responsible. Now that has had a marked educational effect, because some people who have wanted to enjoy the advantages of the bank have been refused and they have mended their ways and have come in some years afterwards. Therefore, to begin with, you have got a number of people who know one another, who in the country live in close touch with one another, where everybody can observe the other; they know them all.

Mr. *Warr.*

611. Everybody knows everybody else's affairs?—These banks ought to be in small districts where everybody knows one another.

Chairman.

612. As I understand you, the first notable thing in this bank is that every man who becomes a member is practically elected by his neighbours who know his affairs?—Yes, that is so.

Mr. *A. K. Loyd.*

613. Might I ask you just at this point to give us a little more detail as to how the company or the bank is started; that is very important. Who are the first two or three; are they superior persons, or agricultural labourers, or who?—They are generally superior persons, generally people who want to do some good.

614. Benevolent persons?—Very often it is the parson or the Catholic priest or a landowner or the squire or someone who wants to benefit the poorer people. He thinks the matter out and constitutes it; he then gets one or two, generally small cultivators, to join him; they form a committee of say two or three or four; they eventually extend and invite others to join, but every new member has to be elected.

Chairman.

615. At this point we have them started?—Yes.

616. And we have got to the point that every man who wishes to borrow money must be a member of the bank?—Yes, that is so.

617. He must be practically an elector. Does he subscribe anything, does he become a shareholder in fact?—Well, according to the original idea he ought not to subscribe anything.

618. Where does the money come from?—I will tell you that in a second. Under the existing law in Italy in most banks of this kind he still subscribes nothing; in France he subscribes nothing. I have not the rules of the Belgian banks, which are very ultra-montane, very clerical banks, but in Servia he subscribes nothing either, he simply subscribes his liability. Under the co-operative law of Germany of 1889 banks are bound to have shares, and they have met that point, since they did not like it, by making the shares as small as possible; they are never larger than 15*s.*, and as a rule they are only 10*s.* or 12*s.*; they do not like even entrance fees.

619. In the places where they have no entrance fees and where they do not subscribe, where does the capital come from?—Well, that is a difficult point. Now it is all plain sailing, I ought to say.

Mr. *Warr.*

620. I suppose the co-operative bank is registered now in your historical statement?—They are all registered; all these village banks are registered with unlimited liability.

621. It is a corporation, a company?—Well, it is not a company, it is a sort of friendly society.

622. It can bring actions?—Oh, yes.

Mr. *Garfit.*

623. How do they choose between the people which to lend to?—I am coming to that. That is the first point. The next point I think is the money—that is the great crux. When Raiffeisen started his first bank he had great difficulty in getting money together. At present they have their large central bank which advances money to any bank properly constituted; they had not that facility originally. The difficulty would be the same here; I have tried to get over it by getting richer people to guarantee money; the banks have to borrow money from somebody to start with. Then, in addition, they have been found very effective as savings banks. Of course originally savings would come in only very slowly, but after some time these banks have surpassed the savings banks of the country in popularity; everywhere our banks are favourably received; the people deposit their savings very freely in them. That only comes about after the banks have been established some time. I admit that the difficulty at first is to find the money; but they must find some friend who will advance money. For instance, in the first Italian bank, Dr. Wollemborg, a member of the Italian Parliament, I believe, lent them something like 80*l.*; "lent" it them, for there should never be anything "given." In Austria, the Provincial Diets advance money for two years at 3 per cent. The president of the Colonisation Society, in the eastern provinces of Prussia told me that when he was landrath, sub-prefect in Silesia, he advanced from his savings bank to two banks which formed in his district, money at 4 per cent., which they repaid very much faster than he expected, or than really he had wished that it should be repaid. Since the banks have grown numerous, they have a central bank of their own with ten branches, spread all over Germany, which central bank is considered so strong that it has a preferential rate of interest allowed it by the Imperial Bank (which corresponds to the Bank of England here), so that they can always raise money. Each bank has got the unlimited liability of all the shareholders, the rich and the poor, in its district for a basis. The central bank always advances them what money they want on that security.

Mr. *Ascroft.*

624. Then in no single case is any money found by the State?—Well, at present there is some money found by the State, I am sorry to say, but not for the good banks; and in France they are just passing a law which is to place seventy million francs at the service of the agricultural banks. The agricultural syndicates and people's banks in France have distinctly protested against that, they do not want to have a State subsidy, because State subsidy means State interference. The Prussians have formed a central bank which

Mr. *Ascroft*—continued.

began with five million marks, that would be a quarter of a million sterling. They have now had to go up to two million sterling and they have made a loss, and they have created a very large number of banks; the number of agricultural banks has gone up the last two years by about 50 per cent., but we do not know that those banks are good; I do not at all recommend that system.

Chairman.

625. The substantial point is this, that when these banks are first formed they are formed upon borrowed capital?—They are.

626. And after they are in existence for some time they become savings banks, and take in deposits and trade upon those?—Yes. Then there is another point. On every transaction they make a little profit; they do not want to make a profit; they make the profit as small as possible; nobody is to get any advantage out of the bank except the advantage of cheap credit, but of course they must leave a margin between the rate at which they borrow and the rate at which they lend; there is profit on every transaction; that belongs to the bank; nobody has a claim to that; our law does not allow that, unfortunately; that surplus mounts up to a reserve fund which is indivisible, which cannot be applied otherwise than for the purposes of the bank.

Mr. *Warr.*

627. Does that mean that the bank cannot carry on business for profit, so far as division of profit is concerned?—They do not wish to have any.

628. Do they divide no profits?—All these village banks are bound to have profits.

629. But they cannot divide profits?—Under the German law they are bound to divide profit, but they have signed that away, they evade the law by some means. Well, on a 10s. share, of course the profit would be infinitesimal, and they have subscribed to their paper—they have agreed beforehand to subscribe to their annual paper—all the amount that results from that dividend. The thing is easily done.

Chairman.

630. It becomes a reserve fund?—Yes in effect.

Mr. *Warr.*

631. May I ask is it a fundamental principle of these banks that the liability of the original shareholders, if that is the proper name to apply to them, is unlimited?—In this particular type of bank it is, and it must be, not merely as a means of raising the money in the first instance, but more particularly to quicken their sense of responsibility and their vigilance.

632. That, surely, is a very great blot upon the system?—There are other banks which do a very much larger business with limited liability, but I am confining myself at present to these particular banks, which are more especially intended for the small agricultural population.

Chairman.

633. Then the profit realised by being signed away, as you say, becomes a reserve fund?—Yes.

634. That is really what it comes to. Now we have the capital, the way of raising it, and what is done with the profit. Now, is there any maximum sum which a borrower can borrow?—They can fix that according to their rules.

635. Do you know, as a matter of fact, whether the sums are large or small?—They are generally small. These are banks intended only for small people. In Italy they limit the power of the Committee to lend so much (and that varies all over the country) to each particular borrower. In Germany I have not come across instances of the same, nor in France.

Mr. *A. K. Loyd.*

636. Inasmuch as it is guaranteed by the whole community, there is no bad debt?—There are practically no bad debts.

637. This reserve fund, then, is not required for that purpose?—No; the losses are infinitesimal. I will not say there have been absolutely no losses, because one or two banks have gone wrong; they have trusted their treasurer too much. I remember one case in Alsace of that character; but as a rule they have always been able to recover the money from the sureties. I have not spoken of the way in which they raise money. To the outside lender, of course, the whole bank is jointly and severally responsible; so that if there is one rich man in it, and a hundred poor men, and the hundred poor men cannot pay, then the rich man will have to pay up; and that is why you ought to be particularly careful to see that there are no improper transactions.

638. On what sort of transaction does the bank become liable to an outsider?—Borrowing money; they can borrow money from an outsider.

Mr. *Ascroft.*

639. What is the money chiefly borrowed for, by the way? Is it for seeds, or for agricultural implements, or for food?—A man who borrows money must make out a good case.

640. Would you kindly give us the routine? The man who borrows money has to make out a good case; will you kindly tell us how it is done? Does he send in a written application? Just take it step by step?—Yes, we have one guarantee in the election of the member; the next guarantee is this: every man asking for money must make out his case; he must hand in the application; he must say: I want so much money for so long, for such and such a purpose, and bind himself to apply that money strictly to that purpose. If he does not so apply it, they call it in and make his sureties (he generally has to find sureties) responsible. Now, the objects for which the money is borrowed are generally agricultural improvements, the purchase of a pig, or of a calf, or of a cow; the purchase of seed—it may be the sinking of a well—there may be drainage, there may be building, but in any case he must show that he is going to apply the money to a purpose which promises to yield him a profit or economy; either he must economise by buying for ready money where otherwise he would buy for credit, or else that he is going to invest in some object which would yield him a profit. Then the committee enquire whether he is a proper person to ask for money for such and such a purpose; whether the sum is a proper one to ask for, and whether

Mr. *Ascroft*—continued.

whether the operation is likely to yield him a profit or an economy. If it is not—or if he fails on any of these points—then they simply refuse him the money.

641. How often do the committees meet?—That is according to the importance of the bank. I suppose they usually meet once a week. In the South of France I have found that they often grant loans without meeting formally, because they meet amongst themselves and agree.

642. Whereabouts do they meet—in a private house?—No; they generally have an office.

643. Have you ascertained that the committees actually perform duties in connection with this business, and do not leave it to the secretary?—No; they must not; the secretary has no voice whatever. The secretary is the only paid official. He is paid a minimum salary, but because he is paid a salary he is not to have any voice in the granting of loans, because he could not be relied upon in every case to refuse a loan if he had; the man might say: I will not vote for you next time.

Chairman.

644. At what rate of interest is the money generally lent?—Well, they have reduced it; they began with about six per cent., I think.

645. Six?—I think they began with about six per cent.; they have generally five or under five in Germany now.

Mr. *Warr.*

646. Is that the uniform rate?—No; it is according to what they can afford.

647. Not according to the risk run?—There practically is no risk. They have a uniform rate for every particular bank.

Mr. *Ascroft.*

648. But there is a risk, surely, of getting payment? There is surely risk as to whether they will get repaid or not?—No; they secure themselves. First they have the election; then they know the object of the loan; then the borrower generally has to find sureties.

Chairman.

649. Two sureties?—Generally two sureties. There are cases in which they lend to him without sureties, but as a rule they have sureties, and in the first stages of the bank they secure themselves as best they can.

Mr. *George Whiteley.*

650. But as the borrower finds ordinary sureties, why could not he go to an ordinary bank?—Because they would not lend him the money.

Mr. *Ascroft.*

651. None of the Irish banks would deal with these cases?—No.

Mr. *Yerburgh.*

652. Do you know of any bank in your experience which would lend so small a sum as one pound?—Any ordinary bank?

653. Yes?—No.

Mr. *Hazell.*

654. What are the ordinary amounts of the loans?—That varies immensely.

Mr. *Yerburgh.*

655. May I ask whether an ordinary bank watches the application of the loan?—No, the justification of this kind of banking is, that the ordinary bank has no means of testing the trustworthiness of the man.

Mr. *George Whiteley.*

656. My question was not hostile?—I understand.

Chairman.

657. How are the loans repaid—by instalments, weekly?—As a rule they are repaid by instalments—they make a point of repaying by instalments. They grant long loans in many cases where the money is required for a long time. Now suppose they lend a sum for five years, the man is expected to repay one-fifth every year, and they are very strict with regard to the payment of interest and repayment of capital; they forgive anything rather than failure in that; they want to train the people to business habits.

658. Now are these banks under any Government supervision at all?—They are to a moderate extent; I mean they must comply with the law. They have not got any Government audit; they appoint their own auditors; if they did not do that the Government would have them audited.

Mr. *Ascroft.*

659. They have many cases where they have to sue the borrowers in the local courts for non-payment, have they not?—I have not heard of any.

Mr. *Garfit.*

660. How can a shareholder get out of his liability; is there any regular process for doing that? Suppose he finds they are lending more than he likes and he wishes to retire?—If he wants to go out of the bank, he can do so, but according to the law he remains liable for past transactions up to two years, and the great safeguard is—at least one of the safeguards is—that where there are richer people who make themselves liable, these are all given a considerable representation on the committee, and on the auditing council which exercises very strict control over the action of the committee; they can go out any day. They remain liable for transactions which have been entered into while they were on the committee for two years after, but not for any new transactions, so that they can always go out, and it is the interest of the poorer people to keep the richer in, so that they will submit to their wishes.

Mr. *Ascroft.*

661. Is the committee of management appointed by the members?—Yes.

662. And changeable from time to time?—Generally a third of them go out every year.

Chairman.

663. This is simply a development of the co-operative principle applied to banking?—That is what it is.

664. You say it has been a success in these countries?—It has been a great success wherever it has been tried.

665. How

Chairman—continued.

665. How many of these banks disappeared and failed?—Of this kind, very few indeed.

Mr. *Warr.*

666. Would any legislation be necessary to introduce this system into England?—No, we have got some; I have brought you some "Irish Homesteads" for distribution amongst the Committee, if you will kindly look at them.

Chairman.

667. Has this principle been extended to Ireland?—It has been extended to Ireland; Mr. Plunkett asked me over in 1894; I met his committee, and explained the thing to them, and they were very much taken with it, and of course Ireland is very suitable ground for it to be practised upon In the last number of the "Irish Homestead" I read of two new banks being established.

668. Do you know the loan bank system of Ireland?—I do not know much about it, but my friends in Ireland tell me that those banks do not come up nearly to what these banks do.

669. You know that that system has been disastrous?—Yes; you asked me about legislation; I want to hark back to that, if you will allow me.

670. Mr. Warr did?—With regard to the other banks, with limited liability, which do by far the larger business abroad (not quite so much among small agriculture; they do more amongst large agriculture) our Industrial and Provident Societies Act meets the case perfectly, except that I should like it to allow withdrawable shares, which it does not now; but that it is not a serious difficulty. I should not venture to suggest that the law should be altered in that respect at present. We can very easily manage without that. But with regard to the village banks which I have been speaking of now, our law is rather unkind; we have to form them under the Friendly Societies Act, because we must have unlimited liability. There are three main difficulties. In the first place a Friendly Society must not take on deposit more than two-thirds of the money lent out, that is, if it lends out ninety pounds, it can only take sixty pounds on deposit. Now our object is to get deposits in, in order that we may make loans. To meet that point, I have brought in the guarantors—Mr. Brabrooke, the Chief Registrar, told me that he would accept that; that means, that so many people of known solvency were to guarantee a certain fund and he would accept that as the other third. That is a roundabout way; it is a very useful way of doing the thing, but it is a roundabout way. If, as Mr. Yerburgh has twice suggested, these societies were to be allowed, in a discriminating way at first, to take savings' bank deposits, that would, of course, be a very great help. Then the second point is (I have spoken about guarantors), we must not, according to law, say anything in the rule about guarantors. In my model rules I put in a paragraph about what guarantors were to do, and what not to do; the Chief Registrar struck that out, and said: "I cannot put that in; it would be contrary to the law." Furthermore we may make the reserve fund indivisible as long as the society lasts; but when the society is dissolved, then the members

Chairman—continued.

have their right to share in it. Now the idea of these banks is that nobody should take any profit out of the bank except cheap credit, which is opened to him; and making the reserve fund indivisible has the effect of keeping people in the bank. The first bank started by Raiffeisen is a case in point. It had by 1890 accumulated a reserve fund of 2,000*l.* in a little village; the temptation to members was too great; just as it was among the parqueteurs in Paris who formed a co-operative society, to say: Oh, let us share it, and carry off our spoils. The bank, of course, had a different object, such practice, moreover, brings in the poison of greed. Raiffeisen's idea was to keep out all selfishness or greed; that is why he allowed no dividend.

Mr. *Warr.*

671. But whenever the time comes that the bank passes out of existence by being wound up or liquidated, surely the capital must be divided in some way?—No, it is handed over to trustees, and is left available for a new bank formed on precisely the same principles; if none is formed in a given time, it is applicable to some good purpose benefiting the neighbourhood.

Mr. *Ascroft.*

672. I suppose you make annual balance sheets?—Oh, yes, publicity is important.

673. And when a borrower applies for money, do you take into consideration the amount of the indivisible balance which really stands to his credit?—It does not stand to his credit; it stands to the bank's credit.

674. His amount of interest in that indivisible balance is not taken into consideration in the amount that you lend him?—How do you mean; in the balance sheet of the bank?

675. Yes?—Oh, yes, it figures as an asset of course, but I ought to say that one main reason why these banks have been so useful, why the co-operative banks and unlimited liability banks such as these have been so useful in stamping out usury, is the publicity that they give to all their transactions. In Italy I have seen a committee sitting, surrounded by members; every one seemed to know what was going on, some brought their savings, some asked for loans, but everybody knew exactly what was going on. There are banks of other descriptions, amongst others a people's bank at Milan, which is now a tremendous establishment, and the people's bank at Mentone. These at first published their balance sheets every day; they posted them outside the door in order to create confidence. The effect of all this has been that wherever the banks have been established the people do not go to individual money-lenders; they will go to banks, be it private banks or be it savings banks, which abroad lend money, or people's banks, or village banks; they go to some bank to transact their business in open daylight, where the rate of interest is known and all is above board.

676. Then can they at the moment when they feel the pinch of poverty become members of the bank and get relieved by a grant of money?—If the man is elected, certainly. These banks have done a great deal of good in rescuing people from usury. Such people have got into debt, they have got so miserable and poor that they did

not

Mr. *Ascroft*—continued.

not really know what to do; so long as there was some prospect of their bettering themselves the bank could step in, and has stepped in and paid off the debt for which 60 per cent. was exacted and substituted a loan at four or five per cent. or whatever it was. By that means the man so treated has recovered his solvency.

Chairman.

677. How many of these banks are there in Germany do you say, approximately?—How many of this kind?

678. Yes?—There are more than 10,000, certainly.

679. How many in Italy?—I have got the figures here, but I cannot part with these statistics.

Mr. *Yerburgh.*

680. While you are on the question of banks in Germany, may I ask whether a Royal Commission or any other body sat upon an inquiry as to these banks in Germany and reported upon their position?—There was a Commission appointed in 1875 which reported.

681. Was that report favourable?—Very favourable.

682. Was it a Government Commission?—They reported to Government. It was Professor Held, who was a man of very considerable note, Professor Nasse, of Bonn, who was a distinguished economist and a banker of Frankfort.

683. Did their report lead to any action being taken by the German Emperor, do you know?—The German Emperor gave them a thousand pounds towards their reserve fund.

Chairman.

684. What is the difference between these banks abroad and the ordinary loan fund societies in this country?—We have got loan societies here; do you mean loan societies under the Act of 1840?

685. Yes?—They are very bad institutions. They used to call them Friends of Labour Societies, but working men tell me that they ought to be called enemies of labour societies. The secretary gets a very good salary; the members do not know one another, there is no touch among them. The loans are practically granted by the secretary and there is no publicity whatever, they go up and they go down; but there has not been any printed report for a very long time.

686. Take one of these ordinary loan societies that is under that Act and is responsible to Government for its annual statements. A man joins that society, he becomes a member, he applies for the loan, that loan is adjudicated upon by the committee, it is granted, it is granted, say, at 6 per cent., the instalments to be paid weekly, fortnightly, or whatever the arrangement is; substantially, if that man pays his money regularly, then it does not amount to usury at all; it is a *bona fide* lending concern. What is the difference between that in principle and the people's bank?

Mr. *Yerburgh.*

687. If you will allow me to put this question it may assist. I gather that in these people's banks the loans are made for long periods?—For agricultural purposes they are made for very long periods—for as long a time as may be required.

Chairman.

688. But in principle, assuming the things to be worked out reasonably and fairly by the officials of these societies, the principle is substantially the same?—Well, it is not quite the same; at least the practice is not the same.

689. I said assuming that an ordinary loan fund society in this country is worked honestly by the officials and by the committee, the principle of the man becoming a member and a shareholder, borrowing money and repaying it, just as they do in these banks, is exactly the same?—No, there is no permanency in them; there is no publicity in them. I have been to see them; I have not been to see any of the unregistered societies, which are even less stable. My original idea was to form the banks in that way under the Loan Societies Act of 1840, and I made a suggestion to the Chief Registrar about it. He said: "I am surprised at your doing that, because these banks are not in very good repute, and they are going down—people have very little confidence in them."

Mr. *A. K. Loyd.*

690. Do they supervise the application of the money lent to a productive purpose?—No.

691. That would be an important distinction, of course?—They are principally for small shopkeepers.

Mr. *Ascroft.*

692. You say the English banks are carried on chiefly for the benefit of the secretary getting a large salary?—He certainly gets a large salary.

693. And virtually has the sole control?—And virtually has the sole control as far as I have been able to ascertain.

694. The object being to make a profit, and not to assist the people who apply?—Well, I will not go so far as that.

Mr. *Jeffreys.*

695. Does not the secretary of your bank get a salary?—He gets a very small salary; for instance, in a Marylebone Society, which I visited, the secretary got 45*l.* or more, doing very little for it; but he told me that he was practically absolute master.

Mr. *Garfit.*

696. How is it that you say they are so fond of publicity, because, as a rule, bankers find that people dislike publicity very much indeed?—It is not the individual borrower; it is the committee that is fond of publicity; it is the other members.

697. I thought you said they came there?—Oh, they get used to it. When the bank is established at first, the man who has to borrow goes to the usurer or money-lender, as before, on the sly, and pays a high interest rather than tell anybody he has got to borrow the money. Then he finds out the advantage of borrowing money at a cheap rate. They have been so shy in some of the places where the banks are now strongest, on the Rhine, that rich people have borrowed *pro forma*, simply to act as bell wethers, to encourage the others; but once they are used to it they become accustomed to it.

698. While

Mr. *Hazell.*

698. While the liability is not unlimited, is not there a danger of some day there being mismanagement on the part of the committee, and of people being called upon to pay for that mismanagement?—In these banks there is practically no management. When you come to larger banks you will find them formed rather on the security of share capital than of liability.

699. What is about the average sum for the bank to have out on loan at one time,—one or two hundred pounds?—There are 1,055 of the largest banks in Germany, which lent out in one year 83,000,000 sterling, more than half of which was new business; the rest was renewals; but those are not these small banks.

Mr. *Verburgh.*

700. With regard to a question asked by Mr Hazell as to whether the mismanagement of the committee might not land the bank in difficulties, what I want to get clear is this: As I understand, the committee are ultimately responsible for all the debts of the bank, along with the other members of the bank?—Certainly they are.

701. Therefore they have a direct interest in seeing that loans are only made on a proper basis?—Quite so. That is the principle of this banking.

702. That is the principle?—That is the principle, yes.

703. As far as I gather, you have not had any experience as whether banks in this country would be ready to advance money to these Raiffeisen banks?—Well, no, I cannot say that. We are forming a committee in Toynbee Hall now; a banker is on that, and he told me he wanted to have it made clear whether we were going to start business as rivals to ordinary banks, or as feeders to them. I said certainly as feeders; and I gathered from him that he thought there would be no difficulty in banks lending to these banks. Colonel Dease told me the same thing in Dublin, being a director of the Bank of Ireland.

Mr. *Ascroft.*

704. I do not know whether you are in a position to give any evidence as to the Irish banks, and their mode of money lending?—I should sooner not.

Mr. *Warr.*

705. Have you written on this?—I have written a good deal.

706. I mean is there any bank you could particularly refer us to?—Yes. This book on "People's Banks: A Record of Social and Economic Success." Then I have published two little handbooks. This one is "Village Banks; or, Agricultural Credit Societies for Small Occupiers, Village Tradesmen, &c.; How to Start them; How to Work them. What the Rich may do to Help them. With Model Rules and Model Account Sheets added." That is out of print. The other handbook is for the limited liability banks, "A People's Bank Manual."

Mr. *Jeffreys.*

707. I should like to ask you this: You said when anybody got an advance from the bank, they had to have two sureties?—As a rule.

Mr. *Jeffreys*—continued.

708. I thought that was the rule?—It is not distinctly the rule. There are cases in which a man has been lent to without finding a surety. There are cases in which he has been required to find only one surety, but as rule you are right—two sureties.

709. Surely most country banks—any country bank in England—would advance on two securities to a man?—I do not think they would; and besides, I think there is the question of expense.

710. Oh, no, it is a very common thing for farmers to get advances from banks in England?—Not small advances. In Ireland they will lend you five pounds or so.

Mr. *Ascroft.*

711. How much?—They will come down to five pounds or so.

712. To a sovereign?—Will they?

713. Yes, in thousands of cases?—I did not know that.

Mr. *Jeffreys.*

714. How would your banks compete with other banks that we have here, which are conducted, I imagine, on a better principle than they are abroad?—I think they would act as feeders to the other banks. The difficulty is to get the poor people and the capital together; you want some intervening link.

Mr. *George Whiteley.*

715. I suppose the one works for profit, the other does not; that is the answer?—That is it.

Mr. *Jeffreys.*

716. You say your banks are purely philanthropic?—They are like a co-operative store; they work for the advantage of their members; they want to provide cheap credit. The head of this Raiffeisen Union takes credit for the fact that they have reduced the price of loan money in the North of Germany by 1 per cent.

717. But that is chiefly for people who have a certain amount of credit. A man who was in a very bad way, and could not find money anywhere else, I imagine, and could not find two sureties, could not get the money from your bank at all?—If he could not find two sureties he probably would not be elected.

718. Therefore it would not reach the very poor?—It does reach the very poor. It reaches people who are as poor as a church mouse; it reaches people who have really been ruined by usury, and have by this means recovered their position,—people whom nothing else would help.

719. How is a man who has got nothing to get two sureties to secure him for an advance of ten pounds?—If they know him to be honest he will get it. This banking system is to a large extent replacing the pledge system—the system of lending upon real security. There was a very interesting report—the Society for Social Politics in Germany instituted an inquiry recently, and they had a report upon the practice which the savings banks in the Valley of the Saar lend just like these people's banks do. The consequence has been that five usurers have left the district, carrying their money with them; and another consequence is that, instead of pledging their land, people now pledge their personal credit. You

Mr. Jeffreys—continued.

replace the borrowing upon real security by borrowing on personal security.

720. Supposing one of these borrowers does not repay the interest, what happens?—Then the sureties are responsible.

721. Suppose they cannot pay the interest?—Then the bank is responsible.

722. And first of all, I suppose, they sell the borrower up, as we say?—They would, yes; but there has been nothing of that sort. I have been all over the Continent again and again inquiring into these small banks; in Germany, Austria, Bohemia, Italy, and in Switzerland, where there are a few, and in France, and I have never heard of any such case; on the other hand, I have heard of poor people (Italians) going to the States, not being able to pay the banks before they went, sending the money from the States.

723. Then, in your opinion, all the poor borrowers pay the interest regularly?—That has been the general experience.

Mr. *Warr.*

724. Has the experiment been tried in any big towns?—Not in respect of these banks. They are entirely intended for small amounts, and for the village districts; for others you must have banks of a totally different type. It comes to this, as it has been laid down by Léon Say as a principle of credit, you must have either a capital of guarantee or unlimited liability. These other banks form the capital of guarantee. They began by being what was called compulsory savings banks. Schulze-Delitzsch insisted upon their taking very large shares, the borrower pledging himself to a long period of saving. He must save up that share, he must go on paying his instalments until that share is carried. Those 1,055 banks in Germany I have spoken of have raised a capital of about seventeen millions sterling.

725. Has the experiment been tried in England, in towns, of this other system?—We have got two of these banks, both started by myself, one at Newport, Monmouthshire, the other at Finsbury Park. The one at Newport, Monmouthshire, is going on exceedingly well, both of them double their business every year; they have largely increased, and they go on also improving their practice. In Newport, Monmouthshire, they lend out a great deal of money now on current account, which is a better method of lending. The People's Bank in Edinburgh, which was started originally as a building society, to enable the working men to purchase their flats, has long laid itself out for personal lending and finds it exceedingly useful and finds it safe, except that just at present they have been led into a transaction which really lies outside the sphere of co-operative banking altogether; they have lent 500*l.* to a co-operative agricultural society that is going into iquidation, and they will have to pay almost their entire reserve fund. That was an improper transaction, they ought not to have engaged in that, otherwise they find that people repay very promptly and appreciate it very much, and they find it very safe and very useful. As a further instance we have got the Middlesex Self-Help Societies.

726. Is the Finsbury Park Bank you have

Mr. *Warr*—continued.

told us about registered under the Companies Act?—Industrial and Provident. If any of the gentlemen like to come to the annual meeting on the 21st, in the evening, we have got the annual meeting of the Finsbury Park Bank then; I do not recommend it as strongly as the Newport, Monmouthshire, Bank; that is a real good bank, amongst small people. I was going to say in the Middlesex Self-Help Societies, there are poor people there, and there is no difficulty whatever found in the supply of sureties. There are always two men willing to come forward, and they have made so small losses that in the St. Pancras Self-Help Society, with about £8,000 lent out, they have lost seven shillings, and in the Ealing Bank they have lost nothing at all.

Mr. *A. K. Loyd.*

727. I gathered from certain expressions you used in your evidence that the bulk of your statements have referred to some particular sort of bank?—Yes.

728. Am I right in supposing that besides the sort to which you have chiefly addressed yourself, there are numerous other sorts of co-operative banks?—I have incidentally referred to banks of the Schulze-Delitzsch type.

729. Would you either orally, or by a memorandum handed in, give the Committee a list of the different types of banks, all of which come under the general term "Co-operative Banks?"—I think I had better hand in a memorandum, had not I?

Chairman.

730. Yes, you had better?—I will do so.

Mr. *A. K. Loyd.*

731. That memorandum will give us an idea of the different rules or different systems, distinguishing the one from the other?—Yes.

732. Now, I want to get this clear. The sureties in the case of these very poor people are not called upon to guarantee any pecuniary solvency, as I understand, but merely the respectability and industry of the person applying?—The sureties must make themselves answerable for the particular loan.

733. I understand that; but a man may find a surety for a productive loan by getting another man who is satisfied that he will so apply that loan and industriously work it?—Yes.

734. So that a person who has no money of his own, but is an honest and industrious man, can find a surety where under ordinary circumstances he would be unable to do so if he had to rely upon his own means?—Yes. Here is something to show what these banks are like. At Lodi, where there is a very good bank of the second type which does a great deal of good to local agriculture, I found there an English engineer attached to the light railway. He said: I have taken my money away from the ordinary bank and put it in the People's Bank because it is safer. He stated that if a poor woman wants a sewing machine she can get the money for it from the People's Bank. That money buys the sewing machine, she sets it to work and earns its value in that way. In a Rhenish village I have seen a steam threshing engine, as good a one as you could find here anywhere

Mr. *A. K. Loyd*—continued.

anywhere, which was bought by the small cultivators, the bank had raised the money for them, and they had repaid the cost of the machine out of its earnings. There are about 2,000 co-operative dairies in Germany (a very large number in comparison with what we have got here); very many of these were simply financed by the co-operative banks; I forget the exact time in which they repay the loan, they repay it out of the profits of the dairy association.

735. What I want to be clear upon is this: that the fact that the bank superintends the application of the money to a productive purpose enables an honest and industrious man to get sureties, although he may not be himself a man of means?—That is the whole point.

736. That is the whole point?—Yes.

737. Have you had any evidence given to you of the application of this principle to money-lending in India—Madras, for instance?—We hope to do a good deal in India. I have read Mr. Nicholson's book, and he writes very fully and truly about these co-operative banks.

Mr. *Warr.*

738. What is Mr. Nicholson's book?—A book published by desire of the Madras Government. He has issued a very interesting and valuable report. He has not seen the banks, and, considering he has worked from printed material, it is marvellous what command he has of the subject. I will not say he is right on every point, but in the main he is right. There is a meeting at the Westminster Palace Hotel on the 18th organised by the East India Association, where Sir William Wedderburn is going to read a paper as to the introduction of these banks in East India, where there seems to be a very great call for them.

Mr. *A. K. Loyd.*

739. In introducing this system into England for the first time it is useful to get as many instances as possible?—In Mysore they have got something of the kind, and I think it is genuine.

740. The money-lending was a great curse in Egypt, was it not, for a long time?—I do not know anything about Egypt.

741. You do not know anything of the methods by which it has been superseded?—I look forward to a great work being done in India. I mentioned the case to Sir Arthur Cotton, and he said: That is just the thing India wants.

Mr. *Garfit.*

742. In what year do you say these banks were established in Germany?—About 1849; it began in 1846, but say 1849, the first bank.

743. It has not been practically found that these rights are abused in selecting a man to be a member of the bank. It is rather like blackballing a man for a club; is not it rather used by one man against another?—Not where the unlimited liability is; if it were limited liability they might do it, but now they know they will have to pay.

744. Do not they often blackball a man because they do not like him?—No, they do not stand on any etiquette whatever, I assure you.

Mr. *Garfit*—continued.

745. It is not abused in that way?—No, self-interest comes in.

746. As I understand you they do not get any profit, so I do not see where the question of self-interest comes in?—The self-interest comes in in the great utility of the bank; it is cheap credit.

Mr. *Caldwell.*

747. Just one question about interest; you say the banks were established in 1849?—Yes.

748. I suppose the interest then was 6 per cent.?—I could not say. I am talking from memory. I think Raiffeisen at that time charged 6 per cent.; the Schulze Delitzsch banks at first charged 12 per cent.

749. When did it fall down to five per cetn.?—Since a long time.

750. Then you talk of the credit of the banks bringing the interest down to five per cent?—Five per cent; that and even less now.

751. Has not interest all over the country generally fallen in that period?—It has.

752. So that it is not due specially to the banks?—Well, they say that it is.

Mr. *Garfit.*

753. I suppose the reason they lend at a cheap rate now is that they can borrow at a cheap rate?—They can borrow at a cheap rate.

754. Then you say sometimes they buy threshing machines with the capital of the bank, and then hire out these threshing machines to the people. I understood you to say just now they had got a threshing machine?—Yes.

755. Do you mean that they bought a threshing machine?—This is a very prosperous bank, at Mülheim on the Rhine; it has about 250 members; they have got very fertile land, and do a large business in cherries and that sort of thing; and very many members of the community have joined, so that they have got a strong reserve fund, and they have formed a very strong co-operative store by the side of them; it is so strong now as to give members six months' credit and yet charge only wholesale prices. They bought this threshing machine.

756. Then these are trading companies as well as banks, as I understand?—For the benefit of their members.

757. They go far beyond banking?—No, no; I ought to have made that clear. To do that another association has to be formed by the side of the bank, which comes to the bank for its money.

758. Just now I understood you to say this bank failed and lost 500*l.*, and went outside their business?—I beg your pardon; that was a bank in Scotland; that was not one of my banks.

759. No, but it was doing the same thing?—They ought not to have done it.

760. It was an industrial concern, worked with the funds of the bank?—They ought not to have done it.

761. You say they did it in this case with the threshing machine?—I said so hurriedly, being anxious to save time. I ought to correct myself, because for all these purposes another association has to be formed by the side of the bank. The bank must do nothing of the sort.

Mr. *Garfit*—continued.

sort. I meant to convey the utility of the bank in finding the money. It was the same members forming a different association; they borrowed the money from their bank. It is practically the same people and practically the same money The bank must not go outside banking.

762. Then another question. Those 1,055 banks with a capital of 17,000,000*l.*, who lent 83,000,000*l.*; I suppose that is a different question entirely?—Yes, it is a different question entirely; but I ought to say that banks of this sort have produced just the same effect where they exist in country districts; usury has not been so rife in towns as in the country, more particularly in Germany. Up to 1849 the Governments sent all the Jews out into the country. This I state on the authority of the present Minister of Finance at Baden, who told me they would not allow Jews to trade in their own names in the towns, so they all went out into the country, and usury became a veritable abuse there. All the trade was in the hands of the Jews, many of whom naturally became usurers.

763. These big banks are carried on on quite a different system altogether, I suppose. Are they limited or unlimited liability?—Many of them are carried on on the system of unlimited liability; but they could be carried on quite as well with limited liability, and I should never suggest here that they should be carried on with unlimited liability. In France and Italy they are carried on on the system of limited liability.

764. You say there is not a tendency so much to usury, I mean in England, as in Germany and Italy?—This particular kind of usury.

765. Do you think the reason for that is that there are much greater facilities for banking in England already than in Germany or Italy?—No. Of course, our banking system is far more perfect and more facilities are given; but I do not think it reaches the particular class you referred to.

766. No, I do not think it does, though it reaches the class you speak of, the small borrower; but does not it reach a class much lower than that, where there are no such banks?—No; I think the real reason is that land is so much sub-divided there; you have got a large peasant proprietary.

767. Those people in England would get the money from the banks?—They would not, because they do not exist. The farmer, of course, might, up to a certain point, get money from his bank; and there are banks, I know, which have lost a great deal of money by lending to farmers, lending on standing crops, and so on.

768. If farmers are dangerous, how is it that these small people are not?—These village banks scarcely deal with farmers as we understand.

769. The first question I asked was this: You say there is more usury in Germany and in Italy than in England?—I think there is, of the sort I spoke of.

770. Do not you think that the reason is that in England they have greater facilities for getting money down to 20*l.* than they have in Germany and Italy already?—No, I do not think that is so. There is a system of usury all over the country. In Poland, for instance, where the Jews are very numerous, you have got usury very strongly developed; then from Belgium, down along the Rhine, down to Switzerland, there is usury everywhere. In Switzerland it makes a jump and goes into Italy.

771. Because they cannot borrow the money in any other way?—These are people with whom no ordinary bank would have anything to do.

Thursday, 17*th March* 1898.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Caldwell.
Captain Chaloner.
Mr. Garfit.
Mr. Hazell.
Mr. Jeffreys.
Mr. A. K. Loyd.
Mr. Price.
Mr. Warr.
Mr. Yerburgh.

Mr. JEFFREYS IN THE CHAIR.

Mr. EDWARD SHUCKBURGH, sworn; and Examined.

Chairman.

772. I UNDERSTAND you come here to give evidence with regard to money-lending?—That is so.

773. Can you tell the Committee where you conduct your business?—Bristol.

774. Have you got other places where you conduct it?—Yes, Exeter.

775. Any others?—No.

776. Bristol and Exeter?—Bristol and Exeter, yes.

777. Do you conduct the business there in your own name?—The "Clerical and Medical Advance Bank."

778. You trade under the name of a bank?—Yes.

779. Is it a limited liability company, or not?—No, I am the proprietor.

780. A private bank?—Yes.

781. You are the proprietor?—Yes.

782. Are there partners in the bank?—No.

783. In fact, that is the name you trade under in your money lending?—That is so.

784. And trading in that way, I suppose you induce people to come to you for assistance?—I do not know. Of course most money-lenders trade under a different name.

785. Under different names?—Generally, I think, you will find.

786. May I ask the reason why you do not trade under your own name?—I have no reason particularly.

787. Trading under the name of a bank, perhaps, might induce people to think they are dealing with a bank?—There is no law to prevent me doing so, I think, at the present time.

788. No; still you wish to tell the Committee that although you trade under the name of a bank there is no banking business done?—That is so; not what may be considered ordinary banking business.

789. Purely money-lending?—A money-lending business.

790. Do you wish to state to the Committee in what mode your business is conducted, what percentage you charge, and so on?—I can show you. I can tell you on the cases which you have asked me for. I can show you there what has been charged.

Chairman—continued.

Mr. *Ascroft.*

791. You say you do no ordinary banking business?—That is so, sir.

792. Is this your advertisement in the "Lancet," "This bank grants to medical men overdrafts without security"?—That is so.

793. You also, I think, issue circulars?—Yes.

794. Is this a copy of a circular you issue (*handing a document to the Witness*)?—Yes, that is so.

795. In which you say: "It is unusual for ordinary banking firms to grant advances or permit overdrafts without ample cover or security, which to the client may often be inconvenient"?—That is so.

796. "The above-named bank is prepared to lend to gentlemen of assured and established position any sum from 50*l.* to 1,000*l.* on note of hand alone, and that without objectionable inquiry or delay"?—That is so.

797. "Again, many capitalists require security by way of mortgage on personal effects, while others, though offering advances, invariably ask and insist in the end upon collateral security in the form of a second signature, which to a clergyman or medical man is often prohibitive, not because he is unable to find a guarantor, but in so doing the essential privacy of the transaction would be destroyed." And then: "Advances on notes of hand alone, with no other signature than that of the applicant to such note, has procured in most cases the amount of overdraft desired"?—That is so certainly.

798. Would not that circular lead any person into whose hands it came to believe that you lent money on note of hand without requiring a bill of sale?—So I might.

799. Would that be the natural result of reading that by a stranger?—It is according to what construction you may put on it, or the person who read it.

800. Now

Mr. *Ascroft*—continued.

800. Now your mode of business is to advertise in the papers?—That is so.

801. To circularise the whole country I may say?—That is so.

802. And then when anyone places himself in communication with you, you either by yourself or your agents——?—Seldom by myself.

803. Seldom by yourself, by your agents; Mr. Stone and others have an interview?—Yes.

804. Are you aware that for years past your agents have been in the habit of representing to borrowers that the money was being advanced to them was for periods of 12 months or two years, when, by the way in which you drew the note, you made it repayable in two or three months?—No, I never represented such a thing as that; I do not credit it.

805. Now, I will just call your attention to a few cases I have carefully got up; I think you may take them as reliable?—Might I say, for a moment, on that point, I always tell my agents, in completing an advance, to make the person write, on a piece of paper, the whole transaction, the nature of the transaction, and the interest.

806. Exactly?—That shows it exactly.

807. I think we shall find that those written documents have been produced to the court in several of the cases that I am now going to mention?—Possibly so.

808. In 1894, at the Bristol Assizes, presided over by Mr. Justice Lawrance, an action was commenced, by you, against Mr. Breach for 75*l.* balance owing on a promissory note?—Yes, I recollect that is so.

809. You recollect it?—Breach, of Yattenden, is that it?

810. That is the man, J. H. Breach?—Yattenden, near Newbury, Berks.

811. If you look at your book, you will find that on the 13th October 1893 he applied for a loan of a hundred pounds for 12 months, that you advanced him the hundred, gave him cash, 80*l.*, and made it repayable at the end of three months?—A three months' bill of exchange; he had 80*l.*, I charged him 20*l.*, or he was charged 20*l.*, making a hundred.

812. He paid you back three instalments amounting to 75*l.*?—Not as instalments, as renewals.

813. My good sir, he paid you back three sums?—That is right.

814. Amounting to 75*l.*?—That is so.

815. You then brought an action against him to recover 75*l.*?—Yes.

816. He alleged, on oath, that the representation was that he was borrowing the money for twelve months, and that the making of the Bill repayable in three months was purely a matter of form. That is what he alleged before the court, was it not?—I believe you are right, but——

817. That was contradicted by your representative?—Yes, and the man (almost) to me in a letter admitted his liability.

818. But it was both contradicted by counsel and witness?—In the court.

819. And evidence you say was brought to prove the contrary?—Yes.

820. Notwithstanding that, the verdict was given against you, and you were ordered to pay all the costs?—Wait a moment *(referring to a book)*; yes.

Mr. *Ascroft*—continued.

821. That is so?—That is so.

822. Now I will take the next case. The next case was dealt with in the Ross County Court, in April 1897; a gentleman of the name of Lovibond?—Would you like to see the memorandum given by the man.

823. Oh no, this is quite sufficient. Would you turn to the 8th December 1896; you will there find the entry of a loan of 100*l.*?—December 8th 1896; that was on a bill of sale.

824. That was on a bill of sale. Now did Mr. Lovibond swear that he borrowed that 100*l.* for a year at the rate of 10 per cent.?—I was not there. I know his solicitor came to me and tendered me 110*l.*, and I would not take it.

825. Wait a moment. Were the proceedings before the court in the nature of an application by Mr. Lovibond?—That is so.

826. To set aside your bill of sale?—After they tendered me 110*l.*

827. To set aside your bill of sale on payment of 100*l.* principal, and 10 per cent. interest?—That was so.

828. Did your representative claim 125*l.*, on the ground that it was only lent for three months?—Yes.

829. Was the result that the application of Mr. Lovibond was granted, and you were ordered to pay all the costs?—He was ordered to pay the money and 10 per cent.

830. And you had to pay the costs?—And I paid the plaintiff's costs.

831. We will now get to another case?—Might I show the Committee the memorandum which Mr. Lovibond wrote?

832. I am only asking you as to the result?—I see. I mean to say that is all one-sided, you see.

Mr. *Warr.*

833. In what position of life was Mr. Lovibond?—He was a clergyman; he has since been dealt with in a criminal court.

Mr. *Ascroft.*

834. The next is May 1897; a case dealt with in the Shrewsbury County Court?—What name?

Mr. *Warr.*

835. You said something about what had happened to Mr. Lovibond?—After.

836. Yes?—Criminal proceedings were taken against the man; not by me, but in a matter the other day.

Mr. *Ascroft.*

837. Who took them?—He was prosecuted for an offence.

838. In connection with this loan?—Oh, no.

839. What has it to do with it then?—A good deal, I think.

Mr. *Garfit.*

840. Was it in connection with borrowing money?—No.

Mr. *Ascroft.*

841. Now, will you turn to May 1897?—What is the name.

842. Temple, a clergyman. The first entry is December 2nd 1896?—December 2nd 1896; yes.

843. You advanded him 100*l.*, and you gave him

Mr. *Ascroft*—continued.

him in cash, 75*l.*?—Advanced him 100*l.*; charged him 25*l.*; total 100*l.*; three months' bill of exchange.

844. That comes to the same thing; and there were 3*l.* expenses?—Shall I refer and see if that was paid?

845. Just look; I think you will find it is correct?—He paid 3*l.*

846. You sued him in the High Court for 100*l.*, on the 9th February?—Yes.

847. You obtained judgment for 75*l.*; and the question as to whether you were to have 25*l.* interest, or at the rate of 25*l.* per year for two months was referred to the Shrewsbury County Court?—I do not think you are quite correct, sir; the balance, there, was remitted to the Shrewsbury County Court.

848. It comes to the same thing?—It may not; pardon me.

849. We will see. The question was dealt with before the county court, the borrower alleging that you had fraudulently misrepresented, in getting him to sign the promissory note; that it was borrowed for a year, your representative contradicting it. The verdict was not for 25*l.* but for two months' interest at the rate of 25*l.* for the year?—The judgment was for 6*l.* odd, and I to pay——

850. You had to pay the costs, of course?—No, you are wrong there; Temple to pay all costs incurred in the High Court.

851. Who had to pay them?—Temple.

852. Certainly, but you were disallowed costs?—I to pay the costs in the county court.

853. And that was the costs on the disputed transaction, as to whether you were to be entitled to 25*l.* for the two months, or whether his statement was correct, that it was 25*l.* for twelve months?—I put it as recorded here: "balance of 25*l.* remitted to the Shrewsbury County Court."

854. Now the next one was dealt with at the Bristol Assizes; a gentleman of the name of Hughes, of Brighton?—That was never fought.

855. An action was brought by you in August, 1894, for 100*l.*?—He had in August 15*l.*; he was charged 20*l.* for it; three months' bill of exchange, and a statutory declaration.

856. You commenced an action against him, and you also charged 4*l.* expenses?—Did I?

Mr. *Warr.*

857. You mentioned a "statutory declaration," you read from your notes?—That is so, sir.

858. Do you make a special note in your books when a statutory declaration is taken?—Yes.

859. Has there been a statutory declaration in either of the other cases to which the honourable Member has referred?—Shall I refer back and see, sir?

860. You cannot answer without?—No, not without referring.

861. But you make a special note?—Yes.

862. Do you make it in every case?—No, not perhaps in every case, but in many.

863. It is your rule, is it?—Yes, I might say so.

864. The statutory declaration is as to the man's means, is it?—It is as to his means, his position, and his liabilities, and as to his not being indebted to any other moner-lender but myself, which is very often not the case.

Mr. *Warr*—continued.

865. Have you a printed form?—Yes.

866. Did you bring it with you?—No, I did not, sir, but I can show you one. (*The witness searched his papers*). No, I have not one, sir.

867. Before whom is it made?—It must be declared before a solicitor.

868. Before a commissioner, do you mean?—Certainly.

869. Before a commissioner?—Yes.

870. Or before a magistrate?—No, before a commissioner.

Mr. *Ascroft.*

871. Now we have got it that you lent him 100*l.*?—You were saying something about a fee the man paid.

872. I am asking you about 4*l.* he paid for expenses; is that so?—I will refer and see. I have nothing recorded about him.

873. That is not so?—No.

874. Do you say you have not it recorded, or do you say it is not so. I ask you because I have got all the papers that were filed in the court; the affidavit?—I should certainly say it is not so.

875. You say it is not so?—I should say so if it is not recorded. The representative who would see him would be supposed to give an account, and therefore it would be recorded here if it was received. I will say: not to my knowledge.

Mr. *Warr.*

876. Perhaps you will allow your clerk to go on looking for one of those forms of declaration and hand it to me if he can find one?—I will.

Mr. *Ascroft.*

877. At the end of three months you claimed a renewal fee?—That is so.

878. Did he decline to give it alleging that it had been represented to him that the money was lent for 12 months?—I believe he did.

879. You then brought an action against him?—I did.

880. Did he state in his defence that he was induced to accept the bill upon a false and fraudulent misrepresentation made by you or your agent?—I believe he did.

881. I think Mr. Farrow, through his solicitors, took up his case?—I was not aware of it at the time.

882. And he administered interrogatories to you?—Yes.

883. Which you neglected to answer?—I did not neglect to answer them.

884. Which you did not answer?—Ah! I told my solicitor this——

885. Did you answer them; never mind what you told your solicitor?—No, I did not answer.

886. A summons was taken out, the case was dismissed, and you had all the costs to pay?—No; the case was not dismissed, in a way; there was an arrangement made. I told my solicitor this, and he is here to corroborate me——

887. Mr. Shuckburgh, here is the order of the court?—Yes. Will you allow me just to read——

888. "It is ordered that unless the affidavit in answer to interrogatories be filed within one week this action be dismissed for want of prosecution, the costs to be taxed and paid by the

Mr. *Ascroft*—continued.

the plaintiff company?—I suppose that would be in the usual course.

889. The costs were taxed and paid?—Yes. What I told my solicitor was this: I believe the man did not quite understand what he was doing. I said: Give him the benefit of the doubt. Had I known that Mr. Farrow or anyone was backing the man to fight me I should have fought him to the hilt.

Mr. *Warr.*

890. Of course, that order is quite consistent with an arrangement?—I can show you that. If I find a thing of that kind I always fight, but I gave the man the benefit of the doubt; and I might say that when the twelve months had passed, and then he was going to pay the money, he wrote me a letter asking me if I would renew the bill, so if the man had been treated badly he would not have done that. Here are his letters; here is the declaration, sir.

891. Is this a clergyman?—No. I cannot put my hand upon the letter I wrote back, but he wrote and offered to renew if I would.

Chairman.

892. Was this after the action had been brought?—Yes, after the action had been brought he wrote and asked me if I would renew the bill, and there are his two letters. I gave him three or four days after that.

Mr. *Ascroft.*

893. The next case was at the Newport County Court, the case of the Rev. George Hustler; do you remember that?—Yes, I remember that case.

894. In September 1894 Mr. Hustler received from you 700*l.*?—On 17th September I advanced him 700*l.* on a three months' bill of exchange.

895. For which you took a bill of exchange for a 1,000*l.*?—That is so.

896. Did he allege in his examination that he was led to believe that the money was lent for twelve months?—The man committed perjury; he did so.

897. Never mind; he alleged it?—He did say so.

898. And did he say that 200*l.* out of the 300*l.* was for interest at 10 per cent., and 100*l.* was to be held as some sort of guarantee in connection with an insurance or something of that kind?—No.

899. He deposited certain silver plate with you?—Yes.

900. At the end of three months you claimed the whole amount or a renewal fee of 300*l.* You claimed 300*l.* for renewing for another three months?—That is quite right.

901. He declined to pay that, and you issued a writ?—His solicitors called at my office.

902. Did you issue a writ?—Yes, but wait a moment.

903. Let us get the fact first?—Yes, we will get the facts right enough; his lawyers came and offered me 900*l.*, and I said: I will take it. He put his hand in his pocket, and said, "I have got the money here"; I said I would take it; then the man said: "Oh, I have not got it."

Mr. *Ascroft*—continued.

904. What has that to do with this gentleman; did you issue the writ for a thousand pounds?—Yes.

905. He filed his petition?—Yes, and came and told me he wished he had not after.

906. Did the official receiver object to the proof you had sent in?—Yes.

907. Were you claiming at the rate of 1,200*l.* for 12 months' interest on 700*l.* advanced?—£. 1,200?

908. Yes?—I was claiming on my 1,000*l.*

909. Were you claiming at the rate of 1,200*l.* as interest for 700*l.* advanced?—Why do you put it in that way. He had not the money for 12 months. It would amount to that, but why put it that way; I was claiming for my 1,000*l.*

910. You claimed 300*l.* as interest on 700*l.* for three months?—I did.

911. Three hundred pounds as interest on 700*l.* for the whole of it?—I claimed for a thousand, and proved for it.

912. Did you claim on the second sum 300*l.* for three months' interest on the 700*l.*?—No, I claimed for 1,000*l.*

913. Does it not come to the same thing?—No, I do not see that it does exactly.

914. Seven hundred pounds cash advanced, and 300*l.* interest?—I claimed for the 300*l.*, that is what I claimed for.

915. Very well, you may have it your way; was the result that the official receiver objected to the proof: that you appealed to the judge, and that the judge disallowed your proof for the amount of interest you charged, but allowed you 16 per cent. until the receiving order was made?—He allowed me at the rate of 15 per cent. per annum from the 17th September 1894 to the 19th January 1895.

916. Fifteen per cent., was it?—Yes.

917. That is the date of the receiving order?—One hundred and twenty-four days, amounting to 35*l.* 13*s.* 5*d.*

918. Thirteen pounds thirteen shillings and fivepence in place of; how much interest did you claim?—In place of 300*l.* There is now due to me on that 108*l.*

919. But it was rather a large reduction?—It was somewhat, and, in the face of the memorandum the man wrote, a very unfair one.

920. If you want to mention it, do so; it has nothing to do with me?—I have the documents.

921. I only want the facts?—I suppose in this inquiry you want to have both sides of the case.

922. The next case is in the Taunton County Court in 1896: the Reverend J. Large?—Yes.

923. The Reverend J. Large?—The Reverend J. Large.

924. You lent him 150*l.*?—Yes.

925. A promissory note was given for 195*l.*; it was made payable for three months?—Yes.

926. He filed his petition?—He did.

927. Did he, on oath, swear that he was led to believe that the money was lent at 10 per cent. for 12 months?—I am not aware that he did.

928. Did you call the money in at the end of three months?—No; there was an offer, I think, of renewal.

929. Did you make a proof on the debtor's estate?—Yes, certainly.

930. Was

Mr. *Ascroft*—continued.

930. Was that disallowed by the official receiver?—No, it was not.

931. Did the judge reduce the interest to 5 per cent. and make you pay the costs?—No, he did not.

932. What interest did he reduce it to?—He did not reduce it to anything.

933. What interest did he fix it at?—No interest at all.

934. What sum did he allow?—The full sum.

935. How much?—£. 195.

936. One hundred and ninety-five pounds. Had you to pay the costs?—No.

937. No costs at all?—Yes, my solicitor's costs were paid by the official receiver; costs against the official receiver.

938. Costs were given against the official receiver?—Yes.

939. Was the judge Judge Beresford of the Taunton County Court?—I cannot say; I was not there.

940. Mr. Shuckburgh, are you not making a mistake?—In what way, sir?

941. Was not this clergyman entitled to a pension?—He was entitled to a pension; yes.

942. And after the proofs had been allowed was not the pension left over as an asset of the estate?—What has that to do with me?

943. Did not you make an application that you should be paid in full your rate of interest?—You see my proof was admitted for 145*l.*

944. Quite right?—Like it generally is. Then, after the rest of the creditors are paid, I come in for my 20*s.* in the £.

945. You then applied for your interest in full?—Yes.

946. That application went before the judge?—Yes.

947. Did the judge refuse to allow it?—I believe not; I received it.

948. You what?—I received it.

949. In full?—All but 21*l.* 2*s.* 7*d.*

950. You applied to have it paid in full, but did the judge refuse to allow it?—No, I do not think he did, because this was an arrangement between myself and the man after as regards that pension. I told him if he paid 20*l.* I would consider the matter closed. That is what I told him.

951. Did the judge say that in his opinion ——?—The judge gave it for the full sum.

952. Did the judge say the official receiver was not entitled to retain the pension in order to pay the enormous interest that had been charged, and did he rescind the original order?—I do not think so. My solicitor is here; if you like I can ask him.

953. If necessary, I will deal with it after?—He had the money for five years, and it costs him 21*l.* I do not think that is very usurious.

954. The next was in the Court of Appeal in February 1898; Mrs. Wickens?—Yes. But I have not had notice of that name.

955. It is not necessary?—I have had no notice.

956. That is not necessary. I will ask you, and if you have not got your books or papers we can deal with it afterwards?—Oh, I see.

957. Do you remember the action being brought; do you remember the case of Mrs. Wickens?—Of Weston-super-Mare?

Mr. *Ascroft*—continued.

958. Yes; on the 14th July you lent her 30*l.* at 60 per cent. for one year, for which she gave you a bill of sale?—Yes.

959. The 14th July 1897?—The 14th July 1897.

960. Did you apply?—I applied under Section 7, Sub-section 4, of the Bills of Sale Act, for the rent receipt.

961. You applied for the rent receipt?—Yes.

962. And in default of her producing that rent receipt you levied execution?—I levied execution after making repeated demands.

963. Did you levy for the sum of 52*l.* 18*s.*, made up as follows: Principal, 30*l.*; interest, 18*l.*; levying fees, 3*l.* 12*s.*; mileage, a guinea; possession, 5*s.*?—The expenses I know nothing about. I merely levied for the amount of my bill of sale, and gave it to the sheriff's officer. How his expenses are made I do not know, I am sure.

964. Are you aware that these are the figures produced before the court?—I believe so.

965. An application was made by Mrs. Wickens to Mr. Justice Day, and I think first of all he found that only 15*s.* was owing, and not 18*l.*; that he disallowed the levy fees, the mileage, the possession fees; he set the bill aside and ordered you to pay the costs?—On the very next day, on the very selfsame thing, he gave it in my favour on the other side and I had to pay the costs.

966. That is the fortune of war?—It is.

967. You then appealed against that decision?—Yes.

968. And Lords Justices A. L. Smith, Chitty, and Collins, are the three judges who dealt with it?—My demand for that rent receipt was wrong; that is the law.

969. You appealed and they dismissed your appeal with costs?—Yes.

970. Now the next one is a private one, if you will kindly treat it so, remember. That is the name (*showing same to the Witness*)?—Yes.

971. I think this gentleman in 1897 borrowed a hundred pounds from you on 1st February?—Yes.

972. He gave a promissory note for 125*l.*?—Yes.

973. And paid 5*l.* for expenses?—I have 2*l.* 10*s.* entered.

974. That is very near; 2*l.* 10*s.* You brought an action against him in the High Court of Justice claiming repayment of the sum at the end of the two months or thereabouts?—Claimed 125*l.*

975. He paid into court 104*l.*?—That is so.

976. I think the case was not actually tried; the Lord Chief Justice read the papers?—My instructions to my solicitor were to fight the case right to the hilt.

977. To the bitter end?—But——

978. The Lord Chief Justice, I think, read the papers and suggested a compromise?—He said, "Will you allow me to decide between you?"

979. That is all; the compromise was that you were to accept the 104*l.*, and there was to be six months for payment of the balance of interest, and you were not to have any costs?—Well, you put it in a one-sided way. The judgment was this, the 104*l.* that was paid into court, the 21*l.* which made up my claim for 125*l.*

Mr. *Ascroft*—continued.

980. In six months?—To be paid in six months, each paying our own costs.

981. In that case, did the reverend gentleman allege that he had been tricked into signing this by false representation?—Yes.

982. And it was denied by you?—It was mentioned by the Lord Chief Justice that that must be withdrawn, and I have the brief here on which it is endorsed.

983. All imputations of fraud were to be withdrawn?—Yes.

984. I only want to get at the fact that he made the allegation?—Yes; they will do that; they always do.

985. In 1897, in the Bristol County Court; I do not want the name mentioned here, please ——?—All right.

986. It was a case of a schoolmaster; you will remember it. The loan was for 30*l.* on a bill of sale; you seized under that bill of sale?—Yes.

987. He brought an action against you for damages?—For 40*l.*

988. And got a verdict for 14 guineas?—Not "damages;" on a technical error in the calculation of the bill that was given accompanying the bill of sale, not for damages as to taking possession; and the judge told that man that he did not believe a word he said, and gave him no costs.

989. He gave the plaintiff 14 guineas damages?—Yes, but not for illegal seizure.

990. I do not care what it was for?—But it should be said, I think. He told him he did not believe a word he said.

991. I will be perfectly fair to you; he did allege that the arrangement was 33 per cent. interest, and that by the bill of sale you had charged him 133?—You see, working that out; you could work it——

992. He did allege that you had altered the bill of sale, but the judge said it was not proved; there was no evidence of it?—The judge said, "I cannot believe what you have stated."

993. But on the other point?—There was the memorandum written by the man showing the nature of the transaction; that was handed to Judge Austin, and as to the man, after telling a considerable number of lies, the judge asked him if that was his writing and he said "yes."

Mr. *Hazell.*

994. What date did you advance the 30*l.*?—January 29th.

995. What date did you seize?—That I cannot tell you exactly.

996. About?—Well of course it would be a few days over the time.

Mr. *Caldwell.*

997. When was it to be paid?—It was to be paid in three months.

Mr. *Hazell.*

998. Was there sufficient security?—No. There was one more thing that the judge said. He put his goods down to the value of 250*l.*, and the valuer who went and saw them after the levy gave in a certificate that they were worth about 25*l.*, and the judge said: "you bring charges against this money-lender, but you do not forget to put down what is wrong yourself."

Mr. *Hazell*—continued.

999. What did you get on the seizure?—The full sum.

1000. Then you had judgment for the full sum, though you were charging interest at the rate of 133 per cent. per annum?—That is so.

Mr. *Ascroft.*

1001. The next is the case of a farmer in Exeter in 1897?—What is his name?

1002. Well, I cannot give you the name?—Can you give me the name on a piece of paper?

1003. I will give you the facts; you will remember it in a moment?—1897.

1004. 1897? On June 19th you lent him 100*l.*; he signed a bill of sale; he stated that he was told there would be no publicity, and that it was only a matter of form. On July 1st you demanded the receipt for rent?—Under Section 7, Sub-section 4.

1005. On the 2nd July, a day after, he wrote to say that it was a swindle?—That what?

1006. He charged you with committing a swindle?—Oh!

1007. On July 5th, which was sixteen days after the money was advanced, you issued a warrant of distress for 172*l.* in respect of the 100*l.* advanced?—I cannot quite follow you, sir.

1008. You remember it now?—No; I do not. Will you give me the name on a piece of paper?

1009. I can find you the record?—I will tell you. Is this the name (showing same to the honourable Member).

1010. Yes?—Yes.

1011. You claimed under that distress warrant 176*l.* 17*s.* 6*d.* in respect of a loan, a hundred pounds which had only been owing for sixteen days?—I think you will see I claimed 220*l.*, and not for sixteen days.

1012. Well, whatever it was?—I cannot tell you for a moment. I think you are wrong as regards my levying under Section 7, Sub-section 4. I think there I levied under "default in payment."

1013. The money would not be due, Mr. Shuckburgh. The money was only lent on June 19th, but you actually seized on July 5th, the following month?—You are wrong, sir. The money was lent to the man on the 10th day of December.

1014. What year?—On the 10th day of December; that is if the man is the one I have told you the name of; the 10th day of December, 1897.

1015. I think I can assist you.—There seizure was made under Sub-section 1; that was "default." I could have gone in under Section 4 too, but I did not do so.

1016. That is not the name?—It is not. Then I am afraid I cannot help you unless I know what it is.

1017. Can I bring it to your recollection by informing you that a solicitor was called in; that you had several interviews with him, and that you subsequently compromised it for 150*l.*, and that the case was severely commented upon in the "Truth" newspaper. Can you remember it by these figures? It is very recent (*handing a paper to the Witness*)?—No.

1018. Very well, I will not press you further; you have no recollection of this transaction?—No.

1019. I shall

Mr. *Ascroft*—continued.

1019. I shall be able to find the solicitor's letter later, and will then hand it to you?—If you could tell me the name of the solicitor, that will perhaps help me.

1020. I have it in my papers, but it will be inconvenient to look for it at the moment. Now this case I ask you to treat privately (*handing the name to the Witness*)?—Yes.

1021. In 1894 you lent this gentleman 100*l.*, in August, I think it was. We will simply refer to him as a "gentleman"?—Yes, sir.

1022. He paid 35*l.*, I think?—He borrowed the money on the 28th April 1894 on a bill of exchange, drawn at three months, with a statutory declaration. When the bill became due I offered to renew the bill.

1023. It would be due when?—That bill would fall due; April, May, June, July, you see.

1024. July?—Yes; and he then paid 50*l.*

1025. You renewed it?—I renewed it for the renewal fee of 15*l.*, giving him credit for the 35*l.*

1026. Then you had 35*l.* for three months, 15*l.* for another three months?—Not 35*l.*; 35*l.* was deducted from his principal, you see. I merely charged him the 15*l.*

1027. Exactly; you are quite right; you charged him 15*l.*?—For the three months.

1028. And a second 15*l.*?—Yes, the first 15*l.*, and a second 15*l.* renewal; that is so.

1029. Did that bill mature on or about the 6th December?—Yes.

1030. Did you then demand the whole of the money?—No.

1031. Wait a moment now?—I offered to renew it.

1032. Wait a moment?—I have got all the letters here if you would like to see them; that is to say, the letters to the man; but unfortunately I have not the letters from him; they are too far back; they have been destroyed.

1033. Did you, on the 8th November 1894 send him this telegram, "Must receive to-day, Shuckburgh?—Yes, but previous to that the man wrote me and asked me if I would give him seven or eight days; seven days; to repay the money. I wrote him back (the letters are here, you can see them), "certainly"; he did not want renewal, but he thanked me for offering it. He said: "I am able to pay the money within seven days." I wrote back and said: "certainly, take the seven or eight days." Then that telegram was sent.

1034. Then you pressed him on November the 8th, "Must receive the money to-day, Shuckburgh"?—I telegraphed him, that is ten days after, a telegram was then sent from his wife to me, asking what the amount was that was owing.

1035. But are you aware that on receipt of the letter pressing him for payment this unfortunate gentleman went away and committed suicide?—No, he did not on receipt of that letter, that I am aware of.

1036. Did not he go away from home the same day?—He went away, so the solicitor came and told me, on the day that he wrote me the letter, asking me to give him the seven days.

1037. And was not this the day that this telegram arrived?—Oh! no; the day that that telegram arrived was about ten days after.

Mr. *Ascroft*—continued.

1038. However, unfortunately, he did go away and commit suicide?—Yes.

1039. Did you get your money?—No.

1040. You pressed for it?—Do you mean pressing in writing, or taking out process?

1041. I mean "pressing"?—I will tell you what I did. There was 85*l.* due, was not there?

1042. 65*l.* due?—Yes, 65*l.*; I took 50*l.* in settlement.

1043. I think the widow found some friend?—That I do not know, I am sure.

1044. Who wrote to you?—Some man wrote me a letter, I know, calling money-lenders everything.

1045. And you replied: "I hold you personally responsible for the amount of the 65*l.* due"?—I did.

1046. And intimating that a settlement must be made "this week," and saying: "You must not think I lose sight of the very sad occurrence and the deep sympathy I feel"?—That is quite right; I took 50*l.* in settlement.

1047. You also telegraphed; you were very keen to have this transaction closed; you telegraphed on November 16th; this is the telegram?—November 16th, and what is the date of that letter?

1048. November 13th, you telegraphed: "must please hear from you by to-morrow morning's post"?—Certainly, I did not know who the man was. The money was out for seven months for 15*l.*; I do not think that is out of the way.

1049. Were they asking you on the ground of the poverty of the widow to forego your profits?—Did not I do so?

1050. Did not you say that the greatest amount you could give would be 5*l.*?—But I gave more, I gave 15*l.*; I took 50*l.*

1051. Did you subsequently take 50*l.*?—I took 50*l.*

1052. Now the next one is that of the Reverend W. T. C. S. Fraser, of Maidstone, if you will turn to 1890?—I have got it.

1053. In 1890, on the 18th June, he borrowed 80*l.*, and in April 1891 he repaid 163*l.* 5*s.*?—No.

1054. How much?—He borrowed 80*l.* I charged him 20*l.*, making 100*l.*, September 1890; June, July, August, September, that would be the first bill due. I renewed it for 20*l.*, taking a postdated cheque, the 22nd November, when the bill became due again December 1890, I took another postdated cheque; January 20th 1891, I took another 20*l.*, that would be 40*l.*, and 20*l.* charged him at the start made 60*l.*

1055. How much had he paid you interest on that 80*l.* then?—Then he paid me for twelve months, for loan and all, 60*l.*

1056. Now the next transaction, I think, was on the 1st September 1891, he borrowed 50*l.*?—He borrowed 50*l.*; he was charged 15*l.*, bill of exchange for three months, making 65*l.*, due December 1891, the renewal fee was paid by cheque, which was returned dishonoured, and sued for in February 1892, 15*l.* 1*s.* 6*d.*, then the bill for 65*l.* was sued for as well.

1057. And the result was, what?—Sued for in March, and the amount obtained.

1058. And the result was, what?—I obtained the amount.

Mr. *Ascroft*—continued.

1059. The money was obtained ?—Yes.

1060. Now, 1893 ?—I see he paid it in May, 1892. That was almost a twelvemonth; seven or eight months for 15*l.*

1061. Now the particular transaction I want to get at is 1893, September ?—In 1893 he had cash 100*l.*, for that he was charged 150*l.*, it was to be paid back by 5*l.* per month.

1062. The promissory note was given for how much ?—£.250.

1063. Repayable ?—And he was to pay it back at 5*l.* per month.

1064. Repayable ?—£.5 per month.

1065. But what was the date of the repayment; was it any fixed date ?—Yes, to follow the month (September 19th), October 19th.

Chairman.

1066. Did the 5*l.* per month include capital and interest ?—Yes, sir.

Mr. *Ascroft.*

1067. He paid two instalments, I think ?—He paid two instalments.

1068. The third instalment was a day or two late ?—Yes, but that was not the reason why I sued; it was information that others were in possession.

1069. Then you took proceedings and I think you sequestered his tithes ?—I did.

1070. And then I think you prosecuted him ?—Then he filed his petition, and in the public examination it came out that his statutory declaration and the way that he had obtained the loan from me was wrong; his liabilities were about 3,000*l.*, and in his statutory declaration he declared that they were about 80*l.*, I think, or 100*l.*; something of the kind.

1071. Then you prosecuted him ?—Also in the declaration he stated that he owed no other money-lender but myself, when he owed to five others much larger amounts than mine.

1072. But whatever he said you prosecuted him for perjury; he was sent for trial and he was acquitted ?—No, he was not. I withdrew the matter; I withdrew it.

1073. You cannot withdraw a criminal proceeding; was he acquitted ?—Well, I told my solicitor I would go no further with the matter and he was let off; he was not acquitted, he was never tried.

1074. Was not the verdict "Not guilty" ?—No, it was not.

1075. Did the grand jury throw it out ?—No, they returned a true bill against him.

1076. Was it a fact that you never went as a witness ?—For the simple reason that I wanted to let him off, and I will tell you why.

1077. You did not go as a witness ?—I wanted to get him off.

1078. Did you go to the assizes as a witness ?—Yes. I wanted to let the fellow off. In a sort of thing of that kind you are bound to go through to the end; and people came up to the quarter sessions, where it was brought on for me to prosecute him. I said to my solicitor: "Now I shall not go any further with this man"; he said, "you must go on to the end, even if we get him off then."

1079. The next is Dr. Davies of Carmarthenshire ?—Many thought that I was paid for that; that is an error; not a farthing consideration was paid.

Mr. *Ascroft*—continued.

1080. Will you kindly attend to this case, Dr. Davies of Carmarthenshire. In 1897 you lent him 150*l.* ?—Yes. I am glad you have spoken of that case; Dr. Davies of Nantgaredig.

1081. I think it was to be repaid in two years, was it not; or that was his allegation. What was the interest ?—This is the case: December 16th he had 150*l.* on a bill of sale due at three months; he was charged 40*l.* for it.

1082. That would be 106 per cent., would it not ?—About that; his effects he stated were worth considerably more than this sum. Six weeks passed when a solicitor wrote me stating that the bill of sale had been procured by——

1083. I do not want really to prevent you saying anything you wish to the Committee, but I want to get at this fact; you lent this money ?—Yes.

1084. You subsequently sold him up ?—Yes; and made a bad debt of 147*l.* 6*s.* 6*d.*

1085. And from the statement the doctor made, whilst the proceedings were pending, you threatened to bring an action against him for libel, for charging you with having committed a fraud in representing that there was no bill of sale being signed ?—Well, I am legally advised to do that even now.

1086. Just listen to this letter; 4th August 1897: "Unless you sign a written apology withdrawing the charge of having forged your name to a deed, and pay all cost of and incident to a publication in the London papers, and 100*l.* as damages, proceedings will be immediately commenced without further notice." That was dated 4th August 1897; I have not stated it exactly as it is written in the letter ?—Who wrote that.

1087. "John Cumberland;" I have not stated it exactly word by word, but that is the sense of the letter ?—He brought a charge of forgery against my clerk who is here.

1088. That is what I want to know ?—Yes, but there is another side to it; it was dismissed; upset; and all costs against him.

Mr *A. K. Loyd.*

1089. You called upon him to withdraw the charge; or your clerk did ?—Yes.

1090. Did he do so ?—No; he had to pay all the costs in endeavouring to upset the bill of sale; he had to pay all the costs, and it was tried before Justice Romer.

Mr. *Ascroft.*

1091. I suppose he had no money to go on with it. Had he any money to go on with it ?—I do not know; it was given in costs against him, and when Justice Romer saw the memorandum he had written, which his lawyer did not know he had written. I suppose he said he had not written this letter; there were some words at the back of it.

1092. You sold him up. The only point is that he represented, or stated, that he had been deceived in signing the bill of sale ?—He stated he wanted to get a hundred pounds or something of that kind; I wrote his lawyer and said: If Doctor Davies cannot pay the money I shall be

Mr. *Ascroft*—continued.

be very pleased to hold the bill of sale in hand for six months free of any charge whatever; that is what I told his lawyer.

1093. Now I want to take another class of cases; cases where the transactions have fallen through, and where the people have got out of them by stating that they were being misled or deceived, whether rightly or wrongly does not matter; but those were their statements. I daresay if you will kindly come a little nearer you can follow me without my mentioning the gentlemen's names; a secretary of a temperance society in Wales?—Yes.

1094. He agreed to borrow 30*l.* on a bill of sale for 40*l.*, a dispute arose and he compromised it in 1897; you allowed him a sovereign?—Oh, no, you are wrong there. Oh, no, there was an allowance made there of 4*l.* or 5*l.*, and there was a letter written by the man.

1095. Exactly; but there was a dispute; I do not say whether it was right or wrong?—Yes, but the man wrote a letter in which he made a false charge; it was brought by his own solicitor to me.

1096. You compromised the transaction and made him some allowance?—Yes, I allowed him 4*l.* or 5*l.*

1097. Now the next one is a gentleman residing in Surrey?—You have given me one on the list, and I cannot find it.

1098. He applied for a hundred pounds, but immediately returned the cheque, alleging he had never agreed to execute a bill of sale. He got out of the difficulty by paying eight guineas costs. Do you remember that case?—No.

1099. The next one was a gentleman at Manchester, who gave a bill of sale for 100*l.*, and for whom a Mr. Hawker, solicitor, of Manchester, acted?—Yes; I know that case.

1100. You remember that case?—This was the case——

1101. He alleged that 25*l.* was the interest for a year?—No.

1102. You alleged that the 25*l.* was the interest for the three months?—No; possession was taken in that case under Section 7, Sub-section 4, for the rent receipt, after making various demands for it. After we were in possession we obtained an injunction, and he then commenced an action against me for 50*l.*; the case went on; finally he paid me 110*l.* and withdrew his——

1103. Withdrew his claim?—Withdrew his claim.

1104. Then there was a compromise. I only want to show the point of the dispute?—Yes; the memorandum written by that man, saying it was a bill of sale; that he knew it was.

1105. Possibly that may be so?—In all these transactions, remember there is the memorandum written by the man, showing the class of security he is giving; I would not take the security otherwise; my clerks know that; it must be written; if he gives a bill of sale, the man must write the words "I have given a bill of sale."

1106. This gentleman at Cornhill-on-Tweed, never mind the name, borrowed a hundred pounds, 25*l.* interest, made payable at three months; he paid a survey fee of five guineas; he paid two guineas costs?—I cannot say that without reference, you know.

Mr. *Ascroft*—continued.

1107. That is his allegation. You took possession at the end of three months; he alleged that he had been misled; it was compromised by paying 32*l.* Do you remember whether there was a compromise?—No. Would it not be best for me to refer to that?

1108. It is not really material.—I mean to say it appears one-sided putting it in that way.

1109. If necessary later on, I will ask you to go into it further. Another gentleman in Kent borrowed a hundred pounds for 12 months; he stated that he was led to believe that it would not be called in until the expiration of that time; the note was made repayable in two months; the money was demanded; he compromised the debt, you allowing him 5*l.*?—His lawyers asked if I would take that, and I said, Yes.

1110. In 1892 a gentleman of Stafford borrowed a hundred pounds; he stated that misrepresentations had been made on which he had signed the note, but you did not insist on the transaction?—I do not remember the name you show me.

1111. The last one is a gentleman of the name of Buckworth. He paid his instalment a day or two late; you seized——?—I do not remember the name at all.

1112. You seized, and he alleged misrepresentation?—No, I do not remember that at all.

Adjourned for a short time.

Mr. *Warr.*

1113. How long have you been in business?—About 20 years.

1114. Twenty years?—Yes.

1115. Always in Bristol?—Yes.

1116. Never in Bath?—Yes.

1117. Both in Bath and Bristol?—Yes.

1118. Then, have you carried on business in two places at the same time?—Yes.

1119. Always under the same name?—Yes, or my own name.

1120. Or your own name?—Yes.

1121. But either under the name of the Clerical and Medical Bank or under your own name. Did you ever trade as the Clerical, Medical, and Legal Trust?—In Gloucester; yes.

1122. Did you describe that as "The Clerical, Medical, and Legal Trust, Registered," in your forms?—Yes, it could not be registered after that. I can show you the papers.

1123. Will you kindly tell me what the meaning of "registered" is?—I wished to register the title.

1124. You wished to register the title?—Yes.

1125. But you failed?—When I wrote to do so, after the circulars were printed, I was informed that it could not be done.

1126. And so you ceased to adopt that form of circular?—Yes.

1127. Was that form of circular in use for any length of time?—Well, some months it would be, I think there were 20,000 of them printed.

1128. Twenty thousand of them printed?—I think it was; I will not be sure.

1129. I suppose that you send out circulars on a very large scale?—£. 6, 7*l.*, or 8*l.*, or 9*l.* a week.

1130. Pounds

Chairman.

1130. Pounds worth?—Yes.

Mr. *Warr.*

1131. Do you mean in postage stamps?—Yes; sometimes 10*l.*, sometimes 15*l.*, about that.

1132. In halfpenny postage stamps?—Penny.

1133. Penny postage stamps. Then, am I right in supposing that you would send your circulars to everyone whose name appeared in the Clergy List and the Medical Directory?—And others, other directories, take them as they come, alphabetically.

1134. But you rather make a speciality I think of the clerical and medical men?—No, I do not; I lend to anyone.

Chairman.

1135. That is the name of your bank, is it not?—Yes; but I lend to anyone.

Mr. *Warr.*

1136. Specially to professional men?—Yes; I might lend on notes of hand to them more than I could to a trader.

1137. But is your business not principally confined to professional men?—Oh, no, not "principally."

1138. The name under which you trade rather suggests that it is?—It might do so; yes.

1139. Whom is your business principally with?—My business principally?

1140. Yes?—What class do you mean?

1141. Yes?—I can hardly say. It is amongst all classes, you see. It would be hard to say which it would be "principally." I find, I think, more honesty amongst the medical profession than any.

1142. You do?—Yes.

1143. Do you have separate forms applicable to different professions?—Yes.

1144. I suppose it is true that on each of the forms you require the borrower to state the amount of his liabilities?—Oh, yes.

1145. And the amount of his income?—Not always that; no. The amount of his liabilities, and the amount of the effects, you see, are the principal things.

1146. And where you can get it, you get from him a statement as to what his income is?—Not with a trader.

1147. Not with a trader?—No.

1148. You would with a clergyman?—Yes; you see we could find that out at once.

1149. You would with a doctor?—Yes. I have special forms of declarations for all. If it was a medical man it would refer to his practice, the amount of book debts, and the amount of his income.

1150. Then in addition to the statutory declaration which you make it a practice to require, you have also, I understand, a memorandum signed by the customer stating the nature of the security which he understands that he has given?—Not signed; entirely written.

1151. Entirely written?—Yes.

1152. That is not a form of your own then?—No. Here is one here; shall I show it you.

1153. Yes; I should like to see it. *(The document is handed in.)*

1154. This is signed by——?—I do not want the name to appear.

Mr. *Warr*—continued.

1155. No; it is signed by the customer and appears to be all in his handwriting?—It would not be accepted by me otherwise.

1156. Then is it written by your dictation?—Probably.

1157. Or do you give him a form from which he is to copy it?—Oh, no, never.

1158. You dictate it?—It may be, possibly; the idea of course would be given to the man, "write the description of this loan with you." Well if it is a farmer it would follow that, perhaps, you would have to dictate to him really what to say.

Mr. *A. K. Loyd.*

1159. If it was a farmer, you say?—Yes, it might be so; in the case of an educated man, of course, he would not want that.

Mr. *Warr.*

1160. You would tell him generally?—What was required.

1161. What was required. Then when you are dealing with professional men, do you generally require sureties?—No.

1162. You do not?—No; I do not think I have ever taken three bills with second names to them.

1163. Your ordinary form of security then is a note of hand?—A note of hand or a bill of sale.

1164. Or a bill of sale, or both?—Yes, or both.

1165. Do you use bills of sale much?—Yes, I do a few; there are many do more, perhaps.

1166. But with you a bill of sale is an ordinary form of security?—I use the prescribed form alone.

1167. You cannot use any other, can you?—Yes, there are other money-lenders' forms of bills of sale, but I adhere to the prescribed form in every case. Oh, yes, there are several forms of bills of sale.

1168. You have to resort to the courts a good deal?—Sometimes.

1169. I noticed that you always referred to one book when you had to give my honourable friends particulars of legal proceedings; is that book a book appropriate to your various actions?—Yes.

1170. How much capital have you out at any one time, about?—It varies so.

1171. Can you give me any idea?—I could hardly; without calculation I should not like to say.

1172. Not approximately?—No.

1173. No estimate whatever?—No, I would not care to without calculating. It is according; the money may be out for a long time, or loans may be paid off rapidly. I cannot tell.

1174. Loans may be paid off rapidly?—Yes.

1175. Do you ever allow a borrower to anticipate the due date of payment?—Possibly.

1176. You do not make it a rule to refuse to receive payment even though it be before (according to the letter of the document) it is due?—Well, if it was more than the instalment I should refuse it, which I should have a right to do. I adhere to the document, and suppose that the mortgagor will do the same.

1177. On other matters (because you have given your statement with great frankness) I should

Mr. *Warr*—continued.

should like to know this: how would you regard a proposal that professional money-lenders should be registered?—That may be done.

1178. You would see no objection to it?—Oh, no. You see the law is very much against the money-lender at the present time; for instance, of course if you take Sub-section 4 of the Bills of Sale Act the application for the rent receipts; in that case of Wickens, that action was fought merely because I asked for that receipt to be sent, and did not use the exact words; instead of being "produced"; well, even if you levied now under this section; sometimes a farmer says: I pay my rent every six months. Well, very often when you look at the agreement between the tenant and the landlord, you will see that his rent is payable every six months; the landlord does not ask for it, but at any moment the landlord could say against a third party, if he was in possession, "There is a quarter's rent due."

1179. Yes, I quite follow?—And he could come in. I lost a case simply on that ground.

1180. I need not follow that any further. Tell me this: How would you regard a proposal to allow the judges of the High Court and county courts, and registrars, a discretion to review from beginning to end the transactions of borrowers and money-lenders?—I should say, "No, sir." They do that now.

1181. They do that now, you say?—Yes.

1182. I was rather struck by that in the course of your evidence?—They do that now. I do not think they would require any further power than they have at the present time, or at least than they exercise.

1183. You do not think that such a discretion as that would interfere with the business of professional money-lenders as it is now carried on?—It would interfere with it a lot, I should say.

1184. A "lot," a great deal?—Yes, it would be always given against the money-lender, be it ever so fair.

1185. It would seriously interfere with the business?—Oh, yes.

1186. Do you often have to resort to the sequestration of livings?—No; you never get anything out of them when you do, because all the repairs, and that, have to be done first, and the account is sent to you. I have never known one yet——

1187. How would you regard a proposal to abolish bills of sale on personal effects as security?—I should give up money lending.

1188. You would give up money lending?—Yes.

Chairman.

1189. If what, if bills of sale were abolished?—Yes.

Mr. *Warr.*

1190. Has the profession of money lending been lucrative so far as you are concerned?—No.

1191. Not?—No, not what people think. People have a false idea as regards that, a very false idea.

Mr. *Thomas Bayley.*

1192. You have been in this business 20 years, we understand. My honourable friend asked you how much money you have out; cannot you give us something a little bit more definite. You take stock once a year, do not you?—No.

1193. Cannot you say how much?—I should not care to say.

1194. About how much?—I would not say without calculating it.

1195. What is about the number of customers you have?—That I would not care to say without going through my books; I should not care to say without doing that.

1196. Have you 100,000*l.* out?—No.

1197. Have you 20,000*l.*?—No, I would not like to say that; I would not like to bind myself without going through my books.

1198. I do not want to bind you to a little?—If you had given me notice of the question I would have found out.

1199. You must take stock from year to year; you must know what amount of money you have in your business?—I would not like to say how much I had got out. I could not say.

1200. Is it more than 20,000*l.*?—No, I do not think it is.

1201. You do not think it is?—No.

1202. In your circular you tell us that you can let anybody have from 50*l.* to a 1,000*l.* any time?—So I can.

1203. I suppose you have got plenty of money?—I can always procure it.

1204. Is there any other gentleman who is partner with you, or do you find the money yourself?—I procure the money myself; I have no partner.

1205. You have no partner?—No.

1206. And you are quite able to carry on all your arrangements?—I have always been able to procure sufficient money for any loan that has ever been asked yet of me.

1207. I see; the difficulty is to get people to ask you for the loan, not the difficulty of finding it?—The difficulty is to get the security after.

1208. As to the circular which you send out, I suppose this is a special circular which you send out to clergymen that I hold in my hand?—There would be one; yes.

1209. I will tell you why I think it is special to clergymen; because it says this: "Again, many capitalists require security by way of mortgage on personal effects; while others, though offering advances, invariably ask and insist, in the end upon collateral security in the form of a second signature, which to a clergyman or medical man is often prohibitive, not because he is unable to find a guarantor, but in so doing the essential privacy of the transaction would be destroyed." Your business is very much in lending on the note of hand of one particular person; is not that so?—No, not lending to one particular class.

1210. No; but on the security?—I lend on any security, either a bill of sale or a promissory note.

1211. Then why is it, especially for clergymen?—That one doubtless is. There are circulars for each, because the questions you see you would ask a clergyman, which you see in the "form of proposal," there are different to what you would ask a medical man or a trader.

1212. Have

Mr. *Warr.*

1212. Have you got those forms here?—No.

Mr. *Thomas Bayley.*

1213. You go on to say "clergymen who require, say, 100*l.* on entering an incumbency, which is generally attended by heavy expenses and charges, or pending the collection of tithes, this bank offers facilities which are not to be found elsewhere." What are those "facilities which are not to be found elsewhere"?—Well, perhaps, other money-lenders may require——

1214. It does not say "money-lenders"; it says that you are offering clergymen "facilities" under certain circumstances "which are not to be found elsewhere"?—Well, suppose he was to go to an ordinary bank, what would they say to him; the first thing would be: What security have you, Mr. So & so; whereas if he comes to me I may perhaps lend to him on note of hand, in his own name.

1215. Without security?—Yes.

1216. Then you put this slip which is attached to it?—What slip is it? Read it.

1217. I will read it: "To beneficed clergymen. This bank grants advances at the rate of 10 per cent. per annum without a second signature." Will you give me (you have got your books there) a single clergyman to which this bank has advanced money at 10 per cent. per annum?—Certainly. Shall I write it down? Shall I write it on a piece of paper? I will not perhaps give the name.

1218. If you find it you can hand the book up?—Here is one. (*The book was handed to the honourable Member.*)

1219. We should want to work this out?—It does not want working out, it is there.

1220. This is 150*l.*?—It does not want any working out. He is charged 50*l.*, and he has that money for five years, that is, 10 per cent. per annum.

1221. Can you give us any other?—That slip to which you refer has not been sent out more than a month on the circulars, and it is the first case I have lent on it.

1222. This is the first case you have on that slip?—Yes.

1223. It has been such a profitable business that you have wanted to lend more at 10 per cent.; money is cheaper; you have been doing that for the last year, is that so?—No. Do not I tell you that slip has been annexed to these circulars about a month. I do not think any more.

1224. Why do you "annex" it?—Why?

1225. I mean to say, why should not you print it in the circular?—The circulars were not printed with it. You see I have a number of circulars printed at a time.

Mr. *Ascroft.*

1226. Do you say that is repayable in five years, and that it works out in the end at only 10 per cent.?—I do.

1227. You have worked it out?—I have worked it out.

1228. The whole of the cash was advanced?—It is on a bill of sale; I should not give consideration below what was stated in the document, you might be sure. If you reckon up a

Mr. *Ascroft*—continued.

bill of sale repayable at 16*s.* 8*d.* per month for five years, and the full sum at the end of the fifth, it amounts to 100*l.* at 16*s.* 8*d.*

Mr. *Thomas Bayley.*

1229. The 50*l.* is 10 per cent.?—The 50*l.* is 10 per cent. for five years.

1230. But part of it has been paid off the very first week?—The principal remains precisely the same; it is not paying the principal and interest off.

1231. And you have excellent security for that?—Well, nothing very special.

1232. It is a special security?—Nothing very special, oh no, nothing more than anyone else.

1233. You have told us that you are spending about 10*l.* a week, or from 8*l.* to 10*l.* a week?—In postage stamps for circulars; I do that, 6*l.*, 5*l.*, 4*l.*

1234. You have also told us that you advertise in the "Lancet"?—In the "Lancet"?

1235. Any other medical paper?—I am not aware that I advertise in the "Lancet."

1236. Do you advertise in any medical paper?—No, I could not say without I had my advertisement book here.

Mr. *Ascroft.*

1237. That is copied from the "Lancet"?—What is?

1238. This advertisement where you mention over-drafts?—My clerk says we used to advertise there, but we do not now.

Mr. *Warr.*

1239. What do you spend a year in advertising?—Oh, it amounts to a big item.

1240. About?—Do you mean the stamps for circulars and all that?

1241. No, I mean in the newspapers?—Well, take 20,000 circulars like that; that will cost about 45*l.* or 50*l.* Then they do not last very long if you send out 6*l.*, 7*l.*, 10*l.*, or 5*l.* a week. Then there are envelopes as well.

1242. I mean newspaper advertisements?—And newspapers. If you advertise, a county, you see, will take a big quantity, take Devon for instance (of course I do not say it is exact what I am stating), I should think for advertising in all the papers costs me about 150*l.*, take that county alone; that would vary in the length of the advertisement, it would be, perhaps, for 13 insertions, or 26 insertions; they may be daily papers.

1243. Annually, I meant annually spent on advertising in newspapers?—I could not say; it would be impossible to say.

Mr. *Thomas Bayley.*

1244. Is it a thousand pounds a year?—I should say something like that.

1245. More than that?—I could not say.

1246. But surely you must know?—It would be impossible for me to say that. I give you as near as I possibly can. If you take a county, a big county like, say, Devonshire——

1247. I am not speaking about advertising counties; you are advertising also in a variety of papers, in London and elsewhere, are not you?—No.

1248. I mean

Mr. *Thomas Bayley*—continued.

1248. I mean to say general papers?—No.

1249. You advertise in the Bristol papers?—Yes.

1250. Cannot you give some idea?—I could not give you any idea without I had the bills in front of me.

1251. You have told us so correctly with regard to the advertisements and sending out of these circulars, 8*l.* to 10*l.* a week?—Yes, and if you were to take a lot of the newspapers of a county and ask them what they would put in an advertisement for, you would be surprised at the different scale of charges returned to you.

1252. I suppose you make contracts with many of these papers, do not you?—Yes.

1253. For the year?—Not always for the year; 13 insertions, three months, six months; it is according. Perhaps, if they will allow a good percentage off, I may put in for 12 months.

1254. If they allow a percentage off?—For cash.

1255. I suppose they do do it for six months to a year, do not they?—No, I think you may say three months.

1256. I suppose you spend as much, roughly speaking, in advertising in the papers as you spend in sending out in circulars?—I can only say I might.

Mr. *A. K. Loyd.*

1257. The title of your firm is "the Legal and Medical?"—"Clerical and Medical Bank."

1258. And was at one time "The Clerical, Medical and Legal," was it?—Yes.

1259. Then have you dropped the lawyers?—No, I have not dropped them, I never did any business with them much.

1260. You have dropped them out of the title, have you?—Yes.

1261. That being the title of your company, do you still say that the medical and the clerical is not the bulk of your business?—Oh no.

1262. In what line does your business lie outside the clerical and medical to lead to that result?—All classes.

1263. All classes?—Yes.

1264. Have you got a separate form for the different classes that you apply to?—Yes, there would be a separate form for a trader to fill up.

1265. A trader?—Yes. If it was a medical man or a clergyman he would fill up a different form. There are three forms.

1266. Just so. You have different forms for the separate classes; if you could kindly give me a list of the forms we shall get what the different classes are?—The form that is used for traders is different to that used for anyone else except a clergyman or a medical man.

1267. Then, do I understand, you have a special form for medical men, a special form for clergymen, and another form which is used for all other classes?—That is so.

1268. Then it is the general form which you say relates to the bulk of your business?—Yes.

1269. Have you got any form for farmers?—That would be the general form.

1270. Does your money-lending go down to the working-classes at all?—No.

1271. How long have you taken to making a would-be borrower write out in his own writing a statement that he understands the meaning and nature of the document that he has this day signed and so on?—I should think this last six or seven years.

Mr. *A. K. Loyd*—continued.

1272. You said just now that a farmer would require a good deal more explanation than some of the other more "intelligent classes"?—Probably he might.

1273. In any event, if he wanted his money you would not give it him until he had written down in his own handwriting that he understood the nature and the meaning of the document?—That is so.

1274. Of course his writing that would not make him understand it any more?—Would not it; I should say it would.

1275. It might make it more difficult for him to persuade a jury?—I should say it would if the man has any sense in his head at all; besides if it came to be fought it could be shown that an endeavour was made to show the man the transaction.

1276. It does not say what the nature of the transaction is?—"Bill of sale"; does not it use that word there?

1277. Yes; the words "bill of sale" are used here in this document?—That is the point.

1278. But, as I understand it, this class of acknowledgment would be applied to whatever the document was that he signed?—Certainly; if a promissory note, he would write "promissory note."

1279. Now, do you have a default interest clause in your notes?—I never charge any fines or anything of that kind.

1280. Nothing of the sort?—No.

1281. You know what a default interest clause is, of course; the shilling in the pound a week, and so on?—Yes; I do not do that.

1282. Have you reasons for avoiding that form?—No; no reasons particularly.

1283. Have you ever resorted to it and then abandoned it?—Never.

1284. It never commended itself to you at all?—No.

1285. You say, when you speak of special facilities, you are comparing it with what they might find with other money-lenders; that is in the document that one of the honourable Members quoted?—Not altogether. As I said just now, suppose a man went to an ordinary bank, the very first thing they would ask him would be, "What security have you?"

1286. Am I right that you used the expression that he might not get the same terms with other money-lenders?—I do not think I use that expression there; do I?

1287. Are there many money-lenders in Bristol?—Yes, a goodish many.

1288. A "goodish many?"—Yes.

1289. And do they all know each other pretty well by name?—I suppose so.

1290. Is there any recognised organ of the money-lenders in the Press: most other businesses have something of that sort?—No, I never knew of it.

1291. Have they any inquiry agency amongst themselves?—Not that I am aware of.

1292. The term "money-lender" is perfectly understood, is it not, amongst you all?—Of course.

Mr. *A. K. Loyd*—continued.

1293. You know when a man is a money-lender and when he is not?—Certainly.

1294. And the use of the term "money-lender" would not create any confusion in your mind?—No.

1295. You would know the difference between "money-lender" and "banker," for instance?—Well, I do not know. I think I heard a judge say once that a banker was a man who lent other people's money, and a money-lender a man who lent his own.

1296. Anyhow, you would never be led into any confusion as to the term "money-lender," that is as to the business the man carried on?—Well, a banker is a money-lender, is not he?

1297. In a sense. In the statutory declaration you have handed in, one of the clauses is: "I am in no way indebted as a borrower, or as a surety to any money-lender, private person, or persons," and so on?—"Loan office," and so on; that is quite right.

1298. "Money-lender" there is a perfectly recognised expression, is it not?—Just so.

Mr. *Ascroft.*

1299. Is this a copy of the declaration that you have handed in? Kindly look at that (*handing a document to the Witness*)?——

Chairman.

1300. Is that a fac-simile of it; the same thing?—This would be the declaration you see; an ordinary declaration.

Mr. *Ascroft.*

1301. That is *your* ordinary declaration?—That is my ordinary declaration. (*The document was ordered to be printed.*)

Captain *Chaloner.*

1302. Do you object to saying how much you pay income tax on?—How much I pay income on?

1303. Yes?—I paid income tax, sir, on 500*l.* a-year, and I have disputed it, and appealed, and my books have been audited, and I can show this last three years I have not made 500*l.* a-year.

1304. I think at the beginning of this Inquiry you stated you had no reason whatever for trading under the name of a bank instead of under your own name?—Just so.

1305. And in your circular, dated February 1898, I notice the following words, "The above bank is especially fitted above all other competitors"; can you tell me why you say "especially fitted above all other competitors"?—That is merely used, I imagine, in the way of trade. I suppose we all try to get as much as we can in the way of trade, the same as in any other business in advertising.

1306. Do you deny that it is so worded as to enable you to make use of it as being a bank, and obtain customers who would not otherwise go to you under your own name?—I do not see that.

1307. You say distinctly it is not so?—Yes, I do not see that.

1308. What is your object?—What is my object? I carry on my business as it pleases myself. I do not ask other people how I shall do it.

Captain *Chaloner*—continued.

1309. You ask us to believe you had no object in it, is that so?—Yes.

1310. Do you advertise, or have you ever advertised in any of your circulars stating that you are a subscriber to charities?—Yes.

1311. And do you invite clergymen?—No; no one ever asked me; you would hardly believe that, perhaps.

1312. Do you invite clergymen?—I do.

1313. To give you a list of charities to which you may subscribe?—I did.

1314. Have you ever subscribed to any charities?—No, I have never been asked. You would hardly credit that, perhaps. That is a fact.

1315. Do you get no answer of any sort or kind from these clergymen to whom you write?—How do you mean? I do not write.

1316. You send them these circulars?—You are speaking of a thing which occurred some years ago.

1317. You did send them?—I did send them.

1318. Did any clergyman write to you?—Not one.

1319. No one ever asked?—No one ever asked me; you would hardly credit that, perhaps, but that is a fact.

1320. I do not ask you whether they wrote about the charities, but to borrow?—What do you mean "about the charities"? I do not quite follow you.

1321. You have just stated that you stated in your circular that you were a large subscriber to charities?—No, I did not say that.

1322. That is what I understood you to say?—If I did, I did not understand the question then.

1323. You have never stated in your circulars that you are a subscriber to charities?—No.

Mr. *A. K. Loyd.*

1324. What did you mean; did you say you offered to subscribe to charities?—Have you got the slip there?

Captain *Chaloner.*

1325. No?—There was a slip sent out.

Mr. *Ascroft.*

1326. Did you, some few years ago, use a circular which had in it a reference to charities?—No, never.

1327. Nor any advertisement to that effect?—No, never. There was a slip annexed to it.

1328. Well, that is the same thing?—No, it is not; you said "a circular."

1329. Do not let us quibble, sir, on words?—A "slip" is not a "circular."

1330. Will you kindly tell me whether you issued any document or any paper containing any reference to charities?—There was no paper such as that gentleman says, no paper whatever.

Chairman.

1331. What did you mean when you told the honourable Member that you would subscribe to charities?—I never said I would subscribe to charities.

Captain *Chaloner.*

1332. You said you had no applications?—What that gentleman refers to was a slip attached to a circular of some years since.

1333. What

Mr. *Warr.*

1333. What did it say?—It was about six years ago.

Mr. *Ascroft.*

1334. Was it to this effect; I have seen a copy of it?—Very well, if you tell me what it is you have there I will tell you.

1335. Cannot you recollect it? Was it to the effect that you were in the habit of distributing sums amongst various charities, and that you would be obliged?——No, I never used the words "amongst various charities."

1336. "In a charitable way"?—It might be that.

1337. And you would be obliged if clergymen? ——The word "clergymen" was never used there.

1338. Now I have it. Is this it? "During the winter months it is my custom to give small sums to any deserving charity throughout England, the same being guaranteed on the word of any clergyman"?—That is quite different to what this gentleman says.

1339. "Clergymen having any deserving case, and on giving me particulars, I shall be pleased to help"?—That is so.

1340. Then why did you try to mislead the Committee?—I have not tried to mislead the Committee. The gentleman asked me totally what was wrong, he put it in a different way.

Captain *Chaloner.*

1341. I asked you whether you had ever advertised in your circular or in prospectuses?—That I gave to charitable institutions. Does that say that I gave to charitable institutions? It does not.

1342. That you subscribed to charities?—Does that say "charitable institutions"? Certainly it does not.

1343. You admit you have done so. Have you had any answers?—I tell you "No." I never had anyone apply to me; I suppose they did not believe it.

1344. Either directly or indirectly they did not apply to you asking for a loan in connection with your circular as to "charity"?—That I could not say, ask for a loan; they might reply; a loan would be different, a loan would be a different thing entirely. I am telling you truthfully as far as I can what questions are asked me.

1345. About the first week in August of 1897, did you lend 30*l.* to a schoolmaster for three months and charge him 10*l.* interest on it for the three months?—What is the name?

1346. It was a case that came before the County Court Judge at Bristol the first week of August 1897; I have not got the name?—You went into that case this morning, I think, did you not.

Mr. *Ascroft.*

1347. Yes, it was arising out of that case; it was a case where there was a levy for execution?—That was a case you asked me about this morning.

1348. I asked you about one part of the case but not about this; this was subsequently where the judge reprimanded the bailiff for acting on

Mr. *Ascroft*—continued.

your behalf where the interest charged was at an exorbitant rate?—I do not think the judge said that.

1349. Those may not be the words, but words to that effect?—In the letter which I gave to that bailiff to give to that man, I said this: "Before the levy I herewith make a demand for so-and-so; if you pay the bailiff there is no other cost incurred"; and I would not be sure, but I think that Judge Austin said: "Well where would Mr. Shuckburgh get payment for his money, then." If it had been paid within the next half hour I should have had to pay the railway fare and the bailiff's expenses.

1350. Did not Judge Austin say that if it ever occurred again he would deprive the bailiff of his license?—I think he did, in fact I am sure he did. That was no question with me, that was with the bailiff.

Captain *Chaloner.*

1351. That was in consequence of the 30*l.* being charged at 10 per cent. interest for the three months which the judge characterised as "outrageously extortionate sums demanded from the victims of money-lenders"?—I am not aware that he said that, neither do I think that he did say it; I could almost swear that he did not say it.

Mr. *Hazell.*

1352. Who signs your circulars when they are sent out, what name is put to them?—They are not signed, in this manner, but my manager's signature is put on it.

1353. Mr. Clements?—Yes.

1354. How long has he been with you?—It may be four or five years, three or four years.

1355. You stated to an honourable Member that if bills of sale were not allowed you would give up the money-lending?—I think I should. What security could you get?

1356. What proportion of the loans are granted against bills of sale, roughly speaking; 90 per cent.?—It might be.

1357. Perhaps 95 per cent.?—Possibly.

1358. Perhaps 100 per cent.?—No; I should not think so.

Mr. *Warr.*

1359. They are always registered, are they?—They are bound to be; they are registered within seven days in England.

Mr. *Hazell.*

1360. Are you aware that in this circular, from beginning to end, the great point in it is that, unlike bankers and other people, you grant money on "personal security"?—Well, how do you take personal security, Sir?

1361. On note of hand alone, not personal security?—Personal security is a man's effects; personal security would be the chair he sat in, if it was his.

1362. You say it is unusual for ordinary banking firms to grant advances without being amply covered?—Personal effects would be the security.

1363. Do you mean to say that bills of sale and things of that kind are alluded to in this

Mr. *Hazell*—continued.

circular?—"Alluded to"? I do not think the words "bill of sale" were put in.

1364. It is not, indeed. Have you any circular in which you use the words "bills of sale"?—No; it is not necessary to say what class of security you lend on.

1365. No, but you state that you do not want security at all. With the honourable Member who examined you this morning it transpired that a number of cases had come before the courts where you lost the case on the ground or the allegation that misrepresentation was made?—Although, as I say, the memorandum was written.

1366. You do not appear in court yourself, I suppose, much, do you?—No, I do not do the cases, otherwise I should.

1367. Who appears, Mr. Stone?—He might have been one of them.

1368. And in spite of these having been proved to be misrepresentations on your behalf, do you still retain Mr. Stone in your service?—Certainly, because I do not believe it; a man will write a memorandum——

1369. That book which has been referred to contains the cases which have been in the courts; how many cases do you have in the courts in the course of a year?—Well, it is impossible for me to say.

1370. You could not give any idea?—I could not say that, you might go for months and not have a case.

1371. Do you think the law requires altering in the direction of protecting money-lenders from people who prey upon them?—I should say so.

1372. In what way; can you suggest an improvement in the law?—Give the money-lender fair play, which he does not get now.

Mr. *Yerburgh.*

1373. I only want to ask you one question on the point of the statutory declaration. I understand that has to be made before a commissioner for taking oaths?—After being made it can be drawn by anyone, but it must be declared before a commissioner.

1374. Then I noticed you mentioned your own solicitor being here to-day; is he one of the commissioners for taking oaths?—Yes; but I do not think he has ever taken half-a-dozen.

1375. Then, as a matter of fact, you are not in the habit of employing him to do that?—Suppose the loan is completed away from home, of course, we go to any commissioner; a man would go, perhaps, to his own lawyer if he was a commissioner.

1376. Then you, as a money-lender, would see no objection to a statutory declaration being declared before a justice of the peace?—Certainly. Why? It does not matter who. I always ask for them to be read through; I always ask the commissioner to read it through, and to make a note in his diary that he has read it to the man if I am present.

Mr. *Caldwell.*

1377. Have you any idea of the total amount of your business in a year?—That I could not say, sir.

Mr. *Caldwell*—continued.

1378. You keep regular books?—Well, what I call "regular"; perhaps they may not be so regular as what may be termed a regular set of books.

1379. But your transactions seem to be carefully entered in your books, are they not?—Yes, what I do; I should say they are.

1380. If you do not know the amount of your transactions, how do you make up your income-tax return?—I have an accountant to go through the books.

1381. Do you think the money-lender does not know how much money he lends in a year?—Of course, if he goes into the matter; and if I had known that you wanted it, I might have brought you the list which was made out by the accountant for the present income tax. I have got that in my safe.

1382. For what period is your money generally lent; what is the usual period?—Well, you see, there is no "usual period."

1383. A short period, is it not usually three months, or a shorter period than that?—No, it might extend over years.

1384. The cases you have given us to-day are cases of short periods, three months: is that the general average of your loan transactions?—It might be; the one I showed just now, at 10 per cent. per annum, that is for five years.

1385. Was it fixed for five years so that you could not insist on payment before the end of the five years?—Yes.

1386. In that case at 10 per cent.?—Yes.

1387. You would have good security?—Good security, only upon the sale.

1388. A bill of sale may be a good security if it sufficiently covered?—They are very funny documents to deal with, if you do not know.

1389. Did you get your money?—Possibly; yes.

1390. In how many cases do you lose money in a year; how much money have you lost in a year through failure to pay?—That I could not say.

1391. None?—I could find out; I could see.

1392. Then you carry on business; you cannot tell us how much business you do in a year; you cannot tell us how much you lose in a year?—If I had known that you had wanted that I would have brought you the account. As I have told you the account is made out by an accountant for the income tax. I could have done that.

1393. When you give a loan for a short period of three months or so, have you not a pretty shrewd guess that at the end of the three months the borrower will not be likely to be able to pay?—No. Why should I do that?

1394. Do you always calculate that you will get the money at the end of the three months?—I do not calculate "nothing," because it is very uncertain.

1395. What is your general experience in short transactions; do you get the money?—No, you do not get the money.

1396. Your general experience is that you do not get the money?—You have got to fight for it.

1397. That

Mr. *Caldwell*—continued.

1397. That is the general experience?—That is so, sir.

1398. And then, of course, having the debtor under your control, and not able to pay, then——? —It is very often the reverse; he has got the money-lender under instead.

1399. About "personal security"; how would the general public read the words, "advance money on personal security"; do not you think from your knowledge of the general community that that would be read as meaning the personal security of the borrower?—The furniture would be his personal security.

1400. Technically, you want to draw a distinction between realty and personalty?—What do you mean by "personal"?

1401. What do you think the general public would mean by it?—I should think the general public would mean their effects; would not you?

1402. No; I should consider that personal property?—Should you?

Mr. *A. K. Loyd.*

1403. Suppose you asked for a personal introduction to a man; would you assume that to be an introduction to his furniture?—No; that would be a different thing entirely.

1404. I mean the word "personal" may bear the meaning of "the man himself"?—That would be different; personal effects. What would you suppose?

Mr. *Caldwell.*

1405. Does the deed express that?—If there were not the effects, there could not be the security.

1406. Why not?—Do you mean to say this that a beggar outside in the street could come and give his signature to a bill? Would that be security? Would you lend to a man who had nothing?

1407. The man who was security for him, of course that would be "personal security"?—But where you do not take securities; I do not believe I have done half-a-dozen loans and taken a second name——

1408. What would you think of the proposal that money-lenders ought to be licensed?—I say nothing against that if they license them and give them fair play all round, the same as the butcher, the draper; give the money-lender fair play. I do not see any objection to that; let him pay the license.

1409. Do you see any objection to the judge having power to review unconscionable interest? —I certainly see objection to that.

1410. From the money-lender's point of view? —No, it would be the unfair point of view, sir; it is so now; an unfair point of view.

Chairman.

1411. May I ask you this, when money-lenders advertise that loans are made on personal security, does it always mean on the security of their personal effects?—Generally so, sir, I should say.

1412. Generally?—Yes.

Mr. *Ascroft.*

1413. You have there a book which you call your "action" book?—Solicitor's book.

1414. Over what years does it extend?—Two pages in one case.

1415. If you give me the years it will be right. First of all let us have the years it extends over?—From May 5th 1891 to January 11th, 1898.

1416. How many?—That is page 53.

1417. Does that include the actions alone brought by you and against you?—That is so.

1418. In addition to that, have you a book in which you put the result of all your executions? —No, I have not that.

1419. Do you keep any account of the executions?—The copy of the levy is in the letter book.

1420. Can you give me any idea of the number of executions that you have levied during the last five years?—No, I could not do that.

1421. Can you give me any idea of the number of distresses that you have issued during the last five years?—No, I am afraid I could not do that.

1422. Can you give me any idea of the number of sales that have been effected?—Within the last five years?

1423. During the last five years, under bill of sale, execution or distraint?—I should not think more than five.

1424. Not more than that?—I should not think so.

1425. I have mentioned three or four this morning, I think?—Did you? Well, you might have mentioned the whole of them; I should not say so, I would not state what I knew to be wrong, but I should not think it would be more than five.

1426. How many bankruptcies during the five years?—I could not say, but I know I have lost a lot by bankruptcies.

1427. They cut the interest down pretty hard there, do not they?—Look at that case of Large's.

1428. That is one of the points in respect of which you think, perhaps, the law requires amendment?—£.21 for five years for a loan of 150*l.*

1429. Yes, a very hard case, for him. You have, I believe, a large number of complaints in addition to those cases that have gone through the courts?—A large number of complaints?

1430. Complaints as to misrepresentation on the money being handed over?—No, I have not.

1431. I have some letters here about it?—There is generally some unpleasantness as to money-lending; it follows.

1432. May I take it that there is a good deal of unpleasantness in carrying on a business of this kind?—I do not think I have more unpleasantness than any other money-lender.

1433. I daresay they are all alike, but there are a good many disputes as to the times (and terms) during which the money was to be lent? —No, there are not.

1434. Do you keep any account of the number of the people who repay those loans?—No.

1435. Unfortunately

Mr. *Ascroft*—continued.

1435. Unfortunately you seem, whether rightfully or wrongfully, to have incurred the ill-will of a great many people?—I guess so.

1436. "Truth" has referred to you as "a financial wolf and a rapacious shark," and the Bristol and Exeter papers have used terms almost equally as strong?—And of other money-lenders the same.

Mr. *Ascroft*—continued.

1437. Have you ever brought an action for libel?—No.

Tuesday, 22nd March 1898.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Caldwell.
Mr. Garfit.
Mr. Jeffreys.
Mr. A. K. Loyd.
Dr. M'Donnell.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley
Mr. Yerburgh.

Mr. T. W. RUSSELL IN THE CHAIR.

Sir JAMES CHARLES MATHEW, called in; and Examined.

Chairman.

1438. SIR JAMES, the Committee are exceedingly obliged to you for coming to give them the benefit of your assistance this morning?—I hope I may be able to offer some help.

1439. I may just say we are specially anxious to have the assistance of gentlemen like yourself as to the remedies for the admitted evils of the system of money lending?—Yes, sir.

1440. There are one or two points upon which we have had already a good deal of evidence, and if you will allow me I will just go over them in the first place to see how far you agree with the evidence that has already been given; then you will have a perfectly free hand to put before the Committee whatever you think proper. The first thing that I call your attention to is this: A great many witnesses have stated (and Sir George Lewis and Mr. Justice Hawkins were specially strong upon it) that Parliament ought, in their opinion, to give a discretion to the judges (to county court judges, to the judges of the superior courts, and to the registrars in bankruptcy) regarding all (what might be considered to be) extortionate bargains, "hard and unconscionable bargains," to use the language of the law, I believe. Have you considered that point?—Yes.

1441. Will you kindly give the Committee your opinion?—I was aware, sir, that that was a subject upon which the Committee desired any assistance that I was able to offer; the question whether or not there ought to be an interposition of the legislature for the protection of those who borrow from money-lenders, and I think the time has come when there ought to be that interposition. I am aware of the difficulty of the subject, and I am aware of what is commonly said; that any attempt to protect the borrower will only make his position worse and make the terms more severe upon which he can obtain advances; but I confess I think things cannot very well be made worse than they are. It seems to me that the greed and the exactions, of which I have been made aware in the discharge of my duties, of some money-lenders have passed all bounds. Now the cases that we are most familiar with are of two classes, first, where the advance is obtained without security and upon the personal credit of the borrower; the other, where the loan is made upon a bill of sale of furniture or household effects. The transactions under the first class are sometimes large in amount; under the second class, by no means large in amount. Take the first: it is ordinarily the case of a man who has some position, social or official, and to whom it is of the last importance that he should not appear to be in difficulties or in insolvent circumstances; he may be a public official, a clerk, a clergyman, a professional man, not of the class of spendthrifts, but a man who may, from time to time, be driven into a corner and have to borrow. Now it is curious the facility with which such loans are sometimes given, and loans of considerable amounts. The money-lender knows that the man is pledging his character and his position, and that in the last resource he probably is pledging the benevolence and friendship of those to whom he belongs, his family or his friends. The loan then is made with very little difficulty; but the money-lender takes a very different position when the inevitable default is made. Then he is enabled to have recourse to all the resources of the law, and the improvements which have recently been made in the law, which permit a creditor to obtain a swift remedy; so that he is enabled to say to his unfortunate debtor: If you do not pay or come to some arrangement with me you will have an execution against you in a few days; I have only got to go to chambers, prove the existence of the debt, produce the promissory note or the bill of exchange, and I am entitled, according to the law, to judgment, and you will have the bailiffs put in possession of your house. Well, what will a man do under these circumstances? It is "his money or his life." He will do anything, and at first, as a general rule, he will endeavour to conceal from those about him, and who know him, what his position is. The money-lender may do with him as he pleases. Now, I think that is not a position in which one man ought to be placed by the law with reference to another; he ought not to have that power of coercion; he ought not to have his fellow creature in that state of subjection.

Chairman—continued.

Chairman—continued.

jection. It is not blackmailing, but the lender may so act as to approach very nearly to the confines of that offence; and, as experience shows, the exactions are, under such circumstances, sometimes excessive and extraordinary. Now, to show that I am not speaking without some opportunity of knowing about such matters from judicial experience as well as from the information given me, I should like to bring before the Committee a case sent to me by a highly respectable firm of solicitors in the City (a very eminent firm) with reference to a case with which they had to deal within the last few days. I will not mention names.

1442. Certainly not?—They shall be furnished to the Committee subsequently. The money-lender lent a clergyman, making no great difficulty about it, 300*l.*; 200*l.* first, 100*l.* a short time afterwards. For the 200*l.* loan he took a promissory note for 280*l.*; the promissory note was for three months, 200*l.* being the amount of the advance. For the 100*l.* he took a promissory note for 140*l.*; 40 per cent., therefore, for the accommodation appears to have been what the charge was. Well, shortly before the first promissory note became due the clergyman received a printed form, a form therefore ordinarily used in the man's business, and one of the instruments of torture that he was in a position to apply. I daresay you have heard of similar documents; what is remarkable about this one is that it was in print, and was sent to a man whose promissory note was about becoming due, but had not actually become due; but the communication runs thus: "We warn you that unless the bill be paid or renewed before 12 o'clock next, legal proceedings will at once be taken against you to recover the whole balance now due without further notice or delay."

1443. There had been no default up to this time?—No, so I am told (I am only speaking upon the information given to me); and then it runs on in print: "all monies must be paid or sent to the Birmingham office only. If you fail to remit per return of post, writ will immediately be issued, and you will get the bailiffs, and you may safely depend upon that. This is final, and you will not be written to again, and no excuses of any kind will be accepted. You give ten times more trouble than your custom is worth, and we shall be glad to get rid of you."

Mr. *A. K. Loyd.*

1444. Is this in print?—This is all in print: "The bill without the full interest will not be accepted."

Chairman.

1445. I do not know whether you would object to putting in the money-lender's name if you could?—I will give it you now if you like.

1446. I may tell you that the wording of that document is very familiar to us?—Then you probably know the name; it is "Gordon."

1447. I thought so?——

Mr. *Ascroft.*

1448. The celebrated "Isaac Gordon"?—I had not followed the proceedings of the Committee sufficiently to know that; but there is a specimen document, and that may be used by anyone who is lending money under the same or similar circumstances to those I have described; there it is, and whoever the person may be who receives it, it is well calculated to deprive him of his reason, because he sees impending over him all that he wanted to avoid when he went to the money-lender, and the money-lender knows that.

Mr. *A. K. Loyd.*

1449. And they are all described as giving "more trouble" than they are "worth"?—Yes.

Mr. *Ascroft.*

1450. That is after they have got all the treasure out of the man they can?—It did not apply in the particular case; but there is the common form, and it is sent apparently to everybody who has borrowed money. The solicitors who have told me about the case were instructed (as the money-lender might very clearly have foreseen) by some friend to rescue the clergyman from the position in which he was. They wrote a civil letter to the money-lender asking how much was due (I do not know whether this is a common form, but you will be able to judge), and he says: "The total indebtedness of this reverend gentleman to me is 420*l.*, balance due to me on two promissory notes, one for 280*l.*, which was due yesterday, and another one for 140*l.*, which will be due on Friday next, the 18th instant; and I may state that writs will promptly issue and at the very earliest opportunity should the bills be not attended to prompt to the very day when due. I may also state that no further information will be supplied unless accompanied by a money order for five guineas, which is my charge for my trouble for each letter I have to write you or anyone else on the subject henceforth, and I shall be glad by your kindly informing me per return of post what your intentions are so that I shall know what to do." Probably the names of the solicitors may be mentioned also, Messrs. Hollams. The money was paid.

Mr. *A. K. Loyd.*

1451. I may just observe here that the very high-handed line taken in these documents points to the abject prostration to which the victim is reduced, to stand it for a moment. Is that your view?—Yes, that is what I point out.

Chairman.

1452. I may say we had a very interesting day with Mr. Gordon here, and we are not the least astonished at these circulars that the solicitors have sent you?—Well it may be hoped that this man is not a sample of the rest.

1453. I am afraid he is; there is reason to fear that. We have had evidence of other proceedings being taken in other names, though he was the same person, by the money-lender when any default was made?—So much as to that. As I have said, it does not appear to me that the position of borrowers from such people can be made any worse than they are at present; you need not fear that.

Mr. *Ascroft.*

1454. As the law stands at present leave would

Mr. *Ascroft*—continued.

would not be given to defend in such a case as that, would it?—No; assuming no special circumstance shown justifying the charge of misrepresentation or something of that sort, it would not.

1455. Exactly; in the absence of some allegation as to fraud the usurious nature of the interest would not be sufficient I assume to justify the judge in giving leave to defend?—No; there is no such exception to the general rule.

1456. You think it advisable that some alteration should be made in the law in respect to these cases?—If the mere power to give leave were given to the court, all that the court could do would be to allow the action to proceed, and that certainly would not be a help to the unfortunate borrower, because he would have to pay the costs later. What I should venture to suggest is this, that where recourse is had to a court of justice (and each court of justice now is supposed to be a Court of Equity), we should extend, just a little, the principle applied in the old Chancery Courts.

1457. Then would it not be advisable to give the court power to exercise that at the very commencement when the man applies for leave to defend?—Well, if you will allow me, I will state how I think it may be done.

Mr. *Jeffreys.*

1458. Will you kindly explain what that principle is, because we are not all lawyers here?—The Court of Chancery goes as far as this: There is the case where a representation was made to the man that the loan would be made on easy terms; it turned out afterwards that the money-lender endeavoured to exact exorbitant terms, you see how very near the case comes. The Court of Chancery in that case relieved the borrower upon his paying the amount of the loan and five per cent. interest. The Court of Chancery, as you know, will act in the case of expectant heirs. Of course the case of the expectant heir is not quite an analogous case to this; he is supposed to suffer from some dementia which prevents him taking care of himself; but the unfortunate man who borrows from Gordon seems to me to be suffering from some such complaint.

Mr. *A. K. Loyd.*

1459. Judicial notice is taken of dementia which arises from wealth, but dementia which arises from poverty is left to take care of itself?—Yes, that is apparently how it stands. Why should a man go to a court of justice and ask to be armed against his unfortunate debtor in this way? I have seen the suggestion that the judge should re-open the whole transaction and say what is fair; but it appears to me that there are two objections to that; first, there would be a great variety of opinion; and secondly, there would be litigation and costs which, somehow or other, would come to fall (part of it, at any rate), on the borrower. I should give judgment (if an application were made) for the amount of the principal and 10 per cent. interest. I should say to the money-lender: Get more if you can; he may treat the money which he has borrowed from you as a debt of honour if he thinks fit so to do.

Chairman

1460. You would practically make anything beyond 10 per cent irrecoverable?—Irrecoverable. He might go on without law as long as he liked. There were money-lenders in the days when there were usury laws, and in those days 60 per cent. was considered the utmost limit; now 60 per cent. is exacted in cases such as the one I have put, and even in cases where there is security; and I do not see how what is proposed could be objected to. Where the proceeding was an application for judgment, or bankruptcy proceedings, I should allow the money-lender to rank for more than the ordinary interest; but I should limit that to 10 per cent., or whatever figure in the judgment of Parliament might be allowed. I think it is a matter of great importance that the law should be fixed, and that people should know where they are. Somebody has said that it does not so much matter what the law is so long as people know what the law is, and it is very important that the money-lenders who enter into these transactions should know what they must look forward to if they make these exactions; and, on the other hand, that the man who borrows the money should know upon what terms he may expect to obtain relief, supposing he is driven into a corner. Those are all the suggestions I have to make with reference to the first matter. I think, sir, I have answered your question.

Mr. *Ascroft.*

1461. You have?—The moment the writ was issued I should allow the defendant to come forward and say, "Money lending transaction, 60 per cent. is what I am bound to pay, I have paid from time to time for renewals 20, 30, and 40 per cent.; now let me off. I consent to judgment for the amount that has reached my hands from the money-lender and 10 per cent."

Chairman.

1462. Do you think that is preferable to allowing the judge to look dispassionately at the whole transaction and give what is fair?—The matter must be brought before him; he must hear evidence a very expensive operation; often very expensive.

Mr. *Ascroft.*

1463. I do not know whether you have studied the American laws?—Well, no. I have not.

1464. In respect to usury?—No; I have quite enough to do with our English laws.

1465. That I believe. I do not know whether or not you have taken an interest in the money lending loans of the several States?—I am aware that this principle is applied somewhere. I have heard that.

1466. I do not know whether you are aware that out of about 35 different States there are only three which fix the legal rate of interest so high as 10 per cent.?—I am erring, perhaps, on the side of indulgence. Still, that is a considerable advance upon the bank rate.

1467. I do not think you quite grasped the point in answering my question. Take the case we have just had of the clergyman; the writ is issued?—Yes.

1468. He cannot get leave to defend now unless he shows some fraud?—Some ground.

Mr. *Ascroft*—continued.

1469. Some misrepresentation. Suppose the law is altered, would it be unreasonable to give the court power, on satisfying them that the interest was in the nature of an usurious transaction, to allow him to have the account at once gone into by the court, without any pleadings or any further costs?—You see you would have a difference of opinion; one judge will consider 20 per cent fair; another judge will consider the ordinary rate a proper amount. You would have a great variety of opinion. It would be far better to settle the thing once for all. I do not think any debtor could complain of this, as a concession he must make for obtaining relief from the extreme pressure which would otherwise be put upon him.

1470. Taking it at 10 per cent., would there be any difficulty in giving liberty to them to give leave to defend on bringing the case before the court at once to fix the amount?—It would cost money, and many of these transactions are not large. Take the case of a loan of a hundred pounds, it might cost a hundred pounds to investigate.

Chairman.

1471. That would not apply to the same extent to county courts, would it?—Perhaps not.

1472. And a great many of these cases are dealt with in the county court?—Yes.

Mr. *Ascroft.*

1473. The court has power to remit any case to the county court, has it not?—Within limits.

Chairman.

1474. Allow me to direct your attention to a case at Bath the other day, in which the same gentleman (Gordon) appeared. He had got his judgment from some court, and he applied to the county court judge at Bath for a committal order against the man; he had absolutely sent him the money without any application; the man foolishly signed a promissory note and got into Gordon's clutches, and when it came before the county court judge at Bath, the county court judge declared that he must give him a committal order, but it should not be executed so long as the debtor paid 6d. a month?—You see he could not make a committal order unless he was satisfied that the debtor could make some payment. Well, I knew nothing about the facts of that case. That is the law; that is all I will say. In such a case as that it would seem there ought not to be a committal order if the man could only afford to pay that amount.

1475. That is the point I wish to bring out. The present state of the law leads judges to feel outraged by the proceedings of a man like this, and to take steps that are very severe at all events?—Yes; if you leave it to the judge to decide such matters there must be an appeal, there will be such a demand for it; it would be very hard to resist it. Where would you be? Suppose a case of that sort, and the money-lender thought he was aggrieved, it would be very hard to deny him the right of taking, as every other plaintiff can, the opinion of another court. Now all these reasons are in favour of fixing the amount. You see the public importance really of endeavouring to control

Chairman—continued.

these operations. What is a man likely to do? He is in the corner that I have described, in the hands of the unscrupulous money-lender; he may steal, he may embezzle, he may forge, and I have heard the excuse offered more than once when the time comes for sentencing an unhappy clerk, that he had fallen into the hands of a money-lender. It seems to me of great public importance.

Mr. *A. K. Loyd.*

1476. He is very likely to bet?—I mean it is likely enough that a man under this extreme pressure, a clerk with money within his reach, will lay his hands upon it.

Mr. *Ascroft.*

1477. Then you are in favour of the re-enactment of the usury laws?—No.

1478. To a certain extent?—Oh, to a certain extent, but to a very partial extent.

Chairman.

1479. Substantially, I may take it that on these questions you prefer to fix the limit at 10 per cent. rather than give a wide discretion to the judge?—Yes, because of the difference of opinion and the expense that would be involved in the other view of the matter.

Mr. *Garfit.*

1480. You allow 25 per cent. to the pawnbrokers, who have security, you see?—Well, would you say 25 per cent. if the case came before you?

1481. No; I only suggest that fixing a rate would lead to many difficulties; would it not, in many cases?—You have alternative difficulties; the question is, which is the least. Nobody is more ready than I am to admit the difficulty of the case.

1482. If a man lent a five-pound note, we will say, and charged 5*s.*, making it five guineas at the end of three months, that would hardly appear very extortionate, and that is 20 per cent.?—I am aware of all that, about small matters; you may make an exception, if you think fit to direct it, for exceptional transactions under a certain rate, but I should not advise it; the principle ought to be applied that where the law is had recourse to justice should be done in the same way.

Mr. *Yerburgh.*

1483. There is one question raised by Mr. Garfit; that is, that the rate of interest allowed to all pawnbrokers is 25 per cent.; is not it the fact that the pawnbroker is not in the same position as the money-lender to put the same pressure and inflict the same misery on the borrower?—No; he is perfectly secure of his money at the end of the year; that is a very excellent distinction between the two cases.

1484. Would that justify the difference?—Yes; just one word more; it may be suggested at once: that your money-lender will evade this immediately, because he will take a promissory note or an acceptance and pass it away to a friend who will sue upon it; and the debtor must pay. Well, the friend of the money-lender, who has got the money-lender's bill, has to prove that he is a

bona-fide

Mr. *Yerburgh*—continued.

bona-fide indorsee of the bill; he will occupy a somewhat difficult position before the jury; but I should not rely upon that; I should say that the money-lender's bill, into whosoever's hands it passed, carried with it the money-lender's terms, 10 per cent.

Mr. *Ascroft.*

1485. Would you put on the top of the bill "Money-lender's Bill," for the purpose of preventing anybody being deceived?—No.

1486. But you say he should take it with the same equities?—A man who is dealing with a money-lender knows all about it, you may depend upon it.

Mr. *Thomas Bayley.*

1487. Then you would have to have the money-lender, as a class, registered?—I am coming to that subsequently; I think that would be desirable too; I meant to mention that. Now we will deal with the other class, if you will allow me.

Mr. *Warr.*

1488. The money-lender might pass it over to another money-lender, and that money-lender might, in some way or other, pass it over to a bank; a legitimate holder?—The bank must look out. In all these cases the bank will be very wary. The money-lender's name would be on the bill; they would know perfectly well; and the "*bonâ fide*" gentleman will have to prove to a jury his good faith, and will probably be in great straits. The other question is the question of the bills of sale; and really this class of borrower needs, more than the other class I have referred to, it seems to me, the protection of public authority. For the most part, the people are illiterate; the transactions are small; they do not understand where they are; representations are made to them that do not avail them when the case comes into court, because the deed contradicts anything that they state. They are often under the impression that the terms will be very lenient, that the interest will be very small, and that this is a matter of form, and they put their seal to the bill of sale. Well, what is to be done in that case? The money-lender usually looks to the goods, and is determined to have them, because they will be sold at a ruinous sacrifice, and, generally, sold by somebody associated with him in the transaction. How is the man to be protected? There is all the pressure, with narrower limits, that is exercised in other cases sometimes, when there is default. The excuse that is offered is that the security is bad. Now, I think there is great exaggeration about that. The money is not lent unless the money-lender sees his way. There are two claimants that he has to guard against, the landlord and the tax-gatherer. He can very easily satisfy himself that these claims are paid, and that there are goods enough to satisfy them and to satisfy his claim. Then the moment comes (and I think it is the general rule in such cases) when the goods are sold. Perhaps the poor man may have friends who would be able to help him; but it is not often so, and the goods are sold. Well, what has cost the man perhaps a hundred pounds to put together will be sold "for a song;" 25*l.* will appear

Mr. *Warr*—continued.

to be the result of the sale. In truth the goods are worth a great deal more, and ultimately realise for somebody a good deal more than the sum realised at the auction. What should the law do? When the money-lender seizes, I should give (because he is then secure of his money) the right to redeem upon payment of the amount of the advance and 5 per cent. You know it is no satisfaction to the particular debtor to be told: Other debtors will not pay me, and therefore I must charge you 12 times the fair rate of interest. As between the money-lender and the borrower, in the particular case, the amount is secured.

1489. That would annihilate loans on bills of sale, would it not?—Well, small loans on bills of sale, yes; it might have that effect, though I do not think it would have completely that effect; but, really, those bills of sale are a terrible curse to poor people, and I should hamper transactions of that sort.

Chairman.

1490. Are you aware that they do not exist in Scotland?—No; I am glad to hear it, I am sure. This money-lender is carrying on a "dangerous trade," and I would "fence" his "machinery" very carefully.

Mr. *A. K. Loyd.*

1491. He has advanced money upon the security of effects which he can appraise for himself, and you think there is no hardship in cutting him down to 5 per cent.?—No; he gets his money.

Chairman.

1492. Then you would limit the interest on bills of sale on household furniture to the small amount of 10 per cent.?—Five per cent. There is security in the one case, there is none in the other. It may be done where there is absolute security, and I should enable a man to redeem upon those terms. I do not know that I need make any observations to enforce that view. As I was saying, it does not appear to me to be any answer to a particular man to say: I will charge you 60 per cent., because I am so very insecure everywhere else. I think there is great exaggeration about that, and if the money-lender has taken imperfect security from others (I am sure no one is very sorry for him), it is his look out.

Mr. *Yerburgh.*

1493. We had a money-lender before us who stated, in reply to a question, that if bills of sale were abolished his business would be gone?—Well, what a good thing.

1494. So you would support any proposal to abolish bills of sale altogether, I gather?—No, no; transactions upon bills of sale may be perfectly legitimate. I am only dealing with the small transactions of which I have been speaking, where an advance is made to poor people who have nothing else to pledge but their furniture; that means pledging their home; that means pledging shelter for wife and children; placing, therefore, the money-lender in the position of putting an immense screw upon the man.

1495. Would you be in favour of limiting the amount that could be borrowed under a bill of

Mr. *Yerburgh*—continued.

sale; I think some proposal has been made to limit the amount to 100*l.*?—There I am afraid you would be preventing the borrower from getting any money. That is not desirable.

Mr. *Ascroft.*

1496. Did I understand you to say that it was your opinion that these poor people were misled by the advertisements of the money-lender?—Yes.

1497. Advertising that the money is to be lent on note of hand, and then getting a bill of sale signed?—Yes.

1498. I do not know whether you are aware that since the last meeting of this Committee two of the leading London daily papers have announced their determination not to take any more advertisements of money-lenders?—A very good thing, but it will only be a very partial remedy. These people will mislead; the borrower may have the power to bring an action, and the power to prosecute. They never think of taking either course; the money-lender is practically secure; he may do what he likes with their goods.

Chairman.

1499. Then you think, in substance, that if the money-lender gets his principal and five per cent. he is very well off?—He is very well off indeed; no injustice is done him, and he must not be protected because other people do not treat him as well.

Mr. *Yerburgh.*

1500. I understand there are two classes of bills of sale, one a conditional bill of sale and the other an absolute bill of sale; and under the absolute bill of sale the property becomes the property of the man who lends the money?—Yes, the money-lender.

1501. And he lets the furniture to the borrower under a hire purchase agreement, but he has the privilege of entering if there is default and selling at once?—Yes.

1502. Whereas in the case of the conditional bill of sale that does not apply?—In either case I should interpose in this way: Some of the most cruel cases have come before me where the wretched man has borrowed a small sum of money is pressed by the first money-lender, and is then told: Oh, I know somebody who will advance you the amount, and a little more; a second bill of sale is got, and instantly, within a week after the second bill of sale is given, the second money-lender comes in and sweeps everything away; most cruel cases of that sort have come before me. There is no remedy. The second bill of sale will contain the power which probably was wanting in the first, and was the reason for the change.

Mr. *Garfit.*

1503. In some cases it is the same money-lender under another name, is it not?—Yes. That brings me to the last suggestion. The last suggestion is registration. I do not see any reason why a money-lender under any euphemistic title, that amounts to the same thing, should not be registered. I should not give anybody the power of denying him his registration; but he should register, he should state his real name; he should make a statutory declaration

Mr. *Garfit*—continued.

of his real name, and of any names in which he carried on the business before, and the names of any persons interested with him in his business. I think that would give in certain extreme cases a control which it would be very desirable to have; because you know when the question arose whether the transaction was a money-lending transaction or not, a man might be put forward as being a kindly person who, upon this one occasion, had lent the money; no connection with any money-lending office; if he was habitually employed in the same way this declaration would be some protection.

Mr. *Warr.*

1504. How would you do if he were a registered company?—A registered company? Well, a limited company?

1505. A limited company?—That is registered already.

1506. Yes?—He must show upon the face of his prospectus, and upon the face of the articles of association, that he is a money-lender. I do not think it would do much harm.

Chairman.

1507. There is one question upon that which has been before the Committee. Some witnesses have held that registration would not be sufficient, but that these people ought to take out licences?—Then upon what terms are they to have the licence?

1508. That would be for Parliament, I should say, to decide?—It would be a very difficult question.

1509. Pawnbrokers are licensed?—Yes.

Mr. *Ascroft.*

1510. Sir Henry Hawkins suggested that they should be licensed in the same way as brokers or marine store keepers, and be compelled to keep books, which should be free for inspection by the police, at proper times, with power to the authorities to take action?—These are very heroic proceedings.

1511. The licence acts very well in the case of marine store dealers, and is very necessary at times?—It may be so.

Mr. *Warr.*

1512. Do you feel any difficulty about the designation of the man to be registered; might he be called a "professional money-lender"?—"Money-lender," I should suggest.

1513. You think there would be no confusion between "money-lender" and "banker"?—Not the least. Oh, no; the two things are understood. I should avoid defining a money-lender.

Chairman.

1514. You would avoid a definition?—Yes, because you know the money-lender when you see him. There is a curious instance of the importance of that, if I may be permitted to deviate for a moment. We have been recently establishing a commercial tribunal, as you have heard.

Mr. *Ascroft.*

1515. Of course you would draw the line between a money-lender like a banker and the usurious money-lender, whose practices this Committee

Mr. *Ascroft*—continued.

Committee have been inquiring into?—Oh, dear, yes, there is a distinct line; it is clear itself.

1516. Did I understand a previous answer, given by you, to a question that I asked, that you thought it would be a very good thing if these advertisements as to money lending did not appear?—Well, but they will send circulars; they will arrive at the same result without advertising. It is very hard to check that. No, I think the protection must be afforded at the end of the transaction.

1517. You are under the impression that in many cases, seeing these advertisements in the newspapers that money is to be lent on note of hand only and at a reasonable rate, people apply, and are then induced to sign a bill of sale?—Well, that is one way in which a man may be misled. Do recollect that you are dealing with illiterate people when you are dealing with these bills of sale. That is not how it is done. It is ascertained that a man wants money. There are touts in abundance, who join money-lenders, and they get a commission for bringing the wretched victim to the slaughter. I was going to say (if you will allow me I will continue) something about the commercial court. This is an illustration of the difficulty of a judicial definition. When this tribunal was suggested, it was said at once: "You cannot establish a commercial court unless you define what is a commercial cause." Some of the most eminent members of the profession set to work to try and define a "commercial cause," and they failed after hours of deliberation. Then it was said by those who were practical commercial men: "You know a commercial cause when you see it; you will not have the slightest difficulty in practice in knowing whether a cause is a commercial cause or not." That course was adopted; the commercial court was established, and that commercial court has gone on with perfect smoothness ever since.

Mr. *Thomas Bayley.*

1518. I suppose it is easy to define "money-lender," and the difference between a money-lender and a banker, as it is to define the difference between a pawnbroker and a respectable solicitor who is lending money on the mortgage of household property?—It is a question of fact whether a man is a money-lender or not. Probably a short definition would be "A man who earns the whole or the greater part of his income by lending money at excessive rates of interest, or exorbitant rates of interest." But you had much better let it alone; everybody knows a "money-lender."

1519. These money-lenders are, I think, nearly all trading (with a very few exceptions) under an assumed name; even Mr. Gordon, I believe, is not trading under his own name?—He is a "company," too, I understand.

Chairman.

1520. No, not a company; he trades under seven different names?—Oh!

Mr. *Thomas Bayley.*

1521. It is a most extraordinary thing; he was born in Russia. We could not get out from

Mr. *Thomas Bayley*—continued.

him what his real name was. I do not think it is Gordon, for a moment. Do not you think that a person suing should do so absolutely in his own name?—Well, would you make that of general application? Many firms, you know, use the name of a firm without a single person of that particular name being in it. I do not think you need do that.

Mr. *Warr.*

1522. Would you allow a borrower at any time to apply to the court to redeem his security, even though the due date of payment had not arrived. Payment by instalments is a very easy mode of getting into very serious difficulties, and the lender never allows himself to be redeemed?—Yes; well, I should be disposed to fall in with that suggestion. I have not considered it. It is only when you come to consider these things that you see the difficulties that might crop up. That might be done.

Mr. *Garfit.*

1523. If that were done would not a great many of the insurance companies suffer because they lend in the same way, and the Government itself?—Yes, there would be some danger.

Mr. *Yerburgh.*

1524. On the question of trading under a different name would you allow a money-lender carrying on business in different parts of the country to carry on that business under a different name in each place?—I would have him registered in each place with the declaration I have mentioned, stating his real name and the name under which he carried on business then or at any past time.

1525. Would you let him make use under his registered title of the term "bank," because many of these money-lenders trade as banks?—I think that would be cured if you got this declaration.

Chairman.

1526. I should like, if you please, to go back to the point of licensing. These men, as you say, are perfectly well known. Some witnesses have held that they ought to be licensed by a public authority, and that flagrant transactions might result in the names being struck off the licence roll?—No. Would anybody grant a licence to Gordon? I think it is dangerous. You must come to some rule upon the subject, that a man who had once been connected with a scandalous transaction of any sort ought not to be licensed. That is an interference with personal liberty which would be very difficult, I should have thought, to get Parliament to consent to. A borrower must protect himself to a certain extent.

Mr. *Ascroft.*

1527. Any action that followed upon the report of this Committee would not be retrospective. I assume every one would be allowed a chance?—In considering judicially whether a particular man ought to have a licence or not, you must ascertain something about his character, and if it were found out that he was a disreputable person, any authority would decline to sanction his being put into the position of a license holder.

1528. Certainly

Chairman.

1528. Certainly it would not be satisfactory in Gordon's case?— I am afraid you would drift before long to a position where it would be difficult to say whether the applicant should have a licence.

Mr. *Ascroft.*

1529. Gordon's usurious transactions are not actually contrary to the law, are they?—No, but we are talking of a licence.

1530. Exactly?—The question is whether you would give him a licence to practise and carry on the business he had been carrying on.

1531. He could not?—I am only mentioning it as a difficulty in the way.

Chairman.

1532. I only suggest it in order to get your opinion, Sir James?—I should be afraid of it.

Mr. *A. K. Loyd.*

1533. With regard to the suggestion which you have made, that, where a money-lending transaction goes before a court, there should be power to give judgment, limiting the interest to 10 per cent., is there any justification for saying that that is a revival of the usury laws?—I should think not.

1534. May I put this to you: Under the usury law if a man contracted to receive above the legal rate of interest, the whole contract was void, and he was not even entitled to receive the 5 per cent.?—Yes.

1535. This is a proposal that if he gets more without recourse to the law, well and good; but if he comes to the court, the court will not allow him, through its machinery, to receive more than 10 per cent. in money-lending transactions?—That is the suggestion I make.

Mr. *Ascroft.*

1536. What course would you recommend the court to adopt, supposing a transaction comes before them. Would you recommend that the man who charged 1,000 per cent. should receive it, or would you simply limit him to the 10 per cent., and not punish him in any way by the forfeiture of the security?—No, I should not punish him.

1537. In America that plan is adopted; if they lend over and above the prescribed rate they forfeit, in some cases, the interest; in some cases three times the interest, and in other cases the whole amount of the debt?—If we had the machinery they have in America we might be able to do it. I am making my suggestions with reference to what might be anticipated as to the extent to which Parliament might interfere.

Mr. *Jeffreys.*

1538. I should like to ask you this: You have said that you would not give power to the judges of the high court or the county court to revise these money-lending transactions, because of the expense?—Two reasons I gave.

1539. Yes, the other, because of the delay?—I was thinking really of the superior court at the moment.

1540. Otherwise in the county courts there would not be much expense, would there?—Really I am not in a position to speak about that, because we hear constantly that the county court costs more than the superior court; but I am bound to say that it is in the superior court that we hear that.

Mr. *Jeffreys*—continued.

1541. Am I to understand that you do not agree with Sir Henry Hawkins when he recommends that the judges should have the power to settle these cases without appeal; he would not give them the right to appeal?—I am suggesting that that probably would not be assented to by Parliament.

1542. But if Parliament did assent to it would you approve of it?—No, because of the difference of opinion that there would be; the extraordinary difference of opinion that we are conscious of in our fellow creatures.

1543. You said that you would extend the principle of the Court of Chancery?—Well, yes, to that extent; I mean in reducing the amount of the interest.

1544. Do not the judges in the Court of Chancery have diversities of opinion?—No; what they do is to release the man upon his paying the amount, and ordinary interest upon it.

1545. In cases, I think, of dementia, which you mentioned, and various cases which are brought before them of wards in Chancery, there is a great deal of difference of opinion amongst the judges?—Oh, they always release on the same terms. The man who comes to a court of equity must do equity; he must pay the amount and 5 per cent.

Chairman.

1546. Five per cent.?—Never any more.

Mr. *Jeffreys.*

1547. I should like to ask another question. You said with regard to bills of sale on furniture you would reduce the interest to 5 per cent.?—Yes.

1548. Have you considered whether that would not stop the whole system of money lending?—It would hamper it.

1549. But would not stop it?—Oh, no.

1550. Bankers would hardly lend at 5 per cent.?—I am afraid the money-lender would rely upon the other means he has of coercing the debtor to pay. There is a system of shadowing, a system of perpetually calling, perpetual demand, which would, probably, produce for the money-lender a very considerable deal more than he ought to have; but I am only speaking of what he would have in a court of law.

1551. Take the borrower. There is the borrower, for instance, who has no credit, and yet wishes to borrow money?—Yes.

1552. If you limited it to borrowing money, say at 10 per cent. (that was another suggestion of yours), could a man without credit borrow. If he were to ask for money at 10 per cent. nobody would lend it to him, would they?—Well!

1553. Would not that be rather hard?—Not a bad thing.

1554. Would not that be rather hard upon professional men without credit?—All I propose to do is to leave the money-lender as to his excessive interest to the state of things that existed when the usury laws were in force. The money-lender must look sharp. Do you think

Mr. *Jeffreys*—continued.

think it needful to tell him that he must see whether or not he is likely to get his money?

1555. Suppose the professional man who has no security——?—Except his reputation and his character, and his position.

1556. Supposing he wishes to borrow a hundred pounds for six months; he would gladly pay, I imagine, in many cases, 10*l.* for that loan?—Yes.

1557. That would be 20 per cent.?—Yes.

1558. But you would not allow him to borrow at more than 10 per cent.?—I should allow him to do as he pleased. I should allow him to borrow at 10 per cent., at 20 per cent., at 30 per cent., or at 40 per cent.; and if he be an honourable man, and has really been relieved from a very great peril by the advance, I should expect him to pay it; but on that I would leave the money-lender to look to his honour.

1559. If we passed a law of that kind I do not think poor men without credit would get any advance made to them at all?—I think they would; but they would not be put into the corner in which they are now put with the help of a court of law.

Mr. *Ascroft.*

1560. We have heard a great deal before this Committee of a suggestion that the equity doctrine should be applied or extended to a certain extent to the court of law. May I just read to you a definition, and ask if you agree with it?—I may answer at once: "I will not"; I have a great objection to definitions.

Mr. *Ascroft*—continued.

1561. I was going to read you a definition from a leading law work?—It probably would be of interest that we should hear what the definition is; will you kindly read it?

1562. "At common law, in order to constitute fraud, it is not enough to show that fraud, in the sense of misrepresentation, undue advantage of the position of the party said to be imposed upon, has been committed, but some act of offensive dishonesty must be brought home to the party charged. Equity in dealing with fraud appeals to facts on the conscience of parties, and demands not only a formal compliance with the rules of honesty, but a conscientious consideration (where such is due) of the interests of other people. It takes into account the circumstances of the case, and the position of the party imposed upon. It interferes not only where actual deception has been practised, but also to prevent the dishonest circumvention of one person by another."

Mr. *Thomas Bayley.*

1563. From your wide experience, you consider that the present state of the law in relation to these money-lenders leads to crime and gambling, and we have had great experience in this Committee of very painful suicides?—Yes, anything may happen.

1564. Anything may happen; crime, gambling, and suicide?—Yes.

1565. The existing state of the law leads to that?—I have already stated my view about that.

Professor WILLIAM BEECROFT BOTTOMLEY, sworn; and Examined.

Chairman.

1566. I BELIEVE you are the secretary to the Agricultural Banks Association?—I am.

1567. How long have you held that office?—Two and a half years.

Mr. *Yerburgh.*

1568. Honorary secretary, I think?—One of them.

Chairman.

1569. How many banks in this country are there of that character?—In active work there are eight.

1570. Where are they situated?—Pembury in Kent, Laxfield in Suffolk, Castlemorton, near the Malvern Wells in Worcestershire, Wiggenhall near King's Lynn, Scawby in Lincolnshire, Cottenham in Cambridgeshire, Rottingdean in Sussex, near Brighton, and Steeple Clayden in Buckinghamshire. There is one other, that is Hedge End in Hampshire. I should have said that the one at Rottingdean, or rather the one in Buckinghamshire, is registered but it is not in active work. The Hedge End one is the one that is really in work; so there are nine really.

1571. Can you tell the Committee what led to the establishment of these banks?—I am not quite sure absolutely about the first inception of the movement, but I believe it was chiefly due to Mr. Yerburgh's knowledge of what had been done in Germany, and his idea of the advisability

Chairman—continued.

of having similar banks in England. A conference was held at the Holborn Town Hall in 1894, at which much evidence was collected with regard to the use of these banks abroad, their utility, and I am not quite sure whether the Agricultural Banks Association had been formed then or not. At any rate I was not associated with it then.

1572. But practically it was the experience of this banks system on the Continent that led to its introduction?—The knowledge of what had been done abroad in Germany.

1573. Now will you tell us how these banks are conducted?—In England?

1574. Yes?—On the basis, if I may be allowed to give it, exactly the same as laid down by Raiffeisen for his assistants in Germany. First, that all societies accept unlimited liability; secondly, the intention is to promote the moral as well as the material welfare of members; thirdly the limitation of the area of work, it must be confined to a large village or a group of small villages, the ideal being a population of 600 to 1,200; fourthly, the absence of entrance fees and the smallness of shares if held; dividends, that there should be practically no dividends if possible, and if there are any dividends they must not exceed the interest paid on loans; fifthly, the gratuitousness of the administration; and sixth, the accumulation of a reserve which cannot be diverted

Chairman—continued.

diverted or divided up for the individual members. Those are the bases upon which the bank is established.

1575. There is no division of profits?—There is no division of profits. The central feature, of course, is that the members of a village shall join together and practically be, what Raiffeisen desired, a family; that there shall be unlimited liability. Of course, in the working of it, the members of the bank, if I may be allowed now to tell how the bank is started in the first instance?

1576. Yes do?—The bank is started simply, as a rule, by some gentleman in a parish. For example, at Pembury, near Tunbridge Wells, where Dr. Malden, the village doctor, was the moving spirit; he called a meeting of the villagers, and gave a lecture on what was the meaning of an agricultural bank; then he asked certain people he knew, whose characters were above suspicion, to join, and form a nucleus; then, that nucleus having been formed, anyone who wanted to borrow money, or become a member, had to be elected by two of those men who had already joined. That is one of the chief features for security under unlimited liability: that no one can borrow from the bank unless they have already been elected by the people whom, of course, if they did run away with the money, they would be deceiving or cheating.

1577. They must be members to be borrowers?—They must be members to be borrowers.

1578. How is the capital raised in the first instance?—That is raised, as a rule, by some kind gentleman who will put down so much; for instance, at Steeple Clayden, Sir Edmund Verney has given them a hundred pounds.

Mr. *Ascroft.*

1579. Given or lent?—Lent; I mean deposited with them.

Mr. *Thomas Bayley.*

1580. As an ordinary deposit at a bank, with interest?—Yes. As a matter of fact I believe he is lending it without interest; he simply deposited it to start their working capital. The idea is that eventually the capital shall come, to a great extent, from ordinary depositors; that is, that the banks shall be savings banks. In Germany about two-thirds of the total capital of the bank is obtained in that way, and the rest of he capital is obtained by a loan from Government. The Government subsidises these banks there.

Chairman.

1581. They are subsidised on the Continent, are they?—In Germany, in 1896 (I think it was July 1896, I have the exact date here), a bill was passed in the Prussian Diet granting twenty million marks (one million pounds sterling) simply for the use of these co-operative societies. Then, having got the bank on this principle of unlimited liability; the members having been chosen by those already elected; as a rule the first men who start the bank are the clergyman, the doctor, and other gentlemen; in England, as well as in Germany, we have found they have, generally the clergyman, the doctor, and

Chairman—continued.

two or three other of the leading men of the village who really do not want money, but who believe that by means of these banks many people who now go to money-lenders, and not only people who go to money-lenders, but people to whom the loan would be of productive value might be benefited thereby; then the people who are taking the loan, as I say, are elected by these people who are sound; then with regard to the organisation of the society, we have practically the same as they have in Germany; that is the chief control of the extreme authority; the central authority, is after all the general meeting; there is one man one vote; a meeting may be held once (in Germany as a rule it is twice) a year; the general meeting elects the officers, elects the members of the committee, and it decides as to the rate of interest which shall be charged upon the loans.

1582. Now, can you give us an idea of what rate of interest is usual?—In England?

1583. Yes?—It varies; I am not quite sure; I can tell you in one moment.

Mr. *Warr.*

1584. The loans are for very long periods, are not they?—Very often; sometimes they only run for three months, in other cases they run for a year in England; there is one instance I heard of when I visited Castlemorton of a man who had had a loan renewed for a second year; but in Germany I saw in the books, when I was over there studying the question, the record of a loan which was granted, actually, for 30 years; it seemed very surprising, but there it was, a loan of 150*l.*; it was granted in the first instance for 30 years.

Chairman.

1585. What is the rate of interest?—The rate of interest varies from 4 to 6 per cent. in England; I believe as a matter of fact that the lowest is 4½ per cent., and that is at Wiggerhall St. Mary's; that is where Mr. Gurney the banker has kindly financed the bank, and he himself acts as honorary treasurer of the bank; he allows them to have money, I believe, at 3½ per cent. now, as much as they require, and they are able to lend it out at 4½ per cent., 1 per cent. profit as a rule; the idea is, if they can get money at 3½ per cent., to lend it out again at 1 or 1½ per cent. above what they pay for it; one chief feature of course about agricultural banks is that all offices (all working) are gratuitously held; no member of the committee, the chairman none of the members of the control are paid, simply the secretary; and as a rule he is the village school-master, and in many cases in England he is not paid: I believe there are only three in which he is paid anything at all, in all the other cases he himself gives his services.

Mr. *Garfit.*

1586. How long have these banks been carried on now?—In England?

1587. Yes?—The first one was started in 1894; there were two started almost simultaneously; Scawby was one, and the Pembury one, by Dr. Malden, was another

1588. What

Chairman.

1588. What has been the result? Are the instalments paid weekly or monthly?—It just depends what is decided upon. In the majority of cases it is one month or three months. Those are the two chief terms.

1589. What has been the result as to the repayments; have they been punctually made?—Punctually repaid at all the banks I have visited personally.

1590. Have you visited them all?—Well, I have visited five of them; I have examined the books, and been through their accounts.

Mr. *Garfit.*

1591. How long have these been running?—Pembury is one of the first ones. I must say with regard to Pembury (it is only fair) there is one doubtful loan; a farmer who borrowed 50*l.* paid back 20*l.*, and then he was not up to date in his repayment, but his sureties have not been called upon, and he says that he will pay back in due course.

Mr. *Warr.*

1592. You have not mentioned sureties before I think?—No, because I had only got to the general organisation; the general meetings. May I be allowed to go through the general plan upon which they are worked?

Chairman.

1593. Yes?—There is first of all the general meeting at which every member of the bank is allowed to vote, and that is of course the final authority. Then there are two bodies known respectively as "the committee of control," and "the council of survey." The committee of control consists as a rule of five members, and it is charged with all executive work; that is the granting of loans, the admission of members, and the general working of the bank. Then above that there is the council of survey as they call it, which has not to do with the granting of loans, but its business is to have a general control over the affairs of the society, and watch the application of the loan. Every loan has to be for a distinctive purpose. Any member who requires a loan has to say for what he requires the loan; it must be for a productive purpose; not to get out of the hands of a money-lender or any speculative object, it must be productive; that is for a man to buy manure, or to buy seed, or to buy an agricultural machine, or to buy a cow.

Mr. *Thomas Bayley.*

1594. Not to buy a piano or furniture?—No, as a matter of fact in Germany they do, but not in England as yet; we are not sufficiently advanced, and do not require to do it, at any rate they do not borrow for it yet; the loan must be for some productive purpose, and the chief duty of the council of survey is to watch the application of this loan. If a man wants a loan for any distinctive purpose, to buy coal with, for instance, and it is found that he has not bought the amount of coal. this loan ought to be spent for, he is at once called up; the council of survey at the next meeting report to the general body (the committee of control); they of course send word to him and he is brought to book about it; so that, besides the general meeting there are these two bodies, the general committee if you like so to call it, which grants loans and admit new members, and secondly, the controlling body; there are four or five in the general committee, and as a rule seven or nine in the council of survey. Then there is a treasurer or a secretary, who is not allowed to have any voice in the management, so that he cannot be bribed. One of the criticisms against the agricultural bank movement has been that these people could possibly be bribed; but the secretary has no vote in the matter; he has to do with the cash passing through his hands, and the books are kept by him, but he has no direct voice in the management of the society.

Mr. *Thomas Bayley*—continued.

Mr. *Warr.*

1595. He has a voice but not a vote?—Yes.

1596. He attends the meetings?—Yes, he attends the meetings, but he has not a vote.

Mr. *A. K. Loyd.*

1597. I suppose he is under as close a scrutiny as any borrower or other member of the community?—Quite so. As a rule another safeguard is that the general meeting decides what the maximum loan shall be: In England no member is allowed to have more than 50*l.* That is decided at the general meeting. Then a man requires a loan; he has to fill up a paper; of course he has to be a member first, then he has to fill up a paper; he fills up a special form, and he has to find two sureties for that loan. Now those sureties must of necessity be members of substance.

Mr. *Warr.*

1598. They must be members?—I mean they need not of necessity be rich people; a man can be surety for another man who does not, I was going to say, own a penny; that is as long as his usual character is accepted by the council.

1599. Are these sureties necessarily members of the association?—As a rule in England that has been the case hitherto. There is one case which has cropped up in which a man wanted to be a surety that was outside; it was felt that that was opening rather a dangerous door, because one cannot be quite certain about anybody outside the bank, so now it is considered advisable that sureties should be members of the bank.

Mr. *Thomas Bayley.*

1600. What do we understand by "Members of the bank"; people who deposit money, say, in the bank, or give money to the bank?—No, people elected by other members.

1601. Who may not have any financial interest in the bank at all?—You see it is unlimited liability.

1602. You have not quite explained how the sureties work?—Suppose a man has a loan granted to him for twelve months, and he is supposed to repay every three months part of it, at the end of six months, if he does not come up to the scratch at the time, does not repay, of course, the committee of control would at once write to him, and probably he might say

Mr. *Thomas Bayley*—continued.

that he would pay at the end of the time, at the end of the 12 months. What happened at Pembury was exactly this: that the man did not pay when his instalment was due after he had paid 20*l.* of the 50*l.* which he had borrowed, but he said he would pay it in due time if they would allow it to run on. His sureties were informed he had not paid up and that they would be liable, but they have not been called upon yet.

Chairman.

1603. Take the case of that farmer who borrowed 50*l.*; do you mean to say that his sureties for that amount need not be men of substance?—Both of them need not be.

1604. Let us see what we are doing. Do you mean to say that the committee of this bank lent this man 50*l.* without any responsible security?—No, there was one responsible security.

1605. There are two sureties required?—There are two sureties required.

1606. Always?—Always.

Mr. *Thomas Bayley.*

1607. There are three sureties really?—The man himself.

1608. Is he a responsible security?—The man himself promises to repay the loan; then his application for the loan is backed by two sureties who are members of the bank.

1609. Eventually, if he fails, they have to pay?—They are liable to be called upon.

1610. But it is purely a matter of charity for these gentlemen to be sureties for their neighbour?—Quite so; oh, yes.

Mr. *Garfit.*

1611. Have these sureties been called upon in this particular case?—No, they have been told that they are liable, but they have not been called upon; I believe the man has paid some back since then.

1612. Suppose they want to get out of their liability and say to you: Now, you must have that debt called in, and we will not be liable any longer, they would put you in a fix, would not they?—The whole of the members would have to do it. Although that is a part of the basis of the Raiffeisen banks, which last year did a turnover of over 11,000,000*l.* sterling in small loans from 5*s.* to 25*l.* (I have their sheet here), they say the bank itself has never had to be called upon in any case of a bad debt, which is exceedingly rare; the sureties have always paid it. It is looked upon as a debt of honour because they are members of the bank.

Mr. *Warr.*

1613. Are the Raffeisen banks all agricultural?—Chiefly. There is one in a small town in Germany, but it does not do much work.

1614. You are not telling us anything except about agricultural banks, are you?—No; simply these village banks in England.

Mr. *Garfit.*

1615. And of course, at present, they are very small?—Quite so.

Mr. *Thomas Bayley.*

1616. Do the people of the place join these banks, the small shop-keepers?—Yes, quite so; all the village people.

Chairman.

1617. On that, can you give us any idea of the proportion of members who are borrowers?—Of the village?

1618. Yes; the members of the bank who are borrowers?—Oh, members of the bank?

1619. Yes?—Three quarters, quite.

Mr. *Thomas Bayley.*

1620. Then can a person be a surety for his neighbour, and at the same time be borrowing, and the other man be surety for him?—No, that is not allowed. We have had one case of that kind, but that is not allowed.

1621. In a village where most of the people know one another, if a loan is taken out of this bank the whole village must know about it. Do not you think that the tendency would be to injure a man's credit in the village for buying (if he was a shop-keeper or anything in that way), that all his neighbours should know he had borrowed 50*l.*?—That is quite true in the first working of the bank; but that very soon wears off, and it is found that whilst in the first, second, or third year people are very chary of joining because they do not want anybody to know they are borrowing money, as soon as it is known that it is a combination or co-operation for obtaining money, when otherwise they would have to go and get it at usurious rates of interest, the people are very pleased indeed to take out these loans.

Chairman.

1622. Would you go the length of saying that this is an encouragement to small money-lending transactions?—For productive purposes, yes, and that is, I think, what we require. In a pamphlet or an address, which Mr. Yerburgh gave at Manchester, there are a number of questions which were asked these people. I might be allowed just to read the questions through, and if you wish, this can be put in, for instance, Castlemorton, in Worcestershire: "Date of formation, January 1896. Number of members 15" (that is very small) "Amount of capital 30*l.*" only, but all of which is lent out. "Composition. To what class do members belong? Mostly allotment holders, but all classes. Number of loans granted, nine; minimum amount of loan, 1*l.* 10*s.*; maximum amount of loan, 8*l.* For what purpose have loans been granted? Seeds, pigs, calves, manure, sheep. For what purposes do you think they will mainly be granted in future? Seeds, pigs, calves, manure, sheep. Are instalments being punctually re-paid? Yes. What is your opinion of the usefulness or otherwise of the bank? The bank is established to mainly help the small tenants to get a start. The bank has been a great help to all who have borrowed." And we have similar reports from six other societies.

Mr. *Warr.*

1623. Is that about the average scale they are on in England, or is that a small one?—That is a small one. The others are larger. Cottenham, in Cambridgeshire, has a capital of 100*l.*

1624. That is a big one, is it?—Yes, for us in England at present. Of course this Raiffeisen system

Mr. *Warr*—continued.

system for agricultural banks has been applied to limited liability; to town banks, which are known as urban banks in contradistinction to rural banks, and it might be of interest to the Committee to know that at present there is, in connection with Toynbee Hall, a committee which is inquiring into the subject. There are four or five banks started in towns in England for loaning out moneys to persons, and a committee is sitting now at Toynbee Hall with the purpose of getting all information, so that an urban banks association may be started for supplying these banks in towns. There is a most successful one at Finsbury Park, which was started by Mr. Fraser.

1625. Yes, we heard of that at the meeting before last?—Yes.

Chairman.

1626. Now is there anything else?—No.

1627. Have you gone through the main part?—Yes.

Mr. *Thomas Bayley.*

1628. I suppose these banks are used very much in the country for finding seed, or a few pounds for a man dealing with his allotment?—Yes.

1629. Making his allotment more valuable?—Yes.

1630. I should say they would be very useful in that respect?—Quite so.

Mr. *Jeffreys.*

1631. With regard to the farmer who borrowed the 50*l.*, you mentioned just now—— ?—Excuse me, that is our one bad item.

1632. I was not going to refer to that; but could not any farmer borrow 50*l.* from a bank with two sureties at a reasonable rate of interest?—I doubt whether he could so easily as he could with the agricultural bank.

1633. You do not know that it is done constantly?—Oh yes, I know it is done.

1634. What I want to know is why should there be any greater advantage in going to your agricultural bank than in going to an ordinary bank?—Because, as a rule, 50*l.* is rather a large amount; 5*l.* an ordinary bank would not look at.

1635. Fifty pounds is a large amount for your bank?—Yes, the agricultural bank.

1636. Your bank deals with small amounts?—Small amounts.

1637. You are enabled to give this credit because the capital of your bank is really provided for you free of interest?—No, not always. At Wiggenhall St. Mary's it is provided through the kindness of Mr. Gurney, at 3½ per cent., I think it is.

1638. I mean no ordinary business undertaking could carry on the business you do?—Not in its initial stages; but in Germany it is on a perfectly sound financial footing.

1639. Is it?—Yes; here we are in England simply commencing. For the first bank started in Germany Raiffeisen had to beg or borrow 300*l.*

1640. Are there the same capabilities of dealing with banks in Germany as there are in this country?—Do you mean the joint stock companies' banks?

Mr. *Jeffreys*—continued.

1641. The joint stock companies' banks and various country banks which open very small accounts, I believe?—Yes; but in this balance sheet (which is their last balance sheet of what was done) there are 2,828 Raiffeisen banks in Germany now, and they did a turnover of 230,000,000 of marks last year.

1642. How many pounds?—That is 11,500,000*l.*, and of that amount the loans are from 5*s.* up; but a big loan in Germany would be considered 10*l.*

1643. To your bank?—To these agricultual banks in Germany. You asked, I think, were the facilities equal in Germany for banking to those that we have in England?—Yes.

1644. There could not have been for these small amounts in Germany, I think, nor is there facility in England. If a man wants 5*l.* to buy manure, but cannot pay it back at once, as a rule he has to get credit of the manure merchant (who fleeces him pretty strongly), or else he has to go and borrow his money somewhere else, and get it at a high rate of interest. The great thing is that by means of these banks small tradespeople, small agriculturists, are enabled to handle cash and get their goods at the lowest possible cost, and they themselves are their own bankers in one sense, because they combine together to obtain their capital. The development of that is well shown in what has taken place at Pembury. These people, in 1894, when they began their bank, had no idea as to what their possibilities were, and they did not feel in need of money, I suppose; but when they found that money was to be obtained they began; they wanted more land, and they combined together to take a farm co-operatively of 120 acres; then they combined together to buy their seeds and manures and everything in large quantities at wholesale prices; and now the latest development from this agricultural bank at Pembury is that they are hoping to start a co-operative disposal store in Tunbridge Wells, Pembury being 2½ miles from Tunbridge Wells; and that is a good illustration, I think, and what is meant by the productive purposes of the loan. These people of Pembury are far better off now (the villagers themselves) because the bank was started there, simply because of these developments.

1645. Then how does the man who has no credit get a loan?—He cannot get it from a bank.

1646. From your bank?—No; he must be a member; he has to be elected a member of this unlimited liability bank.

1647. Would you elect a man who has got no credit; that is to say, no fortune of any kind?—If his moral character were guaranteed by his two nominees.

1648. If his moral character was good you would elect him?—Yes; that is the great thing about the Raiffeisen system.

Mr. *Thomas Bayley.*

1649. Do you mean by his "moral character" his general character?—Quite so.

1650. A man of good character?—Yes.

1651. A man who pays his way?—Yes.

Mr. *Yerburgh.*

1652. Is it not a fact that any large firm of bankers are a good deal actuated in the advances they make to their customers by a knowledge of their character?—I should think so.

Mr. *Garfit.*

1653. That is not "moral character"?—Quite so.

Mr. *Yerburgh.*

1654. By "moral character" I understand you mean a man of business habits, or of thrifty habits?—Yes.

1655. A man who does not go to a public house?—Well, not too often.

1656. That is to say, a man who is likely to succeed in business?—I do not mean morals in the religious sense of the term, but in the broad sense.

Mr. *Warr.*

1657. What Act of Parliament do you avail yourself of in England; do you register under any Act of Parliament?—Yes, the Industrial and Provident Societies Act, 1893.

1658. Then does the Registrar of Friendly Societies have to review the scheme and sanction it?—Yes; the rules have been drawn up (a copy of the rules applicable to agricultural banks, founded upon Raiffeisen lines were drawn up) and submitted to Mr. Braybrook, the Registrar. They were, of course, accepted by him, and those are the rules which are now generally adopted by any society which starts.

1659. You do not tell us about the town banks, do you?—Well, I have not had great experience as regards those yet.

1660. You have not had personal experience of them?—I have visited three of them.

1661. It has not grown into anything very important?—No, not yet. I am on this Committee, which is trying to start them.

Mr. *Yerburgh.*

1662. I noticed that Mr. Garfit raised a question, which was interrupted before you could answer it; he asked you whether you proposed that any alteration should be made in the constitution of these banks, to enable them to fulfil their work better; otherwise he did not quite understand why you had come here?——

Mr. *Garfit.*

1663. No; whether he had proposed anything in the shape of legislation with regard to these banks, and is that the reason why he came here.

Mr. *Yerburgh.*

1664. I understand the reason why you came here is that you are acquainted with the criticism made against the action of this Committee, that though it is possible that this money lending may be a great evil, yet that the smaller classes of the community do want money, and that if you destroy the money lending system there is no other system to which they can have resort?—Quite so.

1665. I think you know that that criticism has been made against this Inquiry?—Yes.

1666. I gather that you come here to show the Committee that there is a system abroad which has been of the greatest service, and has met the legitimate wants of the smaller class of the community?—Quite so.

Mr. *Yerburgh*—continued.

1667. A system which has practically destroyed usury in those countries?—Quite so.

1668. Therefore it is your opinion, is it, that this system, if it increases its operations, will supply a want and, at the same time, be one of the most effective ways of combating usury?—I think I may go further, and say, from my study of the system, that it is the only solution of the matter as to the combating of usury; not only the agricultural banks, both urban and rural, but the system of co-operative credit which has grown up in Germany, starting in the rural and then passing on to the urban; and it is acknowledged on all sides in Germany and in Italy and in France, and in all countries where this has been adopted, that the usurer has had to go to the wall; and this system has not only provided the people with capital, but its educative value has been remarkably powerful.

Mr. *Garfit.*

1669. No doubt, one good of this Committee, with regard to money-lenders, is to advertise them?—Yes.

1670. The second is remedies?—Yes.

1671. Then I may take it, from your answer, that you wish to have the first advantage, that these better companies should be known; but that you do not suggest any remedy or any alteration in regard to legislation to help them?—To help these people?

1672. To help these companies?—To help these banks?

1673. Yes?—I should be very pleased if we could get a grant as Prussian people did.

Mr. *Yerburgh.*

1674. I understand, under the present law, you have to go under the Friendly Societies Acts?—Yes.

1675. And there are certain restrictions which at present prejudice the action of the banks?—True.

1676. If these banks could be constituted under a special law which would apply to them, the action of bankers would be freer and they would be able to carry on their work better?—Yes, that is so.

1677. There are certain restrictions under the Friendly Societies Acts which interfere with the development of the banks, and with the usefulness of their work; I would ask you what those restrictions are?—Unfortunately, at present, no bank is allowed to receive on loan a greater amount than two-thirds (I think it, is two-thirds) of the amount it lends out, that is supposing a bank has a hundred pounds——

Chairman.

1678. We quite understand that?—Yes.

Mr. *Garfit.*

1679. Do you wish to alter that?—Well, I do not see why a bank should not be allowed to loan out what it has, and as much as it has.

1680. How are you to repay any part of these deposits?—How do you mean?

1681. I think you take deposits. Besides borrowing money from gentlemen, like Mr. Gurney, I think you take from men in your own society

Mr. *Garfit*—continued.

society money on loan?—Yes. I do not know whether it is right to tell a Committee of the House of Commons so, but that is a slight evasion of the law.

Chairman.

1682. Your taking deposits?—Taking this from other people. Is that a deposit or a loan?

Mr. *Warr.*

1683. I must say I have the greatest difficulty in getting into my head how any system like that, which is based upon a sort of family relationship, would work in a town. You see, if you confine yourselves to 600 inhabitants, you can imagine a sort of family relationship existing between them; but I do not see it in a great big town; Whitechapel, for instance?—In a town they have limited liability.

1684. A totally different system?—Yes, that is the basis, there is a certain alteration of working; there has to be an election; there are both these committees of control and of survey, and a general meeting having total power, but there are shares and there is limited liability.

Chairman.

1685. You are getting away from Mr. Yerburgh's question. The question is: What are the restrictions under the Friendly Societies Acts, you have given one?—That is the one.

Mr. *Garfit.*

1686. Is not that restriction made from long experience of what other banks have done safely; where they have gone beyond lending two-thirds they have generally got into difficulties?—Those banks have not been based upon the principles of these Raiffeisen banks.

Chairman.

1687. May I put this to you: Do you think it is right for a bank, founded as these banks are, to lend up to the whole of their capital?—I think it right, because in practical experience in Germany, France, and Italy it has never proved wrong.

Mr. *Yerburgh.*

1688. You have given us the figures of the total business done by the banks in Germany last year. Can you kindly tell the Committee whether there were any cases of default amongst these banks in Germany?—Not one that is known.

1689. Can you tell us whether in previous years there had been any case of default?—The central organisation of the Raiffeisen make it their boast that they have never had to call upon the members of the bank.

1690. What is the central organisation?—It is practically equivalent, if I may so liken it, to our own Agricultural Banks Association.

1691. Does it find money for the use of the various banks at a certain rate of interest?—The Raiffeisen system has three distinct parts: There is the central bank, which is a joint stock bank, and has open credit to the extent of two-and-a-half million marks with the Reichs bank, the Government bank, and is allowed to participate in this amount of 20,000,000 marks which

Mr. *Yerburgh*—continued.

has been passed in a bill by the present diet, and it has limited liability in shares (the central bank), and they finance the local banks. It is practically what Mr. Gurney does at Wiggenhall St. Mary's, and Sir Edmund Verney at Steeple Clayden. Then there is a propaganda body which has to do with appointing auditors; which has to do with appointing men who go about organising, and which has to do with the general executive propaganda apart from the purely financial bank business; and, thirdly, there is what is known as "the firm of Raiffeisen and Partners," which has to do with buying and selling, that is, buying wholesale and selling for the various individual banks.

1692. May I ask you, upon the question of the bankers in this country, as regards the smaller people, whether, in your experience, it is possible to obtain advances from a bank for so small a sum as, say, 1*l.*?—I do not think so.

1693. Or 2*l.*, or any sum under 5*l.*?—I do not think so. I do not think an ordinary shopkeeper who wanted 5*l.* within a week could go at once, and within a week get it from an ordinary bank.

1694. Then I understand that these loans under the Agricultural Banks Association are made for the purpose of agriculture for long periods?—For long periods.

1695. Is it the custom of banks in this country to make loans for long periods?—It just depends upon the amount, I should imagine; not for small amounts.

1696. It is not part of their system?—I do not think so.

1697. Then again, does a bank in this country, in advancing money, lay down any specific rule as to the application of the money that is lent?—No, not that I am aware of.

1698. That is to say, your small tradesman might go to the bank and borrow his 5*l.* note and go and spend it on the racecourse?—As long as he paid it back I do not think the bank would mind.

1699. I gather from that answer that they do not watch the application of the loan?—No, not that I am aware of.

1700. Then I gather your view is that while the extension of the system of credit is good for industrial purposes you do not consider it would be good for purposes such as I have described, a man borrowing this money and spending it on a racecourse?—No.

1701. Then you think the extension of money lending in a small way, though it may not be of use to the richer agriculturist, would be an advantage to the small agriculturist?—Most decidedly. I tried to express that by saying I thought it very advisable that we should have this loaning of money for productive purposes, and I tried to prove it by the specific object-lesson which we have in Pembury.

Mr. *Garfit.*

1702. Where do you carry on this business. I suppose you have not regular offices?—Oh, yes, the Agricultural Banks Association has; but that is simply purely a propaganda body.

1703. And in these villages the banks are registered?—They must be registered.

1704. That

Mr. *Garfit*—continued.

1704. That would be wherever the secretary is, I suppose?—Wherever the secretary is; they must be registered under the Industrial and Provident Societies Act, and must have a registered office.

1705. I suppose you call them "banks," although they are registered under that particular Act, because it is a more attractive title?—No, the point is, one does not want it; it only has to be attractive in the villages to the people themselves; you are not catering for anybody and everybody; you are catering simply for specially elected members, who are supposed to be decent folk.

1706. Yes, it is not for everybody. It really is a society, is it not?—A self-help society.

1707. It really is a society?—Yes.

1708. I mean, it does not meet the needs of anybody and everybody like the ordinary bank?—No.

Mr. *Yerburgh.*

1709. On that, may I ask whether these societies do not meet the wants of all people of good character in the village?—Yes.

Mr. *Garfit.*

1710. They do not meet the general public that just come in every day?—No.

1711. They must be members?—They must be members; quite so.

Mr. *Yerburgh.*

1712. May I put it in this way: there is no limit to the number of members?—Not at all.

1713. That is to say, every village might have every man in it who cared to be a member?—Yes, and a good thing too.

1714. Therefore, in every village in Warwickshire, for example, there might be a bank, and every bank might have in it all the members of the village?—Quite so.

1715. And practically those banks would supply the wants of all the community in the village?—Yes, and would be very beneficial to the village.

Mr. *Thomas Bayley.*

1716. As a matter of fact, any stranger coming to the village, unless he were well known, would not be admitted?—Yes.

1717. But they are all well known in the village?—Yes.

Mr. *Yerburgh.*

1718. Are you aware that it has been stated by bankers that these societies would be of advantage to them in enabling their money to reach classes which it otherwise could not reach?—I have been told by a bank manager, one of Mr. Gurney's banks, the bank at Kings Lynn, that they look upon these banks as being special feeders for their own banks, and that they would be very glad indeed to assist in their formation, so far as they possibly could, simply because they would thereby tap sources from which they are debarred at present.

Mr. *A. K. Loyd.*

1719. Just tell me this: Is the word "bank" introduced into the title in any other country except in England in these banks?—Yes.

Mr. *A. K. Loyd*—continued.

1720. What is the German word for bank?—For instance, in the Italian it is Banche Popolari.

1721. What is it in German?—Darlehnskasse.

1722. Does kasse mean a bank?—Practically, kasse; darlehns is simply a loan.

1723. Does any inconvenience arise from using a word which is already appropriated to what we know as a bank, in those other countries?—I do not think so.

1724. Why should not they be called "Co-operative Credit Societies" or "Loan Societies"?—It would be just as well.

1725. Would it not be much better to get clear of all this endless confusion about what bankers do, and give a title which really represents the business that is carried on?—You see it is practically a bank for the people, the people's bank in a village; it is there, and it does everything that a banker does.

1726. Would it be as adequately described by calling it the "Co-operative Credit Society" of the village?—"The Co-operative Credit Society"; yes; quite so.

1727. Would it not avoid a great deal of hostile criticism if you kept off the name of "bank"?—Here is a balance sheet of one of these credit societies.

Mr. *Thomas Bayley.*

1728. I should like to see one?—Here are four (*handing in the same*).

Mr. *A. K. Loyd.*

1729. Would it not avoid a great deal of hostile criticism if you kept off that word "bank"; are you not perpetually cross-examined about how these resemble ordinary banks?—Yes.

1730. In consequence of calling it the "Agricultural Bank"?—I do not think we have had much criticism on that ground.

1731. Anyhow, you have had before this Committee?—Quite so.

1732. Now, as I understand, this system began in charity and benevolence; do try and answer; I want to get on; did it begin like that?—No.

1733. Then "No" is the answer; how did it begin?—It began by Raiffeisen himself wanting to help the people; the first loan was a charitable loan, if you like.

1734. That is what I want?—But he did not want to start a charitable system; he wanted to found a system on purely business lines.

1735. Whether it succeeded or not, he was determined to try it, to see whether it would work?—Yes.

1736. Charity was not the ultimate object; in your judgment, you having studied the thing carefully, has it long ago passed out of the region of charity into that of a pronounced success?—Most decidedly.

1737. Is the principle which has been tapped by these societies (you know what I mean by "tapped") the principle of providing credit to people in a humble condition of life, who are industrious and respectable, the principle of finding them credit?—Yes.

1738. You have come into the matter rather recently; perhaps you do not know that it has long

Mr. *A. K. Loyd*—continued.

long been felt to be a very serious impediment to the progress of the poor man, that credit is practically beyond his reach?—Yes.

1739. Where the advance can be confined to a productive purpose, and its application supervised by the neighbours of that man, has it been found that credit can be given to people, under those circumstances, who otherwise could not possibly obtain it?—Yes.

1740. And is that a want which has been supplied, in your judgment, by these banks?—It is.

1741. Have you found that, when they are first started, the confusion, about there being some stigma in a loan, originally attaches to these loans?—Yes.

1742. But in course of time is it found that borrowing for productive and industrial purposes carries with it no stigma whatever?—Yes.

1742*. And that is rather a sign of advancement and progress than otherwise?—They are proud to belong to the bank and to borrow from it.

1743. As soon as that feeling is established in the village community, or wherever it is started, does the stigma absolutely disappear and is the matter looked upon, as I understand you to say, rather as a matter to the borrower's advantage than otherwise?—Yes, I think so.

Mr. *Caldwell.*

1744. Your system applies to villages and small towns where people know each other?—Yes.

1745. It would not apply to the case of a large town or city, would it?—There is a modification of the system which does.

1746. What is that modification?—Simply the application of these urban banks, the subject of which I say is now being investigated in England by a committee with a view to establishing them in England; they are working under what is known as the Schulze-Delitzsch system.

1747. All your evidence has been with reference to a small district where the members of the bank were known to each other?—Yes.

1748. You have told us nothing about how we are to get on in the case of a large town or city?—Simply because I do not know sufficient about it to tell you that, sir.

1749. It is simply the village population; it is limited to that?—Yes.

MR. F. J. WILLIS, sworn; and Examined.

Chairman.

1750. You are on the permanent staff of the Local Government Board?—Yes, that is so.

1751. You act as Private Secretary to the Parliamentary Secretary?—Yes.

1752. Are you aware that an Indian Bill was sent to me from the India Office by the Secretary of State?—Yes, I have read the Bill.

1753. Have you examined that Bill?—Yes. Briefly it proposes that no court shall allow an amount of interest exceeding the amount of the original principal. It is a Bill of only two clauses, I think.

Mr. *Garfit.*

1754. Is there any limit of time in that Bill?—No, there is no limit of time in the Bill.

Chairman.

1755. That Bill was not passed, was it?—No, it was not passed.

1756. The Government of India, I understand, took the opinion of the judiciary, and other persons of authority in India upon it?—That is so; yes.

1757. Have you examined the replies of the judges and the commissioners of provinces?—Yes, I have.

1758. Can you give the Committee an idea of what these replies amount to?—I will read you one or two short extracts from typical replies.

1759. What I should like you to do is this: I should like you to give the Committee an idea of the substance of the replies and then put in at a future time to be printed as an appendix the opinions in full?—Yes.

Mr. *Garfit.*

1760. On this one point about interest?—Yes. A copy of this Bill was sent to important people throughout India; the judges of the several courts and district judges.

1761. And this Bill contains other points perhaps, does it?—No, it does not. Observations were asked for, and many of the observations were not merely confined to that Bill.

Chairman.

1762. But they gave their opinion upon the general question of how to deal with usury?—Yes, many of them did

1763. Just read one or two extracts from the opinions?—There is a letter here from the Acting Chief Secretary of the Government of Bombay. It says: "The Governor in Council, while approving of the principle of the Bill and the general object in view, is inclined to share the opinion expressed by several of the officers consulted, that the Bill, if it became law, would probably be of but slight efficacy; and considers that the objects sought would be best obtained by an enlargement of the equitable jurisdiction of the ordinary courts, a proposal for which, he believes, is now under the consideration of His Excellency the Governor-General in Council." That is from Bombay. There is a letter to a very similar effect from the Chief Commissioner of Assam: "The Chief Commissioner, I am to say, is disposed to agree generally in these conclusions, and he considers that those cases in which the creditor takes advantage of the necessities or ignorance of the borrower to charge exorbitant interest would perhaps best be met by allowing discretion to Civil Courts to reduce the amount of interest claimed in cases in which the interest exceeds the principal, or the principal as reduced by subsequent payments."

Chairman—continued.

ments." Then there is a similar letter here from His Excellency in Council, of Madras. He says: "This Government" (that is, the Madras Government) "would rather trust to the other proposals contained in the letter of November 1894." I have not seen that letter, but there were some other proposals made in India in regard to usury generally, and he says practically what they were. "These were (1) to declare that the Courts may, before awarding interest stipulated on a bond, enquire whether there has been coercion, undue influence, fraud, or the like; (2) to empower the courts to reduce penal rates of interest when these are manifestly unconscionable or unreasonable; and (3) to require, as in many European countries, professional money-lenders to keep regular accounts, to balance every individual account once a year at least, and to deliver to each debtor periodically a statement of his account up to date." Then the Bengal Chamber of Commerce were consulted, and they say: "The Committee admit that there are evils connected with the practice, at which the measure is aimed, which demand the closest attention of Government; but they cannot see how these evils would be dealt with by so crude a measure as that under consideration. Without going so far as at this time to suggest an alternative proposal, the Committee incline to the view that an extended power to judges in equity might be surer and safer than an attempt to legislate on particulars." The Chief Secretary to the Government of Bengal says: "In order to ascertain the actual original principal, the court should, if necessary, be authorised to go behind the bond." There is an opinion here by the judge, Mr. Justice Ameer Ali. He agreed with the Bill, but he said this: "At the same time, in order to make it more effective, I would suggest that power be given to the Civil Court to reduce the rate of interest agreed between the borrower and lender, whenever it considers that such rate is excessive, extortionate, or unconscionable, as well as to make the decretal amount, whenever expedient, payable by instalments." There is a letter here from the Judical Commissioner of Hyderabad Assigned Districts, who is an important official. He says: "Interest charged for any other period than the original period of the loan, and on any other account, should be entirely in the discretion of the Court, which should, in deciding what amount is to be allowed, be at liberty to apply any equitable rule, and to have regard to all and every detail of the case." This is from the Commissioner and Superintendent of the Delhi division: "My own opinion is that such an enactment will be useless. What is wanted is a much more drastic measure, a measure that will authorise courts to go behind bond in all cases and refuse to make themselves engines of oppression by enforcing unconscionable bargains. This Bill is futile, and it is only trifling with a serious subject." The next opinion is that of the Commissioner and Superintendent of Jullundur Division, and is: "What we require is a law which will enable the courts to go behind the balance struck, or the bond, and inquire into the consideration actually received." The District Judge of Patna says: "The only way, as far as my experience enables me to judge, by which we can get unconscionable bargains under any kind of control by the courts is to have short terms of limitation with absolute power to courts to pass whatever seems an equitable decree." The District Judge of Noakhati says: "In my opinion the best and safest remedy is that of giving a wider discretion to the courts." The District Judge of Dacca says: "There is another way to deal with the evil effectually, viz., to give the civil courts absolute discretion to award interest at any rate which, under the circumstances of each particular case, they may consider fair." The Commissioner of the Chittagong Division says: "The object sought would best be attained by giving courts a discretion as regards the award of interest." The District Judge of Gaza considers "an equitable discretion should be vested in the courts." The District Judge of Murshidabad says: "I think it would be necessary to act upon the equitable rule against unconscionable and hard bargains by enacting, as proposed by the Allahabad High Court, that when the interest exceeds a certain sum the burden of proving the bargain fair should he on the lender." I might read you, perhaps, one or two judges' opinions?

1764. Yes?—They are much to the same effect, most of them. "The proposed measure would tend rather to increase the present evils. Possibly, a discretion might be given to the court in certain cases, where the interest is considered excessive, but such a discretion would need to be used very carefully."

1765. Who is that?—I see that is from a deputy commissioner, who is a kind of judge in India, the Deputy Commissioner of Cashar.

1766. Then you will go over the whole of the opinions at some future day and hand them to the shorthand writer?—Yes, or send them to the secretary.

1767. Or send them to the Clerk to the Committee; but substantially they are all on the same line, you say?—Yes. I might just give the numbers. Taking the judges, I should say that of 30 who have given an opinion on the matter, 17 are in favour of giving discretion to the courts; others say, without giving their reasons, that they approve of the Bill. I should think perhaps six or eight simply say they approve of the Bill, and the remainder say that they think the Bill will neither do harm nor good; that it would be useless.

1768. But the Bill had in it no element of discretion for the court, had it?—It had no element of discretion.

1769. You will put in the Bill also?—Yes.

Mr. *Thomas Bayley.*

1770. Is there no time specified in the Bill?—There is no time specified. The idea is, I suppose, to make the lender sue earlier.

Thursday, 24th March 1898.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. Garfit.
Mr. Thomas Bayley.	Mr. Jeffreys.
Mr. Caldwell.	Mr. T. W. Russell.
Captain Chaloner.	Mr. Warr.

MR. T. W. RUSSELL IN THE CHAIR.

His Honour Judge SNAGGE, sworn; and Examined.

Chairman.

1771. I BELIEVE you are one of the county court judges?—I am.

1772. What is your district?—I have Circuit No. 36, which includes practically the whole of Oxfordshire, a very great part of Northamptonshire, part of Buckinghamshire (North Bucks), and a slice of North Berks.

1773. How long have you been a county court judge?—I have been 15 years a county court judge within a very few days, and for the first six years of my experience of the bench I was county court judge in the West Riding of Yorkshire, Circuit No. 12, which included Huddersfield, Halifax, Dewsbury, Todmorden, and a large manufacturing and industrial circuit.

1774. During that time, I suppose, we are right in assuming that you have had a good deal to do with these money-lending cases?—I have had a good deal of experience of them as they have come before me at the courts; but it must always be remembered that comparatively a small percentage of the cases of real hardship come before the judge, or allowed to come before the judge; the defendants, as a rule, are generally afraid of exposure.

1775. That I can quite understand?—But my experience has gone through, as will be seen, a large manufacturing district; an agricultural district at present (in Oxfordshire, Bucks, and Berks); a university town (Oxford), and also a densely populated district, where there is a staple trade, such as Northampton.

1776. Now, would you say that the working of this money-lending system brings great hardships on the poor?—I have no doubt of it. I have no doubt that amongst the industrial classes of this country, what may be called the poorer classes (of course I have no experience whatever of the West End money-lenders, or that side of the Inquiry), there is a great deal of hardship inflicted by the usurious interest exacted from them under obligations contracted when they are in a necessitous and almost a desperate condition.

1777. There are some questions upon which we would like your assistance, questions that have been before the Committee; I have no doubt you have seen them. The first question I should like to ask you upon is this: These men trade under a variety of names; in the case of Isaac Gordon, we have had in evidence (his own evidence, in fact) that he trades under seven different names; would you suggest any remedy for that?—I am afraid there is no remedy that can be suggested that would not apply to prevent the conduct of business by many individuals who trade under names other than their own, and I can hardly see how a man can be prevented doing that. I know no machinery by which a man can be prevented from trading in one town in one name and in another town in another name.

Chairman—continued.

1778. I will put this to you: We have it on the Minutes that a lady in Chester borrowed 50*l.* from a Mr. Benjamin Edwards; she defaulted she applied to another money-lender and borrowed 100*l.*, and paid Benjamin Edwards; I think Rylands was the second money-lender she borrowed from; she defaulted there; she borrowed from a third money-lender and paid Rylands; the third money-lender was Isaac Gordon himself; she went bankrupt then; and when the facts came out it turned out that the three money-lenders were one and the same man; is there any remedy, do you think, that the law could provide to meet a case like that?—I am afraid there is no direct remedy which would prevent him from trading in the different names.

Mr. *Ascroft.*

1779. It can be done by Act of Parliament, cannot it?—I think later on I can suggest how it could be done in another way.

Chairman.

1780. Let me put this to you: would you approve of money-lenders being registered?—If you could define the term "money-lender."

1781. Leave that to Parliament, please. Would you approve of their being registered?—There could be no harm whatever in having a list of money-lenders, provided that the fact of their registration was not to be adopted by them as a badge of respectability.

1782. Quite so. Do not you think that if the law provided that these professional money-lenders were to be registered as such, that would strike at a man plying his trade in different names?—It would be more easy, certainly, to discover the fact that it was the same man trading under different aliases.

1783. But the man would be bound to register

Chairman—continued.

under his own name?—He would; but still I hardly see how you could prevent him; assuming that the registration was complete, you could hardly prevent him registering his name with half a dozen different aliases.

Mr. *Warr.*

1784. He would have to make a statutory declaration as a condition of registration, would he not. Then he would have to declare that he carried on business in that name and in no other?—You might thus restrict him, certainly; but you could hardly apply it to him unless you defined "money-lender."

Chairman.

1785. If we went a step further could we get at it. If the law provided that these professional money-lenders should be licensed, would not that meet it?—I am inclined to think that the first thing they would do with that licence would be to insert in their advertisements that they were licensed by Act of Parliament under the recommendation of a Select Committee.

1786. I think it is exceedingly likely?—They would use that as a grand cordon of respectability.

1787. I can see that you have very little faith in remedies of that kind as getting at the real evil; I do not say that we do not concur in it; at all events, I quite see the bent of your mind as regards these special remedies?—If you can define "money-lender" so as to confine the definition to the particular class concerned with the mischief that you desire to deal with, then I am quite in favour of registration. We do register a number of professions; we register the medical profession; we license the solicitors' profession, and so on.

1788. And we license pawnbrokers?—We license pawnbrokers and we license hawkers.

Mr. *Ascroft.*

1789. And marine store dealers?—And marine store dealers, quite so; and in the case of the Bar you have the Bar List, which is equivalent to it.

Chairman.

1790. A witness to whom I, personally, am prepared to pay very great deference, Mr. Justice Mathew, advised us the other day to avoid definitions if we could?—Yes, I quite agree.

Mr. *Ascroft.*

1791. Especially in respect to the word "money-lender"?—That I quite understand.

Mr. *Warr.*

1791*. And he did not anticipate any difficulty arising from the use of the word "money-lender"; he thought it was quite a well understood term; so did Mr. Justice Hawkins?—The term "money-lender" is, in itself, not a term of reproach: it ought not to be; but it is one of those compound words which have fallen into disrepute.

1792. It does distinguish a particular trade now, does it not?—Oh, it is perfectly understood; but when the Parliamentary draftsman comes to deal with "money-lender" it will not be sufficient for him to say to him, "It is perfectly understood," because he will want to draw a clause in a bill which is not open to that ambiguity.

Chairman.

1793. I will now take another class of remedies. I have no doubt you have seen discussed in the newspapers the question of investing the county court judges, judges of the Supreme Court, and registrars in Bankruptcy, with a discretion in all these cases; what do you say to that?—The county court judges have already a very large amount of discretion vested in them in certain cases, which I will venture to point out in a moment. To increase that would be to impose an additional burden upon them, but we are quite accustomed to having burdens put upon our shoulders without our assent, so that that does not matter. We have already a very large discretion under the Bankruptcy Act. Under the 122nd Section of the Bankruptcy Act, if a small debtor who owes less than 50*l.* (one of the poorer classes) makes a declaration on oath that the statement of affairs which he appends in his schedule represents the whole of his indebtedness (it is generally a short schedule, beginning with the baker, the grocer, the draper, and ending, of course, with the money-lender); if he makes an affidavit to the effect that that is an accurate statement of his affairs; if he makes a clean breast of the whole of his affairs, and of the cause of his inability to pay the judgment debt (he is supposed to be a judgment debtor at the moment), the county court judge then is invested, with perhaps the largest statutory jurisdiction given, to any judge in this country. He may, if he thinks it a case for it, practically wipe out the whole of that man's debts; he may direct that any poundage to meet the case may be paid, and he may direct that the payment of that poundage may be extended over a series of years by instalments.

Mr. *Jeffreys.*

1794. Did you say he "may wipe out the whole of the debt"?—Practically he may. For instance, the man may owe five and twenty pounds.

Mr. *Ascroft.*

1795. Is not that limited to the amount of debts; is not it 50*l.* that he must owe?—"Not exceeding" 50*l.*

1796. And is it not commonly known as "administration order"?—The administration order under the 122nd Section of the Bankruptcy Act. I am merely alluding to it as an illustration of the discretion that is already vested in county court judges, the statutory discretion of, in fact, confiscating the creditor's debt. The county court judge, if he sees fit to do so, may direct that payment of those debts should be made at the rate of 1*s.* in the pound, by instalments of 6*d.* a month, if he pleases, if he thinks it a case for it.

1797. He cannot make separate orders in respect to different classes of debt, can he?—Oh, no.

1798. For instance, if the money-lender claims 10,000 per cent. interest, and the butcher for his beef claims 5*d.* or 6*d.* a pound, they have each to be paid in the same ratio?—Unfortunately that is so. There is no power at the present moment that does meet that case. I merely referred to the power as an illustration of the discretion that is already vested in the county court judge.

1799. Do

Mr. *Garfit.*

1799. Do I understand it is only up to 50*l.*?—Up to 50*l.* only, under the Bankruptcy Act; if such a discretion is already vested in the county court judge, it is hardly giving him greater power to say he shall cut off, not the amount of the debt, but merely a portion of the interest on the debt.

Chairman.

1800. That is the point I want to press?—That is the present state of the law.

Mr. *Ascroft.*

1801. He cannot reduce the exorbitant debt of the usurious money-lender without treating the honest tradesman in a similar manner?—Unfortunately he cannot.

1802. Then in that respect it would require alteration?—It would require some alteration.

Chairman.

1803. I understand your answer is, that inasmuch as a certain discretion is now vested in county court judges upon matters in bankruptcy, you think that it would not be wrong to extend that discretion to cases of this kind?—Yes, but I am hardly advising that the thing should be done.

1804. No; but we would be glad of your opinion?—I am merely pointing out, for the information of the Committee, that it would not be a new departure on the part of Parliament to vest in the county court judges some such discretion.

1805. Now I will put it a little further: do you think that if Parliament vested this discretion in the county court judges, taking your own experience, that you could mitigate, materially, many of the hardships inflicted upon the poor now, without doing any real injustice to the money-lender?—I think so. If you will allow me I will tell you what I think of the methods of a certain class of money-lenders in getting the poor into their clutches. There are just three ways in which the poor can borrow. They can borrow from a pawnbroker if they have goods to pledge; that is perfectly honest, perfectly legitimate, and it is a transaction which is beyond all question.

1806. And the interest is limited?—And the interest is limited. A *quasi* usury law is, to a certain extent, applied, and it works admirably. There are never any complaints. Pawnbrokers, as a rule, are a very worthy and respectable class of the community; they are the poor man's banker; they do for the poor man exactly what the banker does for the rich man; they advance him a loan upon security; save that in the case of the poor man the interest is fixed; it is not arbitrary, but fixed.

Mr. *Jeffreys.*

1807. What is the interest?—It works out at about 24 per cent., and the security of the pawnbroker is absolute, or it is his own fault or a risk of his business if it is not.

Chairman.

1808. That is the first way?—That is the first. The second is the bill of sale, and the bill of sale as it works, as it has been worked of late years, is a piece of machinery for securing a creditor; which has gone very far and very wide indeed beyond the original intention of the bills of sale legislation. The legislation under the Bills of Sale Act was intended to give the poor borrower the advantage of a pawnbroking transaction without the removal of his furniture from his house; that was the object of it; that was the intention; and the Bills of Sale Act of 1878 (by which bills of sale were limited to a minimum of 30*l.*) worked fairly well for three or four years, until the Amendment Act of 1882. By the Bills of Sale Act of 1878 the attestation of bills of sale was required to be made before a solicitor of the Supreme Court. Section 10 says: "A bill of sale shall be attested and registered under this Act in the following manner: (1) The execution of every bill of sale shall be attested by a solicitor of the Supreme Court, and the attestation shall state that before the execution of the bill of sale the effect thereof has been explained to the grantor by the attesting solicitor." I do not know whether I am stating anything that is new to the Committee, or whether it has come out in evidence before, if it has you will kindly stop me.

1809. We have had a very great deal of evidence on this subject, you are not likely to say anything that is very new, but we are glad to hear it at all events?—By the Bills of Sale Amendment Act, 1882, that most wholesome provision was repealed.

1810. That is the removal of the solicitor as regards the attestation?—The removal of the solicitor.

1811. Who was bound to explain the effect of the bill of sale?—The words of the statute are that "the attestation shall state that before the execution of the bill of sale the effect thereof has been explained to the grantor by the attesting solicitor."

1812. That was removed by the amending Act?—That was repealed by the amending Act.

Mr. *Garfit.*

1813. Do you mean a solicitor of the High Court; would not that be an ordinary Commissioner?—No, not necessarily a Commissioner, "a solicitor of the Supreme Court"; any solicitor would do. A Commissioner is for attesting an oath. Then, by the Amendment Act of 1882 that provision or precaution was repealed. The principal object of this enactment was to provide for local as well as central registration of bills of sale. Then Section 10: "The execution of every bill of sale by the grantor shall be attested by one or more credible witness or witnesses, not being a party or parties thereto." The effect of that, in my experience, has been this: taking the case of the usurious bills of sale which have come before me, the attestation has generally been made by the clerk, or some creature of the money-lender, who has advanced the money. It is very difficult to get at the facts, because these things are not brought before me for months, or perhaps years, after the actual occurrence, and the clerk an obscure person may have disappeared, and perhaps the attesting witness is not forthcoming; but, in my opinion, that has been a very disastrous modification of the original Bills of Sale Act. How it came to be inserted in the amending Act I really do not know. I have endeavoured to trace it.

1814. I was

Chairman.

1814. I was going to ask that?—I have endeavoured to trace it in Hansard; and it is perfectly clear, from the Reports of the Debates, that the alteration was made during the passage of the Bill through the House of Lords. The Bill was referred to a Select Committee of the House of Lords, and when it came back to the House of Commons there was a motion to disagree with the Lords in certain amendments, and Mr. Whitley (who was then Member for Liverpool, a solicitor of great experience) and Mr. Warton (who was then a Member of the House, a barrister), both of them gentlemen of considerable acumen, pointed this out. Mr. Whitley said: "If the Bill passed as amended by the Lords, it would be competent for the man borrowing money to go to the money-lender's office, where the money-lender's clerk might attest the document, the man who was principally interested being possibly an illiterate person, knowing nothing at all as to the nature of that which he had signed." Mr. Warton pointed out that it "was a most important matter, as the effect of the Lords' amendment would be to destroy one of the most important provisions in the Act of 1878, which required that a person about to borrow money, and give a bill of sale, should do it in the presence of a properly certificated solicitor." Then it happened that at the end of Mr. Warton's speech the House was counted; and the division was taken immediately after the count, which may possibly account for it.

1815. The House was not counted out, but it was counted?—The House was not counted out, but a count was taken, and the division was taken immediately after the count, with the result that the Lords' amendment was approved.

1816. Agreed to?—The motion to disagree with the Lords' amendments was negatived.

1817. That certainly is new and very interesting. Your opinion is that we ought to go back to that proper attestation?—Not only that, but I should go further, and I should say that every bill of sale ought to be attested before the registrar of the local county court, and that it should be part of the effect of the attestation that "this bill of sale has been explained by the registrar to the grantor." I would insist on this, having regard to the observations of Mr. H. H. Fowler, now Sir Henry Fowler) in the debate alluded to. He said: "The Committee found it a perfect farce to insist upon the attestation of a certificated solicitor. Money-lenders it was found could keep a certificated solicitor at a salary to attest bills of sale." The debate is reported in Hansard, vol. cclxxiii., p. 1276.

1818. Assuming that was done, let us go a little further?—Forgive me; I will, if I may, add to that. The Committee must remember that you have throughout the whole of England and Wales 500 local officers of county courts. In each of them you have an able and competent solicitor who is on the spot; who must be there every day; who is always available, and who is a public official of standing, and of approved standing. You have the offices open; and therefore the machinery for what I suggest is at your hand.

Mr. *Garfit.*

1819. Suppose he was away for three weeks for a holiday, how would you get on?—He must leave a deputy.

Mr. *Ascroft.*

1820. A qualified deputy?—He must. A county court registrar cannot leave his circuit without the appointment of a qualified deputy, approved by the judge.

Chairman.

1821. May I ask whether you have read the evidence of Mr. Justice Mathew and Mr. Justice Hawkins on this point?—I did read it as far as the newspapers gave it; and hastily I have been privileged to read the minutes.

1822. Did you observe the recommendation of Sir James Mathew on the last day in regard to bills of sale, that they should be redeemable with 5 per cent. interest at any time?—I did.

1823. What do you say to that?—I think that if done through the court it would be placing in the power of the judge or the tribunal such a novel instrument that it might be represented as being used for purposes of oppression from prejudice.

1824. But Mr. Jurtice Mathew did not suggest in regard to that, that there should be any discretion on the part of the judge, he meant to put it in the statute?—Well, I think I should do it in another way; the suggestion I should make about that is this: Under the Bills of Exchange Act, a defendant must get leave to defend; I would venture to suggest that where the interest which is secured by the bill of exchange or promissory note exceeds 10*l.*

1825. Are you now on bills of sale or bills of exchange?—I beg your pardon; forgive me. I was still on bills of sale.

1826. Mr. Justice Mathew and Mr. Justice Hawkins made two recommendations; Mr. Justice Mathew's recommendation was that a bill of sale, if I understood him aright, should be redeemable at any time with five per cent. interest; Mr. Justice Hawkins, if I remember rightly, said that in cases up to 100*l.* he would limit the interest to ten per cent?—I should be inclined to raise the limits of bills of sale from 30*l.*; certainly 30*l.* is too low; in my opinion it ought to be raised to at least 50*l.*, if not 100*l.*; I think 30*l.* was arrived at as a sort of compromise; it ought to be at least 50*l.*

1827. You see that does not get us one bit further forward with these people, because if a man goes for a loan of 25*l.*, they say: No, we will not lend you 25*l.*, we shall lend you 50*l.*, and you can give us back 25*l.*; then they get clean behind the Bills of Sale Act, no matter what the amount is?—I would not allow any interest beyond ten per cent. to be recovered upon a bill of sale without the leave of the court, to proceed to recover a higher interest.

Mr. *Ascroft.*

1828. Now that is a new point; what you suggest to the committee is now, not that the defendant should apply for leave to defend, but that the plaintiff, before he is allowed to take steps should apply to the court for leave to proceed?—That is precisely what I was coming to.

Mr. *Garfit.*

1829. Why should you place a so much lower rate on goods that are left still in a man's possession

Mr. *Garfit*—continued.

possession, than the rate the pawnbroker gets who takes the goods away from him?—In the case of the pawnbroker the loan is a very short loan; it is a very small loan for a very short period. The pawnbroker has many expenses connected with his trade that the bill of sale holder has not; the pawnbroker has to keep a large establishment, a staff of clerks and assistants, he has to keep the place insured; he is more or less a bailee in a sense; he has to keep these goods; it is an extremely intricate and risky business and an expensive one to carry on, and the loans being so very short and for such small sums you could hardly in some cases divide the coin of the Realm into sufficient parts. The two things are not analogous.

1830. Would you rather fix the rate of interest than leave it to the judge?—I would leave it to the judge in this way; where the bill of sale was accompanied by an inventory of the goods which purported to be a full security for the amount advanced, I would not allow the holder of the bill of sale to proceed to recover a higher interest than 10 per cent., without leave to proceed to recover a higher interest being previously granted to him by either a judge of the High Court, or a judge of a County Court.

Mr. *Ascroft.*

1831. By the word "goods" I assume you mean household goods, to distinguish it from commercial transactions?—Yes. I should like very distinctly indeed to say that in all the thought I have given to this subject I have endeavoured to separate what is called commercial money lending from necessitous money borrowing.

Chairman.

1832. The usurious interest?—The whole edifice of the great commerce of this country is built up upon money lending.

1833. Certainly?—Money lending as the Bank of England lends money, and money borrowing as the state borrows money.

1834. We quite understand; it is the abuse of money lending, not the money lending itself?—It is the abuse of money lending.

1835. Then we are clear now on two things; we are clear as to the question of the application of discretion, and we are clear as to the Bills of Sale Act. What other suggestions have you to make?—The third method of borrowing that the poor adopt is upon promissory notes; and they are the very, very poor; they are the people whose "pound of flesh" is the last pound upon their bones; they are people who have got into arrear with their rent, the few weekly payments of rent, they are afraid of the goods being swept away; the children may be ill; a strike, or sickness, or something may happen, and they have really no security whatever to offer; but the amount must be forthcoming; there is nothing between them and the workhouse except a few pounds. They do not at the moment realise that they are only staving off the evil day; they have not the mental grasp for it; they do not know enough of the world; their minds are not educated up to it a bit; if they can get hold of a 10*l.* note, ten golden sovereigns, they are tempted to comply with any conditions that may

Chairman—continued.

be exacted from them. Then advantage is taken of what is called freedom of contract, the abuse of freedom of contract. The money-lender comes forward and offers to lend them the sum that they want on what is called a promissory note. Well, the promissory note is generally a joint and several note made with the assistance of a surety, the surety being usually some poor impoverished creature, a necessitous individual in the same class and condition as themselves, who expects that a good turn will be done for him by his principal when his time comes, and so the note is made out; and it is made out in my experience with such art and skill in verbiage that it has really taken myself, some minutes occasionally to quite grasp its purport and see what is the full effect and operation of the instrument.

Mr. *Warr.*

1836. "A half-penny in the shilling a month," or something like that, is it not?—It is sometimes even more carefully and ingeniously wrapped up than that; sometimes the principal and interest are added together, and the whole is to be paid off by a series of instalments ranging over a number of weeks. The instalment of principal and interest appears but small at first; for the first few weeks they see their way to meeting it, but they forget that it hangs on with a very ingenious and complicated system of compound interest, until at last it begins to be a mill-stone around their neck, and they can never get their heads above water again.

Mr. *Ascroft.*

1837. Do you find many instances of the whole amount, principal and interest, becoming due on failure to pay one instalment?—There are many such instances. That is one of the conditions sometimes of the promissory note.

Chairman.

1838. Have you any recommendation to make as to these notes?—Yes; I would suggest that every promissory note which is given without security, every unsecured promissory note, should comply with certain conditions.

1839. You would presume that a surety, who was as necessitous as the borrower, was not security at all?—Yes; although in form it is a joint, in substance it is an unsecured promissory note; if the interest secured by that instrument exceeded, say 10 per cent. (that is an arbitrary figure), I should make it a condition of the holder's right (I do not care whether he is the original holder or an indorsee) to recover in a court of justice, that that promissory note should comply with certain conditions. The first statutory condition would be this: that it should bear upon its face, not only the name, but the address and the description of the borrower, and of the surety, if there was a surety. Then there should be a memorandum above the signature stating the amount of cash actually advanced, the amount retained for expenses, the amount retained for interest, at the rate of (blank) per cent. per annum, as well as that adding up to the amount of the note; I should make all that appear in the body of the note, and above the signature. That would be my first step; and I would make that apply to all promissory notes where

Chairman—continued.

where the interest was in excess of, say, 10 per cent., and where the amount of the note did not exceed one hundred pounds; beyond that it might interfere with commercial transactions. That is step No. 1. My second step is this: I should make it a further condition of production of that note, in evidence, in a court of law, that it should bear upon its face a certificate from the registrar of the county court for the district, where the maker of the note resides, that it has been registered at that office; I should make it a condition that it should be registered at the office of the county court, where the maker of the note resides, and also at the office of the county court where the surety resides, if there is a surety; and beyond that I would make it the duty of the registrar of the county court upon registration, which would be done within (say) 7 days of the making of the note, that the registrar should forthwith transmit by post to the maker and to the surety at their address, a notification that a promissory note bearing such interest (60 per cent. per annum or whatever it is) "was this day registered at this office." That would give the maker of the note, or the surety, an opportunity of at once coming forward and disclaiming the transaction, or of having the matter explained to him within a reasonable time by the registrar. I believe that if that were done it would stop a vast number of these usurious promissory notes in the case of the poor.

Mr. *Warr.*

1840. What would the borrower or the surety do when the notification was sent to him, and he found that he had agreed to pay more interest than he thought he had come under an obligation to pay?—He would be invited to come to the registrar of the Court who would explain the matter to him, and there would be then in evidence at the trial when the note was sued upon, that the man had been deceived, and that the note had been obtained under conditions which would enable the judge at once, under the equitable jurisdiction which he possesses, to set the transaction aside, or even under the common law jurisdiction, because the parties would not have been *ad idem* from the first.

Mr. *Ascroft.*

1841. But you see so long as the borrower went on paying the case would not come before the court?—No.

1842. Why not give the court power at once, when their attention is called to a transaction which has been brought about by fraud, to inquire into it and say what should be paid, and let the note bear that amount and no more?—It would be for the borrower, who would get notice of this within seven days, then to speak; and if he did not then speak he must hold his peace afterwards.

1843. Then would you give the borrower power, on satisfying the court that he had been misled in signing that note, to rectify the note?—Certainly, or, rather, to ask the court to do so.

Chairman.

1844. To satisfy the registrar: it is not before the court then?—Before the registrar.

Mr. *Ascroft.*

1845. That is almost the same thing, is it not?—Yes.

1846. Your proposition was simply to use it as evidence when the case subsequently came before the court and the matter was being disputed?—It could be used as evidence, and it would be excellent evidence. Very frequently I have found that the surety disclaims all knowledge of the real nature of the transaction. It would be quite possible for the surety, in the case of a note with a surety (the surety has not to pay the instalments, and he would not be estopped by having paid instalments), to at once disclaim his liability.

Mr. *Warr.*

1847. Suppose the registrar found that both the borrower and the surety thoroughly understood the transaction into which they had entered, what would you say then?—Then, in that case, the borrower would be remitted to his original remedy, the existing remedy at law.

1848. That is no remedy?—Well, then, I was going to make a suggestion. Under the Bills of Exchange Act a defendant must get leave to defend, he must get leave in all cases to defend, and he has to make an affidavit that he has a good defence upon its merits; as I need hardly remind the Committee, I would suggest that that process, or a similar process, might be applied, reversing it slightly. In the case of a promissory note for (say) a sum under 100*l.*, or 200*l.* (again, not to interfere with commercial transactions), where the interest secured by the promissory note exceeded 10 per cent. I would reverse the process, and I would compel the lender to get leave to proceed, if he sought to recover a higher amount of interest.

1849. And on what ground would leave to proceed be refused?—In the first place he would have to make an affidavit of the facts under which the 40, the 50, or the 60 per cent. was exacted; and I think he would find it extremely difficult indeed to satisfy the judge of the county court, or a master of the high court, or a registrar of the county court, that there was a set of facts which justified the *bonâ fide* exaction of any such interest.

1850. So that in that way you would give to the registrar, or the judge, as the case may be, a discretion to reduce the rate of interest to 10 per cent.?—Indirectly, I would do it by that process.

1851. It comes to that?—Indirectly, I would do it; I would deprive him of the right to proceed, without the leave of the court, to recover a higher rate.

Mr. *Ascroft.*

1852. The result would be, would it not, that in future money would be lent at a rate not exceeding 10 per cent.?—It would probably stop the lending at higher usurious rates altogether.

Mr. *Warr.*

1853. It would give no opportunity to a borrower to have recourse to a court to recover over-payments, over 10 per cent.?—I would allow him to do so with the leave of the court. There might be circumstances in a case, where the borrower so fully understood the transaction, and where the circumstances were such (I can just conceive it possible), that 60 per cent. would be legitimate, but it is hardly conceivable.

1854. I have

Mr. *Warr*—continued.

1854. I have not made myself clear. Suppose the state of things should be that the borrower has gone on paying from time to time instalments upon a note, and that the result of those instalments is that, if the account is taken it will be shown that he has paid much more than 10 per cent.; you would give the borrower no power to get back from the lender any overpayments?—I would.

1855. You would give him power?—No, I would stop his power to get back any further payment unless by leave of the court; an account should be taken.

Chairman.

1856. An account should be taken from the beginning of the transaction?—I would stop the interest at (say) 10 per cent., unless the whole transaction was investigated before it came for trial, and a *primâ facie* case made out.

Mr. *Ascroft.*

1857. Would you go further and say that in the case of a borrower becoming bankrupt where he had been paying interest at the rate of a thousand per cent., the court should have an equitable jurisdiction to inquire into the whole of the transaction, and, if they thought proper, to compel the lender to re-imburse and pay over to the court anything in excess of 10 per cent. during a limited time?—I really think I should be disposed to go as far as that.

1858. I mean to avoid an honest tradesman —— ?—Being swamped.

Chairman.

1859. "Being swamped," that is it?—The honest tradesman has, in my own experience and knowledge, been very frequently swamped by the money-lender coming in with his usurious interest.

1860. Does that exhaust the points you have to raise?—Those are my recommendations as to the bill of sale, and also as to the promissory note; and I am inclined to think that if the suggestion I make as to the registration of the promissory note at the local county court office, with the notification to the maker and to the surety (if there was a surety) that it has been so registered there, with the full details given in that notice, and with the opportunity of the thing being explained were adopted it would be a "prevention," which would be better than "cure"; I believe that the Shylock of the district would say: "I will have none of it."

Mr. *Warr.*

1861. Have you considered whether that register should be open to public inspection like the register of bills of sale is now?—Certainly.

1862. It should?—I should leave it open to search, beyond all doubt, for purposes of prevention. I believe, if it were known that that register was open to search, many and many a borrower, who is enveigled or is lured, or is tempted by these advertisements into dealing with a professional money-lender, would pause—he would hesitate—because he would know that, before the week was over, the fact that he was borrowing money on promissory notes at more than 10 per cent. would probably be known all over the district in which he lived.

Mr. *Warr*—continued.

1863. His situation would be lost, and his credit would be lost?—His situation would be lost, and his credit would be lost; so that I believe it would operate in two ways: it would check the borrower in his career of borrowing, and it would certainly check the money-lender, because he would not like to be summoned by the registrar of the county court to explain to him, in the presence of the borrower, why he had entered into this transaction.

Chairman.

1864. But you see no difference between the registration of a bill of sale and the registration of a promissory note of this character?—I think I should limit it (tentatively, at least) to promissory notes, given without any collateral security and where the amount of interest exceeded 10 per cent., and where the amount of the note did not exceed 100*l.* I think it would cover nearly every transaction and, to some extent, cure the mischief. As to the search in these registries, I have made some little inquiry as to the effect of the local registration of Bills of Sale. By the Bills of Sale Amendment Act of 1882, bills of sale were obliged to be locally registered as well as in London. A bill of sale first comes up to London, and is registered at the High Court; then a certificate of that registration goes down to the county court office of the district in which the grantor of the bill of sale resides. It is almost the same machinery as that which I suggest for the promissory notes. The certificate goes down on a sheet of paper; it is filed; it makes a very excellent file of reference if anybody chose to refer to it. I have tested the matter in my Northampton Court. I have looked through the register there of bills of sale since the local registration of these bills of sale has been made compulsory, which was in 1882, and I find the following result; it is a curious one. I might suggest to the Committee that if a Return were obtained from all the county court offices, it would illustrate exactly what is the normal, and what is the abnormal, rate of interest on bills of sale, and I take the Northampton Court from 1882 to the present time, and I find there have been registered exactly 213 bills of sale; of those 213 bills of sale 105, about half (as nearly as possible half) have been at a rate not exceeding five per cent. per annum; 101 at five per cent. and four at four per cent.

Mr. *Ascroft.*

1865. That is on the face of the bill of sale?—That is on the face of the bill of sale. The consideration must be declared.

1866. Ought to be?—Ought to be; and I wish to extend that to the promissory note. There is a column in the Register for the entry of the consideration—I take the five per cent. from that column

Mr. *Warr.*

1867. It is five per cent. per annum, is it?—Five per cent. per annum—oh, yes. I am coming to the other presently.

Chairman.

1868. That is 101?—One hundred and one at 5 per cent. out of 213, and four at 4 per cent.

Then

Chairman—continued.

Then there were 16 absolute bills of sale bearing no interest, the property passing altogether. That exhausts more than the half. Of the remaining 92 no less than 60 bore interest above 20 per cent.

1869. Above 20 per cent?—Yes, above 20 per cent. Of that 60 no less than 41 bore interest at 60 per cent. and upwards.

Mr. *Warr.*

1870. That is 5 per cent. per month?—60 per cent. per annum.

1871. That is 5 per cent. per month?—It is sometimes so specified. I have, of course, included in that a great many where the consideration was one shilling in the pound per month, which is the same thing, or 5 per cent. per month; but with the exception of a few of the bills of sale (about 23), which range about 10 per cent., and 7½ per cent., under exceptional circumstances; there seems to be very little between 5 per cent. and 60 per cent.

Chairman.

1872. In reality we may assume that these 41 cases, where the interest is 60 per cent., were money-lenders' cases?—Yes, every one of them.

Mr. *Warr.*

1873. Is this the experience of 14 years?—This is the experience of 14 years of registration at Northampton.

Mr. *Garfit.*

1874. Is not it because they have to be registered that such a very small number of bills of sale is taken?—It probably is; that hinders the mischief.

1875. You think that if these notes were also registered, that sort of business would be limited too?—I have not the slightest doubt of it. I think it would spoil the trade; whether that is desirable or not is another question.

Mr. *Ascroft.*

1876. On that case of notes let me put to you just this point; I assume you would have registration where the money was lent by a professional money-lender?—I care not by whom it is lent if he wants 60 per cent. or 40 per cent.

1877. I do not mean 60 per cent; I am taking smaller amounts than that, 11 per cent.?—Anything above 10 per cent.; there could be no objection to registering it.

1878. Then would you go so far as to give the court power to cancel the whole transaction and make the instrument void where the lender was guilty of gross deceit or misrepresentation?—The court has that power now.

1879. It has certain powers?—The court has that power now. The county court has two jurisdictions in equity: it has a statutory jurisdiction in equity to entertain suits in equity in certain cases under the County Courts Act; it also has, under the Judicature Act (1873), the same equitable jurisdiction as any superior court.

Mr. *Garfit.*

1880. For sums over 50*l.*?—In all cases within its own jurisdiction.

Mr. *Ascroft.*

1881. There are many cases of misrepresentation in which the borrower gets money which would not be sufficient to justify the Court in interfering; for instance, you have the advertisement of money being lent at a "small rate of interest," "no publicity," "no proceedings," "note of hand," and all that sort of thing; then you have a larger rate of interest charged, you have a bill of sale given and you have really the borrower entrapped into doing what he would not have done had not it been for the unfair representation?—That would be a case for the application of the law.

1882. You consider that sufficient to justify the court?—The remedy would be applied according to the particular circumstances of every case; you see you give me rather a large general case.

1883. That arises from the multiplicity of those transactions we have had before this Committee?—Precisely.

Chairman

1884. But I understand you to say in reply to that that you would decide upon the facts of each case as it arose?—I should be compelled to apply the equitable doctrine to each case as it arose; I am not aware that the abolition of the laws against usury have in any way interfered with the doctrines of equity; they have not been interfered with in the least; they remain exactly where they were when they were settled in the last century, and I do not know that there is anything to distinguish such a case from the case of Lord Aylesford *v.* Morris, or of Lewis *v.* Fry. You know these cases.

Mr. *Thomas Bayley.*

1885. Have you thought out this question; if you register all the notes of the money-lenders with the county court official, have you thought how that will affect ordinary trading bills that are given for value received; could not they go on rather the principle of selling goods and making them into ordinary trading bills, so as to avoid this registration?—I suppose that every head that is cut off this hydra will give room for another one to grow; but I think that would hardly be done. I do not think it could be converted into a trading bill. I think the court would be able to decide at the time when the case came before it, on the application for leave to proceed, whether it was a legitimate trading bill or not. I am quite sure that that could be very easily decided.

1886. You think that could be very easily decided?—Yes.

1887. In the beginning of your evidence you did not give us a very decided opinion upon registering these money-lending firms; would you be in favour of registering all firms that are trading under any other name than their own, so as to include money-lenders and any firm?—I think, if it could be accomplished (which I have some doubts about), if you could define the class that you are to register, I think that each money-lender should be not licensed but registered under all the names under which he purposes to trade, with the different towns in which he intends to carry on business.

1888. Then you would be in favour of the registration of all money-lenders; and it is very easy, you think, from your large experience, to define what a money-lender is?—Provided it does

Mr. *Thomas Bayley*—continued.

does not give them the opportunity of using the fact of registration as a badge of respectability, I would make it a condition of their having a right to sue. For instance, the necessity to appear upon the register applies to the case of medical men at the present moment.

Mr. *Warr.*

1889. In order to be sure that I understand the proposals which have been made, am I right in assuming that your proposal would give no relief to the borrower, unless the lender resorted to proceedings against him?—I am afraid it would not give him relief until then; but it would give him early notice of the entire nature of the transaction, which, in the case of these poor people, is very important.

1890. You do not allow the borrower on his own initiation ever to resort to the court to be relieved of the burden put upon him by these usurious transactions?—I am afraid that it would be rather weakening the court in the eyes of the public. If it were thought that a county court judge, for instance, was not administering justice strictly according to the law of the land, but was a sort of cadi sitting under a palm tree, administering a kind of rough lynch law, it would not tend to increase respect for the tribunal; and anything that makes the administration of law uncertain, by giving arbitrary powers to those who are invested with the power of administering it, is, in my opinion, very dangerous.

1891. But the Court of Equity has now certain powers to give relief against transactions which are shocking to the conscience?—And so has the county court.

1892. And so has the county court. Well, would not it merely be an extension of that principle?—Probably it would; but it would lead to a great deal of litigation in which the court could hardly decide or find as a fact that the borrower did not know all about it, and it would lead to an immense amount of litigation where the argument of the borrower would merely be *ad misericordiam*.

1893. You see, the money-lender can use very great oppression short of resorting to a court?—He can.

1894. Against that oppression your proposals give no relief?—I am afraid not, no relief against that; but I believe that if my proposals were carried out they would lead to prevention; if I might venture to put it in I have prepared a sample page of the mode of registration I suggest. (*The document was handed in.*)

Mr. *Ascroft.*

1895. Do you think that the oppression on the poorer classes by usurious money lenders is of so gross a nature as to justify Parliament in dealing with it, and trying to stamp it out?—By all means, beyond all doubt.

1896. Then you would approve of any Bill which tried to grapple with the evil and prevent poor people being robbed?—Provided it grappled with the evil and stamped it out, without interfering with either the freedom of commercial contract or with legitimate business between any borrower and any lender; the two ways to do that, in my opinion, are to make both parties to these transactions understand exactly where they are, and to attach to the transaction such an amount of publicity that it will appear a scandalous transaction both for the lender and for the borrower, who will therefore both shrink from having recourse to it.

Mr. *Ascroft*—continued.

Captain *Chaloner.*

1897. With regard to this suggestion of yours as to promissory notes, you said they should be under 100*l.*, so as not to interfere with proper business transactions?—I merely suggest that as an arbitrary amount and for that purpose.

1898. Do not you think it would be possible to define legally what a money-lender is?—I am afraid not.

1899. You think not?—I am afraid not. I have attempted to define it, and I am afraid you could hardly define it without interfering with legitimate dealing. You must put some epithet before it, or qualify the expression in some way to limit it to a class; and that would be extremely difficult without bringing into that class a number of respectable people.

Mr. *Garfit.*

1900. Would not "professional" be enough?—"Professional money-lender."

1901. Yes?—I am afraid that would include some great houses in the city.

1902. Would it; that is the point. We know they do lend professionally; but is not the name so well known that any court or any jury would at once decide it as a question of fact?—No, I am afraid not, because you could hardly make it part of the issue between the parties.

Captain *Chaloner.*

1903. May I put it in this way: in the event of its being possible to define the expression "money-lender" would there be any objection then to applying your suggestion to all promissory notes issued by these money-lenders?—Oh, none whatever. If I could I would abolish the tribe; I would like to see them exterminated; if I may use the expression I think they are vermin; they serve no useful purpose.

Mr. *Ascroft.*

1904. That is Sir George Lewis' opinion?—And I think they are predatory vermin, and therefore ought to be "kept down." If I may presume to do so I would give an illustration to show the way in which loans are made, even in the case of bills of sale, without the maker or grantor of the bill of sale understanding what he was doing; I can give an illustration that came before me only on Friday last at Banbury.

1905. Is that the one reported in the "Times" to-day?—No; that was yesterday on a judgment summons at Northampton.

1906. They are pretty frequently reported?—That was the case of a poor creature who had borrowed 8*l.* and given a promissory note for 12*l.* payable by 8*s.* a week instalments. He went on paying until he had paid 9*l.* 12*s.* in six months, which was pretty good interest, considering it was paid weekly, and yesterday, the judgment creditor came to me to commit the man to prison for not having paid some later instalments. I declined to do it. But I had before me, on

Mr. *Ascroft*—continued.

Friday last, at Banbury, the case of a bill of sale, where the amount of the principal sum was 30*l.*, and the interest was 1*s.* in the pound per month, it was one of Mr. Kirkwood's bills of sale.

1907. We have heard of that gentleman?—The payment was to be made at the rate of 2*l.* per month. That upon the face of it seems a very simple and a very easy transaction. I have very little doubt (though I had not to determine that matter judicially as it happened), that the grantor of that bill of sale was under the impression that, when he had paid the 30*l.* by the fifteen instalments of 2*l.* each, and the interest at 5 per cent., that would have got rid of it, but this is the way it works out. I asked Mr. Kirkwood's clerk to make out a table for me.

Chairman.

1908. I assure you there is not a Member of the Committee who could not make it out, we are so familiar with it?—I will say no more.

Mr. *Thomas Bayley.*] May we have it finished?

Chairman.] Certainly.

Witness.] It works out thus, that after the grantor of that bill of sale had paid 18*l.* 3*s.* 9*d.* for interest upon his 30*l.*, he still owed 20*l.* 3*s.* 9*d.* for principal, and that became, in effect, a new loan at 60 per cent. per annum, beginning again for 20*l.* Practically, that was the effect of it.

Thursday, 31st March 1898.

MEMBERS PRESENT:

Mr. Ascroft.
Mr. Thomas Bayley.
Mr. Caldwell.
Captain Chaloner.
Mr. Garfit.
Mr. Jeffreys.
Mr. T. W. Russell.
Mr. Warr.
Mr. George Whiteley.
Mr. Yerburgh.

MR. T. W. RUSSELL IN THE CHAIR.

The Right Honourable HORACE CURZON PLUNKETT (a Member of the House) sworn; and Examined.

Chairman.

1909. I NEED not ask you, you are Member for the Southern Division of the County of Dublin? —Yes.

1910. And you are President of the Irish Agricultural Organisation Society?—Yes.

1911. Would you explain to the Committee as briefly as you can what the objects of that organisation are?—The objects are to study the rural economy of Ireland, and to promote industrial combinations with a view to improving the conditions of the rural community. The way in which we proceed is very much on the lines of similar movements in Continental countries, especially in Denmark and parts of Germany. Wherever we find any department of agriculture or rural industry which can be conducted more efficiently or more profitably in combination than individually, we try to organise an association, that is to say, we explain to the people concerned the constitution and procedure which will have to be adopted to enable such a combination to work harmoniously and efficiently.

1912. How long have you held the office of President?—Ever since it was founded in the spring of 1894.

1913. Had you had any previous experience of work similar to that done by the society?—Yes, for the five previous years I had been working in conjunction with a few friends in exactly similar projects, and the association was only formed because the work was growing so fast, that it had become too onerous to be conducted without further assistance and additional funds.

1914. Can you state in what respects the agricultural borrower is at a disadvantage compared with other borrowers?—I think mainly because the security that he has to offer not being easily realisable, the interest charged is high; also the money is lent to agriculturists upon principles and on terms which are applicable to other avocations, to other commercial and industrial pursuits, and these terms have no regard to the requirements of the agriculturist; for instance, a loan may be given to enable a farmer to put in a crop, but he has to repay it before he harvests the crop. I just give that as an illustration of the way in which the purposes for which the loan is required are disregarded. I might also say that in the agricultural industry little account is taken of the character and industry of the borrower. A bank lending to a farmer does not go into the question as to whether the business is likely to repay the loan, but the bank simply looks to the material security that the farmer is able to offer.

Chairman—continued.

1915. You say that the security offered by agriculturists is not easily realisable; would you apply that to the interest in an Irish farm, for example?—I am afraid I should. In many cases where it is the tenant's interest there is a good deal of obscurity about the title, and cases have come to my notice from time to time where the interest has been transferred during the pendency of the loan; in any case there is a good deal of legal difficulty and expense; but I was rather referring to the case of smaller, more needy, agriculturists who are not in a position to offer any such security, and where the loans required are small and the legal expenses would be practically out of proportion to the amount borrowed.

1916. What are the main sources from which farmers borrow when a high rate of interest is charged?—Well, limiting myself to the smaller farmers, I should say, firstly, from the ordinary joint stock banks of the country.

1917. I suppose that class of banking has very largely increased, in Ireland, of late years, the ordinary joint stock banks?—Yes, I think it has. The large joint stock banking companies have practically driven the private banks out of the country. There are half-a-dozen big banking corporations practically, you may say, doing the whole business.

1918. Would it not be true to say, that these large banking corporations have branches in almost every small town, and even in villages on market days?—That is quite true.

1919. First of all they borrow from that class? —First of all they borrow from that class; but I might say the interest charged, although, I believe, in some cases it has been slightly reduced lately, is generally 10 per cent., deducted beforehand.

Chairman—continued.

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1933. Some years ago the "gombeen man" was an institution that openly flourished in Ireland, was it not?—Yes.

1934. Would you say that the gombeen man, as a separate institution, has declined?—Certainly he is gradually disappearing, but the system is reappearing.

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1948. Would it be correct to say that over large areas of Ireland the peasantry are in the hands of the shopkeepers in this way?—Certainly, the poor peasantry; far less so than formerly, I should say, in the eastern portion.

1949. The fairly well-to-do portion?—Exactly; in the fairly well-to-do portion, I should say the credit has been somewhat restricted all over Ireland, but there is a very heavy and serious indebtedness in the distressed and congested portions.

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1957. I have been asked questions about loan funds?—There are loan fund societies, but I need not say anything about them, because they are matter of Parliamentary report.

1958. I am afraid we will have to get the evidence direct; we cannot have the Parliamentary Report here. I am quite aware there has been an inquiry, but if you have any information about these loan fund societies I shall be glad to have it?—All that I can say about them is that the organisers of the society which I am representing here to-day (two of whom are to give evidence here) have reported to me that the system works badly, in this way, that while the interest is high enough, the interest charged is not unreasonable, but there is a cast-iron system of repayment by instalments, which is open to all the objections from the agricultural economy point of view that all other existing loans to farmers are open to.

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Chairman—continued.

you have persuaded them to combine together (for they can do little individually), in order to improve their condition; and it was largely at the suggestion of Mr. Yerburgh that the Organisation Society, about four years ago, looked into the Raiffeisen system of agricultural credit associations, or "banks," as they are wrongly called. We were indisposed for a long time to adopt the system, because we thought that it would be almost impossible to get the people we wished to help to understand the principles of it, or to put them in practice when they did understand them; but we found that the extraordinary results of the system abroad were repeated in Ireland, that the people we had to deal with were remarkably intelligent, that they grasped the principles with great rapidity, and that they seemed to see in them a way of working out their economic salvation, so far as the question of agricultural finance was concerned. Now, I might point out that the special features of the system, which seem to have this educational and elevating effect, are what are known as the "approved purpose" of the loan. This seems to educate the people up to a point where they distinguish between the two kinds of borrowing—the borrowing to increase their expenditure, and the borrowing to increase their production. When they are clear upon that point, and when you get a whole district banded together to enforce the observance of the principle that poor people must only borrow—except in cases of dire necessity—to increase their production, the whole difficulties of the system disappear, and we find that the people are ready to take any amount of trouble, to make any sacrifice, in order to master the details of the system, and to put it into operation. Another great advantage of the system is the surveillance over the application of these loans, because the association not only insists upon the loan being applied to a productive purpose, but, as there is a joint and several liability for the debts of the association, every member is interested in helping the borrower to make the loan realise its purpose. The principle of unlimited liability also has a very beneficial effect. I believe it has been found in practice that, if you attempt to limit the liability, the moment you begin to make people calculate what they stand to lose, you vitiate the whole principle of the system. You cannot successfully start these banks until all the members are satisfied that the system which has been adopted practically protects the association, and protects the members from any loss whatever. I have only to add that all my associates have been immensely struck with the wonderful economic benefit of small loans obtained through the association, and under the supervision of the association, at just the right time and upon the right terms to enable the borrower to get the full advantage from the loan.

1974. Now, speaking of terms, what do you call "the right time," and the "right terms"?—By "right time," I mean that the money should only be given exactly when the time has come for it to be——

1975. Productively used?—Productively used; and by "upon the right terms," I mean that the money should be paid in instalments or repaid

Chairman—continued.

in a lump sum, according to the purposes to which it is to be applied; that is to say, it is to be repaid in such time as enables the man to make the contemplated profit out of the loan.

1976. Can you indicate what the rate of interest is at which these loans are charged?—Six per cent., I think, is the general interest charged; never more than 6 per cent.

1977. And the loan may be given for 12 months I suppose?—Yes, not more, according to the rules of our banks in Ireland.

Mr. *Warr.*

1978. Where does the original capital come from?—From three sources, from existing banks, from philanthropic individuals, and from the contributions of members.

Chairman.

1979. That is practically the same as the continental system, is it not?—Yes.

Mr. *Thomas Bayley.*

1980. It really is to that extent a charitable institution?—No, not at all, because no money is given, and every advance is repaid, with interest, at the ordinary commercial rate. There is no charity at all in it, it is pure business.

1981. Still, are they not without interest in it; have they any business interest in these banks?—I have no information of any such case, and we should discourage it. When I said "philanthropic" persons, I did not mean that the philanthropic persons were to risk the loss of their money, that we should object to. When I call them "philanthropic," I mean that their object is to promote the formation of these banks, and they do not lend for exclusively business reasons, but on purely business principles.

1982. They put their labour into the thing without payment, is not that so. It is managed by a lot of gentlemen who do not get payment for their services?—No, not at all.

Chairman.

1983. I do not think Mr. Bayley was here on the days when the German system was described by the witness who gave that evidence. This is practically the same thing as that, is it not?—Yes.

1984. There is no charity about it?—No.

1985. There is no question of using the money in that sense at all?—No, not at all.

Mr. Thomas *Bayley.*

1986. In managing these banks, the gentlemen who manage them do not take anything for their labour, do they?—I do not like to make invidious distinctions, but as a general rule, I should not call them "gentlemen" who manage them at all; many of them are small farmers in the poorest districts in Ireland.

Mr. *Warr.*

1987. We have heard that in Germany the Government have supported these banks to some extent?—Yes, because the system has so succeeded in Germany, that they have justified Government assistance. I should not myself wish to see the Government at this stage advance money to these banks; it would be very demoralising that money should be advanced to these banks from

any

Mr. *Warr*—continued.

any source, until they had justified the confidence of the lender.

Chairman.

1988. If the Government intervened and advanced money, probably an idea might get abroad that the financial relations with Ireland were such that this money ought not to be repaid, that it was their own; is that so?—It might be so, except that these banks have always shown themselves to be extraordinarily honest.

1989. But as a matter of fact, the German Government did not interfere until the banks were a success?—No.

1990. The whole thing was built up without Government aid?—Yes; I think if it were proved that the system was very beneficial to the country, and especially to the distressed portions of the country, the Government might certainly beneficially pay something towards the expenses of explaining the system to the people; but at this stage I would not ask the Government to go any further.

Mr. *Warr.*

1991. Then, so far, no help can be given by legislation to this movement?—I think it could; but perhaps we have not quite come to that in my evidence.

Chairman.

1992. Will you give the Committee an account of the steps which have been taken by your organisation society to give effect to these views?—In November 1894, the first bank was started at Doneraile, County Cork, and I should like to hand in the last balance sheet for the year ending 31st December 1897, showing the year's working of the bank. You will see at the foot of the balance sheet the number of loans that have actually been made (*the document was handed in*).

Mr. *Warr,*

1993. What is the number of loans?—Ninety-five; average amount of loan 4*l.*; 1896 loans 65, average 4*l.*?—I have here the audited balance sheet of another society, at Belmullet (*the document was handed in*). The second society was estabished in October 1895, at Kyle, County Tipperary; and the third society was established at Belmullet, one of the most congested districts in Ireland, in May 1896; and I have with me three letters from persons connected with the banks, and if I might read them I think they would give very good information.

Chairman.

1994. Certainly. I suppose I would be right in saying that Doneraile and Kyle are not specimens of distressed districts?—No.

1995. But that Belmullet is really a typical distressed district of Ireland?—Yes, they are fairly well off districts, the other two. I have a letter from the secretary (who, by the way, is a Scotchman) of the bank at Doneraile.

Mr. *Warr.*

1996. Is this a convenient time to ask whether any of the officials are paid?—The secretary is paid a very small remuneration—the secretary and the treasurer in most cases are one and the same—but no one else receives any pay whatever; all other services are gratuitous.

Mr. *Warr*—continued.

Chairman.

1997. Will you read the letter the secretary of the Doneraile bank wrote?—The secretary of the Doneraile bank writes: "Every loan has its little history. I will just give you one in point: this borrower early last year got 8*l.* with which he purchased a cow, which not only gave him sufficient milk and butter to support his own humble needs, but a considerable sum was made by the sale of the surplus produce of the cow; he also now possessed a calf worth 5*l.*, and the cow has increased in value about 5*l.* more. This is only one of a great many similar instances which I could give you, but I trust this will be sufficient. The 'Gombeen' man's trade has fallen off very perceptibly since the bank started, the borrowers repeatedly bearing testimony to the advantages of the bank over the 'usurer,' many of them saying 'tis money for nothing.' I may also say that none of our borrowers could be accommodated in the local joint stock bank, as they had little or no bankable security to offer."

Mr. *Jeffreys.*

1998. Is that an official statement?—Yes, it is from the secretary of the bank. At an annual conference in November last, of all the agricultural societies, all the societies organised by the Organisation Society, Father Gleeson, who is the president of the society at Kyle, spoke, and he said this: "The bank at Kyle, which had now been two years working, was an untold blessing to his poor people. It enabled them to have the blessings of cheap credit, and cheap credit under conditions which fostered their spirit of industry and thrift. It not only kept the money of the country in the country, but the money of the locality in the locality, where it fructified in developing agriculture and industry. A motto of this movement should be to keep Irish money in Ireland, and there was no surer way of doing that than by the promotion of the system of co-operative credit." I have here a letter which is rather longer, but it is from the parish priest (if I may read it) of Belmullet, because I think it is very interesting.

Chairman.

1999. Certainly?—Father Hegarty, who is president of the Belmullet Society, wrote on the 4th December 1897, to the secretary of the Organisation Society: "The Belmullet Agricultural Credit Society was established for the improvement of a very poor and socially backward people, and it has to a great extent to depend on the care and management such a people can give. It is, no doubt, small and humble, but still vigorous and healthy, and daily giving ample proof of the great good people's banks can be to poor agricultural communities. During the eighteen months of its existence its funds have crept up to 105*l.*, all of which is borrowed. Out of this sum it has managed to distribute loans to the amount of 260*l.* These range from 2*l.* to 10*l.*, and average nearly 4*l.* They have been made in accordance with the nature of each

Chairman—continued.

each case, sometimes repayable in instalments, sometimes in one sum. No one has been made for a longer period than twelve months. Most of the members have had their second loan, it being thought best to demonstrate, in the beginning to a comparative few, the principles which underlie the successful working of people's banks. The system of cautiously selecting the persons admitted to membership, and of making loans to them for objects of a highly productive nature, has proved eminently satisfactory, both from an educational and a monetary point of view. It is developing prudence and foresight among a people hitherto not much guided, in money matters, by these virtues; and, at the same time, making a substantial return to the bank and its members. The former had a profit on last year's transactions of 1*l.* 12*s.* 10*d.*, a relatively big sum, time and capital considered, when the margin for it is the difference between the 4 per cent. paid to depositors, and the 6 per cent. exacted from borrowers. But it is not the object of people's banks to gather from their members more interest than is necessary to secure themselves an assured existence. They exist for the good of their borrowers. The Belmullet Bank clearly does; for it has enabled its members to make one with another 60 per cent. (sixty per cent.) per annum on all the loans repaid, whilst not a few were fortunate enough to reap double this gain. It may be asked, do the borrowers show their appreciation of these advantages by punctuality in repaying? Yes, and to a remarkable extent. All the members are loud in their praise of the little bank; and their neighbours are anxiously looking forward to the day when they, too, will be admitted within its fold. I am, very sincerely yours, J. J. Hegarty, Parish Priest."

2000. Would you say that this system of banking, first of all from your knowledge of the system itself and from its operations where it has been started and carried on, would be applicable to the distressed districts of Ireland?—More so to the distressed districts than to any others, because in the first place, the need for them is far greater; in the second place, we find that the principle of unlimited liability is much more easily accepted where nobody has got anything to lose than in the better off districts. Now at the present moment I have given you instances of three banks which have been actually at work. In a dozen other cases the system has been explained to the people, and in only one of those have they yet got the capital to work. In all these cases the banks are situated in congested districts, and the Congested Districts Board, after an exhaustive examination into the system, have decided that the system is applicable to the conditions of the people under their charge, and they are actually defraying the expenses of our bank organiser when he is at work in the congested districts.

2001. The last question I have to ask you is this: Do you suggest that any legislation is required to facilitate the formation of credit associations, or do you suggest that the Government ought to do anything?—Yes, decidedly; because in the case of the Congested Districts Board a deadlock has occurred. The Board not only

Chairman—continued.

defrayed the expenses of organising certain banks, but it appropriated a certain sum to advance to them as capital; but when they consulted their solicitor, they were advised that no power existed under the Friendly Societies' Act of 1896 (under which these societies are organised), nor could any power be put into the rules of these societies to enable them to borrow from outsiders; nor as far as we can see, is there any way of overcoming the difficulty without legislation, because if you admit (and I think it cannot be doubted) that unlimited liability is essential, there are only two ways in which a body of persons can do business together on that principle; one is, as a simple partnership, and the other is, as a friendly society. Of course the Joint Stock Company Acts, and the Industrial and Provident Society Acts are not applicable, because they all have limited liability. The objection to a simple partnership is that the association becomes liable for the acts of any one of its members. The members do not mind being responsible for the acts of the association, but, of course, it would never do to have the association responsible for the acts of each individual member. What I have to suggest as a way out of the difficulty is that an Act should be brought in to amend the Friendly Societies' Act, just in this one particular: that powers should be given to societies whose object is, mainly, to create funds to lend to its members, and which applies all the profits to building up a reserve fund for the benefit of its members, or to some object of public utility to borrow from others besides its members. This, it seems to me, would not be open to the objection that the other societies contemplated by the Friendly Societies' Act could abuse their powers; and also I think it would be very easy to draw a clause, so that you could only possibly apply it to the banks or credit associations under review.

2002. Is that all the legislative intervention you would suggest?—That is all I suggest at the moment.

2003. You do not suggest that the Government should assist in any way in the propaganda?—Yes, but that would not need legislation; that would be an administrative act.

Mr. *Jeffreys.*

2004. Is it your opinion that the reason why the association banks would be so much more useful in Ireland than in England, is that what you call farmers are in Ireland so very much smaller than in England, are they not?—I do not know that that is the reason, I suppose they are. Yes, they are smaller, certainly.

2005. If you made small advances to people who are called farmers in England, an advance of 4*l.* or 5*l.* would not be worth having?—Quite so.

2006. What we call a farmer in England is a man who wants to borrow 50*l.* or 100*l.*, or a larger amount, if he wants to borrow at all?—Yes, quite so.

2007. And, of course, the banks could not make advances to the ordinary peasants, the ordinary labourers, could they?—I do not quite understand; do you mean by the "banks," the existing

Mr. *Jeffreys*—continued.

existing joint stock banks, or our associations?

2008. Your associated banks?—Certainly, if the character of the labourer is a character for honesty and industry, and the purpose for which he requires the loan falls within the conditions of the bank.

2009. That is what I mean, unless he cultivated some land, unless he was a small holder in some way he could not get the advance, could he?—I do not think that is necessary; for instance, money has been advanced in some cases to labourers who migrate annually to England, and who practically have no land on which more could be produced than he and his family are going to eat.

2010. But if you were to stop the credit of the shops, as I think you rather intimated you would like to do, would it not be rather hard upon some of these people who borrow, certainly from the shops, to a certain extent, or get their articles of food from the shops and hope to repay the shopkeepers when they get their harvest wages paid?—I do not see how that would stop the credit of the shops, except in so far as you provided a substitute for it.

2011. Why I asked the question was to ascertain whether your banks would advance to purely agricultural labourers; they are the people who generally have these overdrawn credits at the shops, are they not?—You see in these poor districts of Ireland, at any rate, there is not any distinction, practically, between the farmers and the labourers.

Chairman.

2012. You mean they are so small?—So small.

Mr. *Jeffreys.*] They are so small that there is practically no distinction between them; you mean they have farms on which they cannot live without selling their labour elsewhere.

2013. There is only one other question I want to ask you, and that is with regard to the letter of the secretary of the Doneraile Bank. I do not know whether he is a very sanguine person, but, as I gathered from his letter, he said that a man borrowed, I think, 4*l.* or 5*l.*, that then he bought a cow for 8*l.*?—He borrowed 8*l.*, I think.

2014. He borrowed 8*l.*, he bought a cow for 8*l.*, and that very soon after that had a calf worth 5*l.*; that is extraordinary relative value?—The calf was not born worth 5*l.*

2015. I mean, if all bank business was conducted on that sanguine view, it would not be quite "business," would it?—This is an actual instance, which I am quite sure could be verified: the writer of the letter is an extremely cautious Scotchman.

Mr. *Ascroft.*

2016. Have you paid much attention to the subject of banking in Ireland?—No; I cannot say that I have paid very much attention to it.

2017. Are you aware that there are a large number of usurious money-lenders carrying on the trade of money-lenders and advertising as bankers?—I am aware that there are some, but I have not any intimate knowledge of their transactions.

Mr. *Ascroft*—continued.

2018. Have you heard of a bank called the "Central Loan Bank," in Hawkins-street, Dublin, and the "Express Bank"?—I have heard the names.

2019. You are not, perhaps, aware that those "banks" are really a man of the name of Buron Cohen, who also carries on under the aliases of Sidney Russell, R. Beresford, L. Leon, W. Turner, J. Wilson, L. Peril, Arthur Russell, Mrs. Vincent, and G. L. Wilson, all in Ireland?—I have not made any study of this particular subject.

2020. I suppose you occasionally see the Dublin papers?—Yes.

2021. Here is a copy of the "Freeman's Journal," for September or August, with no less than nine advertisements in it of money-lending concerns?—Yes; I am aware of that

2022. Are you also aware that these people are not only now advertising in the large cities, but also in the country districts, and preying on the people in the same way that the English usurious money-lender does?—So I have heard; but I am not prepared to give evidence of the general system of money lending in Ireland. I may, perhaps, save the time of the Committee if I say I am only prepared to give evidence of facts with which the Irish Agricultural Organisation has had to deal in promoting various projects that deal with agricultural finance.

2023. I am told that a Dublin witness is coming; therefore I will now confine myself to the evidence given by you in respect to transactions of the banks of Ireland. It seems there are nine joint stock banks in Ireland. I do not know whether you have got any data of the number of transactions which those banks enter into in the course of a year?—No; I have not.

2024. Would you be surprised to hear that in 1896 those nine joint stock banks in Ireland advanced no less than 345,138 loans, from 1*l.* upwards, to peasant occupiers in Ireland, at a rate of interest averaging from 5 per cent. to 7 per cent. only?—I had not seen those figures; the cases that have been reported to me showed a higher rate of interest than that.

2025. In the evidence you have given us you have stated that the banks did not take into consideration the small profits which were made by the farmer; they treated him the same as if they were lending money in the ordinary way?—No, I did not say that; you misunderstood me; it was rather the other way. I said that the general system of lending to a farmer did not have regard to the details of his business. My point was this, that in lending to an ordinary trader, if the man was doing a flourishing trade, no security would be demanded of him; he could always go into his bank and borrow without it.

2026. In every one of these cases I have mentioned to you, would you be surprised to hear that the only security was a promissory note with one surety, and that no expenses were charged for the promissory note except the 1*d.* or 2*d.* for the stamp?—I may say that my information comes chiefly from the West of Ireland.

2027. That is exactly where I went, the West, County Mayo and County Sligo?—My information is from Counties Mayo and Galway chiefly, and, from the witnesses that are to follow me,

Mr. *Ascroft*—continued.

you will be able to get the details of all these loans and definite instances.

2028. But did not I understand you to say that the interest in these cases charged by the banks was high?—Yes, in the cases that have been brought before me.

2029. Do you call 5 and 7 per cent. high?—No, I do not; but anything over 7 per cent. I should call high.

2030. Exactly; but I say they are under 7 per cent., every one of them; are you aware that they never refuse to renew if they believe that the man is doing his best to carry on his business properly?—Yes, that is true; but then the expenses of the sureties, of course, come over again; they have to attend at the renewal.

2031. But in all these little cases are there not branches; take County Mayo; County Mayo is honeycombed with joint stock bank branches?—Yes; but I can give you instances in County Mayo; at Belmullet, for instance——

2032. That is on the coast, is it not?—Yes; I think they are about 30 miles from a bank there.

2033. That is so in that particular part, but the population there is exceedingly sparse?—Yes.

2034. The population is very, very few?—Yes, that is quite true.

2035. Have you any experience of the Charitable Loan Fund?—No, not any personal experience of it.

2036. I suppose you know there are 112 of these societies carried on in Ireland?—I have forgotten the exact number, but I take it that is so.

2037. Take it from the report; 112?—Yes.

2038. I daresay you are aware that there have been great complaints of the gross mismanagement of these societies?—Yes.

2039. And that in many cases they have been charging as high as 8 per cent. to their customers?—Yes.

2040. That was the result of a public inquiry?—Yes.

2041. And that they have also appropriated the fund, the profit, to purposes for which it was never intended?—Yes, that is quite true.

2042. That inquiry was simply an inquiry of the officials, I think?—Yes.

2043. Have you also heard in Ireland, a very strong expression of feeling, to the effect that there ought to be an independent inquiry of the customers, and not alone of the officials?—Yes, I have heard that.

2044. In respect to the small farmers, is it not the rule where a small farmer goes for the loan of a sovereign or 2*l.* to a bank, and takes a neighbour with him, that the way in which the security is repaid, is by the farmer who borrows helping him with his hay, or by stacking his turf, or by lending him his horse for an hour or two; is not that the way they repay one another for becoming sureties?—Yes, it is very common.

2045. Never in money?—I will not say "never," but it is very unusual.

2046. Do not you think that that is a practice which creates a kindly feeling among them?—Yes.

2047. Does it not tend to cultivate a spirit of mutual assistance and help?—Undoubtedly.

Mr. *Ascroft*—continued.

2048. Is not that simply what your associations are for, but that your associations are on a larger scale?—Quite so; and perhaps the associations go a little further besides.

2049. Exactly. Now as to the gombeen man. The gombeen man in former times, I believe, was a shopkeeper?—No, not entirely; very often.

2050. Can you go to any village in Ireland without finding the descendants of some man who kept a shop, the owner of several farms which he obtained by gombeenism?—It is very general.

2051. The old gombeen man lent a sum of money, and then he insisted on the borrower taking a quantity of goods which, perhaps, he did not want, and then charged interest, not only on the money lent, but also on the goods; that was gombeenism, I think?—Yes; where the gombeen man and the shopkeeper were one and the same, that was so, exactly.

2052. And the shopkeeper, eventually, not only got hold of the man's stock, but also got hold of his interest in his farm?—Oh, yes; owned him body and soul.

2053. Can you tell me of any single man in Ireland, now, who is known as one of the old gombeen men, without mentioning a name?—No, I cannot say that I can reckon any among my acquaintance, but I think the witnesses that follow me will be able to give you some; without mentioning names they will probably give you definite instances.

2054. As you have said, it is very difficult to get definite information?—That is what I have found; I have not had much time to make inquiries, but it is very difficult.

2055. Now, in respect to the shopkeeper's credit, that would entirely disappear if these peasant occupiers were in a little more prosperous condition, would it not?—And better educated. If they were educated up to the advantages of paying cash, and had the cash to pay, it would undoubtedly disappear.

2056. Have you any objection to these loan funds, the Charitable Funds Trust?—My chief objection is that we now know of a much better system. We have learnt to realise the immense importance of having borrowers interested in the administration of the fund from which they borrow.

Mr. *Warr.*

2057. That is the great advantage over dealing with a bank in these small matters, is it not?—Exactly; that the application of the loan is watched, and people are encouraged only to borrow for purposes beneficial to themselves, and safe to the lender.

Mr. *Ascroft.*

2058. But is it not always a rule at these banks, when a man goes to borrow a sovereign or two pounds on a promissory note, that he is asked, in the first instance, for what purpose he requires it; whether it is for seed, or for manures, or for buying cattle?—Yes, he would be asked; but the lender would have no means of bringing pressure to bear upon the borrower to make him apply the loan to the purpose for which it was made.

2059. Can

Mr. *Ascroft*—continued.

2059. Can you do that by your bank?—Decidedly; most unquestionably; because if the man fails to repay the loan, the money having been borrowed from an outside source, his associates will have to make good the deficiency, so that they will take very good care.

2060. In respect to the west coast, with which you say you are most intimate, if you will look at the map you will see there is an entire absence of these Charitable Loan Trusts on the west (*handing the map to the Witness*)?—Yes.

2061. They are all confined to the north and the south of Ireland?—Yes.

2062. Do you think that that makes any difference; would the establishment of these loan trusts in the west, the poorer parts, of Ireland have the same effect as your banks?—Certainly not.

2063. Understand I am not opposing the principle of your banks for a moment?—No, but those you refer to are not organised on the same principle at all, and they do not carry out the same object; they have no moral or social effect or benefit that I can see.

2064. Yours is to have an educational effect as well as the commercial one?—Certainly.

2065. In respect to the trust auctions; are those all over Ireland?—No, I have only heard of them in County Donegal; but as I have said the witness who has just come from Donegal, who will be examined presently, will give you all the information about those.

2066. He will give us all the particulars of these trust auctions?—Certainly.

2067. I do not know whether you are aware that in the last few years, since the Irish Land Acts were passed, a considerable number of farms have fallen into the possession of the money-lenders?—Yes, so I have heard.

2068. The Bankruptcy Act, I think, in Ireland fixes the sum of 40*l.* as the sum on which a man can be made bankrupt?—Yes.

2069. The man having been made bankrupt is it not the constant rule of the money-lender to apply to the court to sell him the farm at a ridiculously low price?—I do not know about the price, but, of course, he would go for the new security that the tenant has had transferred to him by recent legislation.

Chairman.

2070. Of course when Mr. Ascroft says "sell him the farm," he means the tenant's interest?—Yes.

Mr. *Ascroft.*

2071. Of course the tenant's interest in the farm, I mean?—Yes, I understand that.

2072. In respect to the objection to this country finding money for banks in Ireland, how are you going to get your money for these banks unless you have someone in the district who is ready to advance it, or the Government finds it?—I might say at once I have no objection to England giving all the money she likes.

2073. I do not mean "give"?—But I think it would be unwise, from the Government's point of view, and from the general point of view of the movement to establish these banks, that the Government should, at this stage, advance capital to them. I think the Government should

Mr. *Ascroft*—continued.

only follow the precedent of the German states, that when these rural banks have placed themselves in a position to obtain the money from ordinary commercial sources then the Government should step in and give them the advantage of the lower rate of interest upon the same security.

2074. But how will you raise the money in the west of Ireland where the people are so poor; how can you possibly raise the money?—If the legislation overcame the difficulty in the way I have pointed out, assuming that that is done, then the congested districts board is quite prepared to advance money to banks when they have been organised to a point where there is the same probability of the money being repaid as has been shown in German countries.

2075. Would any extra legislation be required to enable the congested districts board to do that?—Yes.

Chairman.

2076. That is the only point of difficulty that stands in the way, is it?—That is so.

Mr. *Ascroft.*

2077. Is there a separate Friendly Societies Act for Ireland?—No.

2078. Does the present Act enable the congested district board to advance money?—No, that is the difficulty.

Captain *Chaloner.*

2079. That is just the point, is it not?—That is just the point; that is where the difficulty arises.

Mr. *Ascroft.*

2080. Then there are sufficient board districts in the poorer parts of Ireland to advance this money if the legislation was passed which you suggest?—"Sufficient Board Districts"? I am afraid I do not understand the question.

Chairman.

2081. The congested districts board only works in certain portions of Ireland?—Yes.

2082. It is not applicable generally to Ireland; it is applicable to certain areas in Ireland?—Yes.

2083. The districts board would advance money in those areas, if this difficulty were removed by Parliament?—Certainly.

Mr. *Ascroft.*

2084. If they had power given to them they would do it, you think?—Certainly.

Mr. *Wurr.*

2085. These village banks, if I understand you fully, follow the Raiffeisen system, which has been described?—Yes.

2086. If I understand you rightly the Raiffeisen system embraces two kinds of banks, village banks, such as you have described, and people's banks, where there is limited liability which I understand is applicable to town population more than to country districts?—No, the Raiffeisen system is always based on unlimited liability, in all cases.

2087. Have you had any experience of the people's banks which have been described to us?—Do you mean the Schultze-Delitzsch banks?

 2088. No;

Mr. *Warr*—continued.

2088. No; I was confusing the various systems? —They are in County Wicklow.

Chairman.

2089. They are founded on a different principle, are they not?—Yes; they are in County Wicklow. The farmers are anxious to have these agricultural banks, but there they object to the unlimited liability, and quite rightly, because it would mean, until the system was better understood, that the "have-nots" would be leaning upon the "haves."

Mr. *Warr.*

2090. Has that developed to any extent in Ireland?—Not to any extent. Three banks have been organised in County Wicklow. I believe one of them has commenced business and the other two have not.

2091. At all events, what you direct our attention to is really the village banks, the Raiffeisen system?—The Raiffeisen banks; but there are often no villages where the banks are established.

2092. The system is more applicable to agricultural districts really?—Yes.

Mr. *Ascroft.*

2093. One question I forgot to ask you: Are you aware that, notwithstanding the hundreds and thousands of loans that these banks make to the peasant occupiers per year, it is very seldom that they have to take proceedings to recover the loans?—Yes, I am quite aware of that.

Mr. *Thomas Bayley.*

2094. Are these nine banks which my friend Mr. Ascroft has mentioned, banks of high character and good standing?—Oh, yes.

2095. Then it means this, that they are doing a business practically similar to that which the usurious money-lenders are doing here, at a very high rate of interest, at a low rate of interest in Ireland, that is to say, not over 5 to 6 per cent.? —I cannot say that within my experience 5 or 6 per cent. is common for such small loans as have been mentioned.

2096. At the low charge of 10 per cent., in your evidence you said, and Mr. Ascroft said that in his experience it was even less than that? —Yes.

2097. But it is not more than 10 per cent.?— I said that recently it had been reduced, but that it certainly had been 10 per cent. It was something lower, but I did not know that it was between 5 and 7, as Mr. Ascroft said; but he has made a special study of that, which I have not.

Mr. *Ascroft.*

2098. I am speaking on the knowledge of thousands of bills that I have gone through myself?—I have no such knowledge, and therefore cannot say anything about it.

Mr. *Thomas Bayley.*

2099. It is very difficult for an English member to give an opinion on an Irish question, but in your opinion the banks must consider, must they not, that the men that they are treating with in those small loans must have a very high sense of honour on a fair bargain between man and man, and also that these small farmers consider this a fair bargain and that the banks do not make any losses, or very few, or they would not accept such a low rate of interest?—You are speaking now of ordinary joint stock banks.

2100. I am speaking of ordinary joint stock banks?—No doubt they rely upon the character of the farmer to some extent, but in the districts where I have been working mostly, the banks do not do any business of this kind at all, or hardly any.

Mr. *Warr.*

2101. The joint stock banks welcome these village banks, do not they?—It would be their interest to do so; in some cases they have lent to them.

Mr. *Thomas Bayley.*

2102. But these joint stock banks are business concerns which I have no doubt pay a good dividend; they take deposits at a small rate of interest and lend the money out to these small farmers in small sums at low rates of interest, and they make a business profit?—Yes.

2103. And it can only be done by the banks themselves having a very high opinion of the sense of honour which these small farmers have in paying their just and lawful debts, is not that so?—Yes, that may be so; but I think the misunderstanding that has arisen between Mr. Ascroft and myself is this: We are talking about two wholly different sets of circumstances. The loans, the statistics of which Mr. Ascroft has got from the joint stock banks, hardly apply in the districts where we have been starting these agricultural banks, and when I was stating the case of obtaining loans in these districts I was simply repeating evidence that had been brought to me by the organisers of the association, and when they come to be examined presently you will be able to get the direct evidence of these cases.

2104. I can quite understand that where the joint stock banks are doing a business like we have had explained to us, lending money we will say from 5 to 10 per cent., there is not so very much cause for your banks, and it may be necessary for you to go rather where they have not got the advantages of the joint stock banks? —There would not be the same necessity; but still they would be extremely beneficial in any agricultural district.

Chairman.

2105. I think we may take it for granted that there is a class of loans given to very small people which the ordinary joint stock banks would not entertain at all?—Certainly.

2106. I think we may take that for granted; and, as I understand it, these agricultural banks are mainly intended to apply to these very cases, that are rather outside the ordinary run of banking business; that is what I understand by your evidence?—Yes.

Mr. *Warr.*

2107. Then beyond that it establishes a totally different relationship between the members of the agricultural bank and the joint stock bank and its customers?—Certainly.

2108. How

Mr. *Garfit.*

2108. How many of these banks have already been established, the banks you represent?—Three were established in 1894, 1895, and 1896, respectively, and on the success of those we have since organised and registered nine more in the counties of Mayo and Galway; I think three (I am not certain of that figure) in County Wicklow; and there are three that are in process of organisation in County Donegal.

2109. And are they about the size of that balance sheet you sent up, showing totals of about 150*l.* lent?—Those have not begun business, and I cannot speak of that.

2110. The others are all quite sound at present, are they?—They must all necessarily start in an extremely humble way.

2111. They have not yet had time to develop?—No.

Mr. *Yerburgh.*

2112. There are only two points I want to put to you. With regard to loans made by the ordinary joint stock banks, have they to be made for a specific productive purpose?—No.

2113. That is to say, has the borrower when he goes to the bank in order to get a loan from the bank, to state that his loan is for some specific productive purpose?—There is no such condition imposed in the system. No doubt in using his discretion as to whether the loan should be made or not, the bank manager would probably, himself, cross-question the borrower upon all these points.

2114. But, as a matter of fact, the loan might be applied to some other purpose than that for which it was supposed to be obtained?—Certainly, and the banker could no nothing.

Mr. *Garfit.*

2115. He could call in the loan, could not he?—No, not until it was due; he could refuse to give a renewal.

Mr. *Yerburgh.*

2116. I understand that under your system the loan must be for some specific productive purpose?—Yes.

2117. And the application of the loan to that is guaranteed, is it not?—Yes.

2118. And if it is found that the borrower is not making a proper application of the loan it can be at once called in?—Yes.

Mr. *Garfit.*

2119. Arising out of that, why do you think it is never the custom of banks to lend for any specific purpose? Do you think it is not their custom to lend for specific purposes very often?—At the time of lending they may ask for what purpose the money is required, and no doubt they do; but it is not a condition of the loan that it should be applied to that purpose, and if it is not so applied the bank has no remedy except to refuse a renewal when the repayment is due.

2120. You could not get your money back, could you, either?—If not applied to the specified purpose the loan is immediately called in and the surety is made responsible, and the member who misapplies the loan is turned out of the society, a degradation that he will not face.

Mr. GEORGE RUSSELL, sworn; and Examined.

Chairman.

2121. I believe you are one of the organisers of the Irish Agricultural Society?—Yes; I have been employed for the purpose of organising the agricultural banks described by Mr. Plunkett in the congested districts.

2122. Your work has been confined to the congested districts?—It has been confined solely to the congested districts.

2123. Will you be good enough to describe to the Committee the general conditions of borrowing and of credit in these districts?—Yes.

2124. First of all you must not assume that we are all Irish members; will you tell us the exact area covered by the congested districts?—The greater part of Donegal, a small part of Sligo, nearly all of Mayo and Galway.

2125. Some Leitrim?—And some Kerry.

2126. Any of Leitrim?—I have not been there.

2127. But Leitrim was in the area, was it not?—Yes, scattered portions of it.

2128. The congested districts are a scheduled list of districts, are they not?—Yes.

2129. Now will you describe the general conditions of borrowing and of credit in those districts?—These investigations were made in village after village. As I passed through them I made it my business to inquire the general conditions

Chairman—continued.

of borrowing in each village, and of course they differed in every district.

2130. No doubt?—I have divided the sources of loans into five or six different heads; first of all there are the joint stock banks. Well, there are very few branches of those banks in Galway or Mayo. In the large towns like Ballina and Castlebar there are branches, but there are very large districts like that around Belmullet where there are no joint stock banks at all.

2131. Not even on market days?—Not even on market days; and a borrower who applies from the district of Belmullet is put to an initial expense of 12¼ per cent., which is made up in this way: he has to write to the bank, and there is the cost of the stamp on the bill and 2*s.* 6*d.*, which is deducted by the bank beforehand, on a loan of 5*l.* (for three months).

2132. A 2*s.* 6*d.* stamp?—Two shillings and sixpence discount; and the bank charge him the cost of the money order and postage; it amounts to 3*s.* 1*d.* exactly as the expenses from the district there, and very few people can get the loan, because the banks at Ballina will not lend to people so far away, and unless they can get the surety of the parish priest or of a local trader, and the parish priests are prohibited in many cases by their rules from becoming surety, and

as

Chairman—continued.

as to the traders I think it is very unadvisable that the borrower should apply to them at all: I know in Belmullet I was generally informed that whenever a trader recommended a customer to the bank he expected that a considerable portion of the money would be left in his own shop for goods; and that report was confirmed by one of the traders himself to me. I had called on him, and he said: I myself have recommended customers of mine to the bank, and sometimes I will discount a bill for one, but I always expect that he will leave two or three pounds of the money for goods in the shop. So that it is very difficult now for a borrower in that district to get a loan unless he is a member of the little bank at Belmullet which we have started. Then as to districts which are nearer a joint stock bank like Crossmolina, I asked a farmer there how he got a loan of 5*l.* from the National Bank at Ballina, and he gave me this list of his expenses. He had to bring a surety to Ballina with him, and the return fare for each was 1*s.* 6*d.*, that was 3*s.*; he had to give this man his dinner at Ballina and pay for his own, two more shillings; and he also had to treat him, and he put down the treats as about 2*s.*, he could not be quite sure.

2133. The dinner cost 2*s.* and the treating cost 2*s.* extra?—Yes, and the bank deducted from his loan of 5*l.* for three months 2*s.* 6*d.*, that is 10 per cent.; and he did not count in that list of expenses the loss of his own day's work or the loss of the day's work for his friend; but altogether that initial expense which he was put to amounted to a tax of 40 per cent. per annum on his loan.

2134. For going from Crossmolina to Ballina?—From Crossmolina to Ballina, and the dinners and necessaries for his friend. There are a great many other things which pile up the expenses. When a man goes surety for his friend he expects that he will work for him occasionally; he is under an obligation to him, and it may be that he will want him as surety for himself; but I can say that in that district I never heard of the banks at Ballina lending under 10 per cent. for loans of 5*l.* and under, until quite lately, when I heard that the interest had been lowered to 8 per cent. in some cases. That is in that district. In other districts I have heard that some of the banks lend at 6 per cent., in small loans; I think the Hibernian Bank is one of these. I enquired of about 30 people, and they all gave me the same account, that the bank deducted 2*s.* 6*d.* for a loan of 5*l.*, 10 per cent. for three months. I have also spoken to the manager of a bank at Donegal, and he told me they did not like lending these small amounts. He said: they are very profitable; we charge 10 per cent. on them for 5*l.* and under, but we do not like lending them, and we do not do it unless it is to oblige a customer or some one who has a deposit in the bank. Those conditions would prevail over all the congested districts in Galway and in Mayo as far as the joint stock banks are concerned; of course if the farmer lived quite near to the town it would be less expensive.

2135. Then your point, I think, is this: that in addition to the legitimate interest which the

Chairman—continued.

bank charges before a small farmer can get a loan in those districts he has to go himself and take his surety with him; he has to dine him and treat him, and that and all these other expenses added to the interest make it an unreasonable interest?—Yes, they make it an unreasonable interest.

2136. For which the bank is not responsible?—The bank is not responsible for that; but it is very expensive. This farmer of Crossmolina also told me that he was worried to make this sum up at the end of the three months, because he said if he did not it would be adding to that again the same expense for the renewal of the bill at the bank of Ballina. The ten shillings would mean a great deal to a small farmer of that kind; it would mean a week's living.

2137. You have given us a specific case there; of course it would not govern every case; but I gather from you that the farmer not only required the money for the three months, but expected to renew the loan; can you tell me what the money was for; was it for a productive purpose, or for rent, or what?—He did not mention to me at the time what it was for; but I think from what I could gather it was for holding over the sale of the stock.

2138. That is to say, it was to pay rent, and prevent the sale of his stock at an awkward time?—I think that was it.

2139. Have you any knowledge as to gombeening in these districts?—Yes.

2140. Has it declined?—It has declined considerably.

2141. That is the professional gombeen man?—The professional gombeen men are disappearing over the country; public opinion and the presence of the joint stock banks and other causes have made them to disappear.

2142. Have you any idea of the rate at which they used to lend money to these gentlemen?—It varies. There was a man at Belmullet who lent money, taking a shilling discount from each pound; but the people I inquired from told me that he never lent over 2*l.*, he was not a very wealthy man; he had not much capital, but several people mentioned that rate to me; they said that they had borrowed money from him, that he took a shilling from each pound, and that the payments began after a week; that is about 30 per cent. In Attymass, County Mayo, about seven miles from Ballina, and at Lahardaun about 14 miles, I should say, from Ballina, there were gombeen men, I was told, who deducted 3*s.* and 4*s.* from the pound, but they gave the men the use of the money for a year in that case. It is very difficult to get precise details unless you come with the parish priest at your back and his influence to aid.

2143. But you distinctly think that gombeening is declining?—Distinctly; it is almost vanishing.

2144. Is that largely due to the spread of these joint stock banks, and their willingness to make small loans?—I think so.

2145. Have you heard anything about loan fund banks or societies?—Yes.

2146. Have they any existence in the congested districts?—Well, in Galway, and in one or two places in Donegal, they have.

Chairman—continued.

2147. You are aware that there has been a public inquiry into their proceedings?—I am aware that there has been a public inquiry; I do not propose to go over the evidence given to that Commission, but I should like to make an observation about it.

2148. Tell me this: you may take it that, although I am an Irish member, the other members of the Committee are not. Will you tell me where they get their capital from?—Well, I could not say. My inquiries were directed to the terms of the loans in each case, because I wanted in my public speeches to contrast the terms of the banks, and I was describing the terms which they could get at the loan fund societies, the gombeen men and the joint stock banks, and our agricultural banks.

2149. What I mean is this: the Government do not advance any money to these loan fund societies, though they are under Parliamentary control and Parliamentary regulation?—Yes, so I understand.

2150. The Government do not advance the money, but the people themselves find it?—I think so, in nearly every case; but a great objection to the system of loan fund banks, I think, is not so much the rather high interest charged as the system of repayment. I think it is almost impossible for farmers with small holdings of three, four, or five acres, to repay money weekly; labourers or artisans in towns in receipt of weekly wages can do so, and I think it was that, more than anything else, which led to the abuses of the system. The farmer who got his loan for 20 weeks at a shilling per pound a-week, or to be repaid monthly, could not possibly, I think, pay it back that way without a great deal of difficulty; he was forced to renew, and the renewals were expensive, with fines, discount and treats.

2151. Are you aware that the Court of Queen's Bench has held that a renewal of one of these promissory notes before the principal has been paid off is illegal?—I have heard that.

2152. Are you aware that there are a great many of these loan funds practically bankrupt at the present moment, because they cannot get in the money which has been lent in this way?—Yes; I have heard that.

2153. And that Parliament has been called upon to intervene?—Yes; I have heard that also.

2154. But these loan fund banks and societies are not spread largely over congested districts, are they?—Not very largely; there is one at Galway, which I hear is exceedingly well managed. I spoke to the manager of it, and he regretted that by the rules he could not lend even more cheaply than he did do.

2155. Mr. Horace Plunkett told us something perfectly new under the name of "trust auctions." Have you had any experience of those?—When I was in Donegal I heard a great deal about them.

2156. Is that recently?—Quite recently.

2157. Will you kindly tell the Committee what they are?—They are auctions held either monthly or fortnightly. In three places I have heard of them; Ballyshannon is one.

Chairman—continued.

2158. And Raphoe?—Certainly, in Ballyshannon; and I was told that they take place in other places in Donegal.

2159. In Raphoe?—In Raphoe, I think; but I am informed that Ballyshannon is the headquarters of the system.

2160. Will you describe the system?—Well, furniture or cattle, or other things are offered for auction. I believe there is nothing excessive about the auctioneer's charges, and everything is conducted properly; the point I particularly observed was that it had been used as a means of getting money. Three or four farmers who require money would agree between them to drive two or three cows into the auction; one of them would offer them for sale, and the others would push up the price; and then the auctioneer would give cash to the seller.

2161. The auctioneer would give cash to the seller?—The auctioneer would give cash to the seller and take a bill for three or four months.

2162. I see it now?—Then the cows went home again to the sheds they were originally driven from, and the farmers would get their money with two rates of interest.

2163. It is very ingenious, I am bound to say?—Of course it is.

Mr. *Thomas Bayley.*

2164. I do not see where the two rates of interest would come in; will you explain that?—There is the auctioneer's fee and there is the interest on the bill which the buyer gives to the auctioneer for three or four months or else a discount for cash to the seller.

Chairman.

2165. It was really no sale at all; was it?—No.

Mr. *Warr.*

2166. Of course the property remained where it was?—Certainly.

Chairman.

2167. What takes place is this: the whole thing is a sham sale; the auctioneer gets his fees out of it, and there is interest on the bill?—That is so or else a discount for cash.

2168. The whole thing is a sham?—Yes.

Mr. *Warr.*

2169. I think it must be done to evade some Act of Parliament; must it not; I do not know what Act of Parliament it would be quite: I think it must be to evade the Bills of Sale Act—I do not wish to imply that all the sales are like that; but extensive use has been made of the system for that purpose; they also use it for gambling; it is a species of adaptation of the "cover system"; if a farmer has got 10*l.*, say, he thinks he sees a bargain offered, and wishes to take advantage of it——

Chairman.

2170. It is the most extraordinary thing I ever heard in the history of Ireland; it is no sale at all; the cattle go back to the real owner, I understand you to say?—That is only in certain cases; in many cases the sale is *bonâ fide.*

2171. The animals go back to the owner?—Yes.

Chairman—continued.

2172. They have been sold nominally?—Nominally.

2173. It is a sham sale?—It is a sham sale.

2174. The auctioneer gets his fees, however?—The auctioneer gets his fees.

2175. He gets them from the farmer?—Yes.

2176. From the farmer who owned the cattle?—From the buyer.

2177. Then the auctioneer advances the cash to the farmer?—Yes.

2178. The farmer gives the auctioneer a bill?—Yes, for three or four months.

2179. And the auctioneer charges increased interest on it?—He charges interest, the ordinary bank interest; but I do not wish to imply that that is always the use made of the auction. In very many cases it is *bonâ fide;* my point is simply this, that in very many cases they have adopted that system because it has been easier than any other system by which they could get money.

Mr. *Thomas Bayley.*

2180. The legal ownership of the cattle is in the man who bought the cattle at the auction; he gives a bill of sale?—No.

Chairman.

2181. It was the owner of them who bought them; that is the joke of the whole thing?—That is so.

2182. Is this system confined to Donegal?—I have heard of it nowhere except in Donegal.

2183. Are you aware that Dr. O'Donnell has taken any action upon this; the Bishop of the Diocese?—In his Lenten Pastoral he spoke very strongly about it as a system of gambling. He did not mention it as a system of getting money; he viewed it very much as a system of gambling.

2184. I think we understand it now; have you anything to say with respect to credit in these districts?—Yes, that was a complaint which was made most strongly in every village which I went to; that the heaviest tax upon the small farmer was the high price paid in out of the way places for goods, and the excessive rates of interest charged upon such goods. It is very difficult to get any detailed account of these things, excepting in a few cases, because the shopkeeper very rarely, if ever, gives a bill to the customer; the customer simply knows that his account is so much; that there is so much against him in the books, or something of that kind; sometimes he pays it by cash, and sometimes by a barter system.

2185. Assuming that this system is bad, I think you will admit this: that in bad times, and in the West of Ireland bad times are very frequent, very often shopkeepers really keep these people alive by means of this credit?—Certainly; that is quite true. I think many of them are exceedingly kind-hearted men. I have spoken to some of them on the matter, and my opinion is that they simply inherit a bad tradition of business, and see no way of breaking away from it; they see no other way of protecting themselves; they have to charge high prices and a high rate of interest to protect them from the people who fail; but the system is certainly very bad, and I believe, from my examination of that part of the country, that about 25 per cent.

Chairman—continued.

of the poverty in the congested districts may be put down to the shop system.

2186. "Shop system," that is, the credit system?—The credit and barter system in the shop; and very many of the parish priests with whom I have spoken on the matter, who have inquired into it most particularly, are of opinion that nearly the whole of the problem of the congested districts is that problem.

2187. But at present there has been no way of keeping the people alive but on that system?—There has been no way.

2188. Whenever bad times come, and crops failed, they were wholly dependent upon credit until the next year?—Just so. I could give instances of excessive credit interest charged upon goods got on and credit.

2189. Very well; let us have some of them?—A farmer at Enniscoe, Crossmolina, told me that he had gone in with a friend to Ballina in the spring to get manures, and that the cash price was 6*s.* 6*d.* for each bag, and his friend had paid 6*s.* 6*d.*; he got them until November on credit, and he paid 12*s.* 6*d.* That was the most excessive interest that I have heard of, but it is a very common thing that a bag of meal or flour should have 2*s.*, and sometimes 3*s.* added on for interest to that; it is what they call a "long price."

2190. Of course that is common in every country, I should say?—Yes.

Mr. *Ascroft.*

2191. It is the difference between cash and credit, is it not?—Yes.

Chairman.

2192. What is your remedy for these evils?—I believe the remedy to be the establishing of agricultural banks in every parish where these conditions of borrowing prevail. They offer advantages which none of the other systems offer. First of all, they will let the borrower state his own time for repayment, and his own terms, whether by instalments or in one sum or two sums. They consult his convenience in that way, of course providing that the loan is not granted for a period beyond the year; but within that time, if the committee think it is a reasonable time, they will grant it on his own terms. Then another advantage is that the interest will be lower than in any other system that I know of, and it is not deducted beforehand, as it would be by the gombeen man or by the joint stock banks or loan fund societies; but he pays the interest with the last instalment of the loan. And another advantage is this, that if he pays back a certain sum off his loan, the interest is stopped on that amount which is repaid. If he paid it back at the rate of a pound a month, the interest would be stopped on that pound, as it was paid back; so that it is really a 5 or 6 per cent. interest, and not a nominal interest of 6 per cent.; it would be about 12 per cent. if it was charged on the whole amount. Then another advantage that these banks offer is that the borrower has, practically speaking, the advice of seven of the most intelligent men in his district advising him upon his loan, because when an application for a loan comes before them to consider, they think whether he is likely to

Chairman—continued.

to make a profit out of it; so that unthrifty borrowing is done away with, and the application of the loan is safe-guarded, because in the bond the two sureties are bound not only for the repayment of the loan, but also to see that it is applied to the purpose for which the loan is granted; and they are also informed at the same time that if on investigation it is found to have been misapplied, they will be called upon to repay it immediately.

2193. You heard Mr. Plunkett's evidence, I think?—Yes.

2194. Do you concur in it?—I concur in it completely.

2195. The last question I have to ask is this: In these congested districts there are a great number of migratory labourers who come over here for the harvest?—Yes.

2196. You are aware of that?—Oh, yes, many hundreds.

2197. Are you aware that those people many times borrow the money from the shopkeepers to bring them over here?—Yes, they very often do so.

2198. That is a regular practice?—That is a common practice.

2199. So that what you call "shop credit" is really part of the life of the whole district, without which everything would come to a standstill?—Certainly.

2200. But your idea is that it is a ruinous and expensive system which ought to be replaced as soon as possible by a better?—I think so.

Mr. *Warr.*

2201. Would your banking system touch that at all?—Certainly it would, because it would lower the rate of interest if a man was dissatisfied with the rate of interest charged by the shopkeeper on goods.

2202. That I quite follow; but I am taking the case the Chairman put of the agricultural labourer who is coming over here to harvest?—I can give you an instance of that very case in point. One of the members of the Belmullet Bank informed me that he and his son wished to go over to England for the harvest, that he had no money, and that if he sold his stock he would have been at a loss; he went to the bank at Belmullet and borrowed 50*s.* to bring himself and his son over; and he paid back the money in a short time, and he told me that he and his son had saved 28*l.* between them, and that that loan of 50*s.* had enabled him to hold over the sale of his stock, which was worth 7*l.* more to him he said.

Mr. *Ascroft.*

2203. You have had considerable experience of Ballina and the district?—Yes, I was there.

2204. In Ballina I think there are four banks, are not there?—Yes. There is the National Bank——

2205. I know them all, the Provincial Bank and others. Have you ever been there on a Saturday, the market day?—Yes.

2206. When the peasant occupiers have been going into these banks?—Yes.

2207. There is no secrecy whatever in the way in which they go into the bank to borrow money on surety; the thing is done openly before everybody, is not it, just the same as cashing a cheque?—Yes, I understand so.

Mr. *Ascroft*—continued.

2208. Are you aware that the smallest rate of interest charged is 6*d.*, do you know that?—No.

2209. For three months 6*d.* is the smallest rate on any sum lent less than a sovereign. Are you also aware that it rises by steps, 6*d.*, 1*s.*, 2*s.*, and so on, and that for half-a-crown you can receive either 5*l.* or 7*l.*, whichever you like, for three months. Do you know that?—I was told that they could not get small sums in the banks at Ballina. The people living in the town may have been able to get them, but my informants said that they could not get these small sums, that the bank did not like lending them; but one manager of a bank told me that they would do it in case a customer or depositor of theirs would recommend it.

2210. Are you aware that it is done in thousands of cases at from 5 to 7 per cent.?—I never heard of a case for the small sums I mentioned.

2211. You have quoted one case only?—I inquired in Belmullet and Crossmolina.

2212. Have you gone into the bank and looked through their bills and seen their books?—No, I have not.

2213. I have; that is why I am asking you these questions. Have you ever heard of the banks having been compelled to sue those people?—Very rarely, I believe.

2214. Would you be surprised to hear that in 1896 there were over 300,000 transactions of that kind in Ireland?—Well, my knowledge of it is confined mainly to the congested districts.

2215. The west coast?—The west coast.

2216. On the west coast they have a very large number of branches, have not they; there are 40 or 50 branches (on the west coast) of banks. Look at that map; I have marked all the branches there (*handing the map to the Witness*)?—The places where I was founding these banks that I am describing were small villages.

2217. Yes, that is where the branch banks are?—I see here that there are very large tracts written over as "bog."

2218. Yes, that is chiefly moss and water, and very few people live on it?—There are three banks to my own knowledge in a place marked here as "bog"; and it is a very great advantage indeed to the people living there.

2219. But a very large part of it round there is more or less bog, is it not?—More or less bog.

Chairman.

2220. How far is the nearest joint stock bank from Belmullet?—Forty English miles, or 30 Irish miles.

Mr. *Ascroft.*

2221. Belmullet is in the west?—Yes.

2222. Are there people living near it and around it?—Certainly.

2223. I thought it was a very sparsely populated district?—It is; but there are hundreds of people. At a little town called Bangor and there are cottages scattered all the way through.

2224. I suppose there cannot be very much custom for a bank to be established there?—They had a bank at Belmullet some years ago and it stopped.

Mr. *Ascroft*—continued.

2225. Why?—I think there was not enough business.

2226. In respect to this gombeenism you have mentioned, one knows the old gombeenism is dead; that is to say, where the shopkeeper found the money?—Oh, no.

2227. Where he lent a sovereign and compelled the borrower to take 4*l.* or 5*l.* worth of goods at an exorbitant rate and pay interest on the whole of it. Can you mention a single case in Ireland where that is carried on now?—Well, I was informed that it was carried on.

2228. Never mind being "informed." Can you, from your own knowledge, speak of any case in any part of Ireland where the old gombeen system is carried on?—Well, I believe it to be carried on; I can tell you exactly the nature of the evidence I can give about it. I myself never lent or borrowed.

2229. You know the kind of thing I mean by "old gombeenism." Where the borrower dare not pass the shop without going in and buying something?—I do not think it is quite so bad as that now.

Chairman.

2230. Your evidence was, was it not, that it was dead?—That it is vanishing.

Mr. *Ascroft.*

2231. Have not the banks actually killed it?—Not altogether; not in the out-of-the-way places I describe.

2232. Do not you know it is one of the boasts of these Irish banks that they have stamped out gombeenism?—It still exists, I am convinced, but not to a large extent.

Mr. *Thomas Bayley.*

2233. Do you agree that the joint stock banks have made it go down to a very great extent?—Oh yes, certainly.

Mr. *Ascroft.*

2234. You are aware, I suppose, that the banks make no charge whatever for preparing the promissory note?—Yes.

2235. Except that in some cases they charge a penny for the stamp, I believe; but that is exceptional?—They charge the penny for the stamp.

Mr. *Warr.*

2236. There is no antagonism between the joint stock banks and the banks which you are interested in, is there?—No, we take up a class of business that they do not like to take up.

Mr. *Ascroft.*

2237. In fact, the system carried on by the banks is really a great help to the poor people?—Yes.

2238. And perhaps it is a pity that it is not adopted by the banks in this country?—Yes.

2239. In respect to these loan fund societies they have been grossly mismanaged, have not they?—Yes.

2240. Is it not a matter of complaint that the inquiry which was made was not a full and exhaustive inquiry, but an inquiry of the officials alone; is not that the complaint in Ireland?—Yes

Mr. *Ascroft*—continued.

2241. These banks, so far as I understand, seem to be chiefly in the districts where these charitable loan fund societies do not exist?—I inquired only into two charitable loan fund societies in the West of Ireland; one is in Galway.

2242. And one somewhere else?—Yes.

2243. Another question arises out of these loan fund societies: one of the causes of disaster, I think, was that they broke the rule in allowing a borrower to have several sums at once; that was contrary to the Act of Parliament; a man was only to have one sum at a time?—Yes.

2244. Until he repaid that he was not to have another?—Yes.

Chairman.

2245. Was not the complaint before the Queen's Bench this, that a man got a loan, and that he renewed before that loan was paid out, and did not the Queen's Bench decide that the renewal was illegal, and is it not the fact that that has really complicated everything?—I am not able to speak as to that.

Mr. *Ascroft.*

2246. That is a different point; my point is that they were not satisfied with lending one sum, but allowed the borrower to renew it?—The areas of the banks were mixed up, and a man could live in a district covered by five or six banks at the same time.

2247. In addition to that the management was bad, was it not?—The management was very bad.

2248. I think in some cases the treasurer was a local magistrate?—Yes.

2249. And had the advantage himself of issuing the summons against the man, and of adjudicating upon it himself?—Yes; I remember a case of that kind.

Chairman.

2250. Are you not wrong in saying that he "adjudicated upon it himself"?—I do not know whether that is so or not, but he sat on the bench.

Mr. *Ascroft.*

2251. This is the report: "We consider it highly inexpedient that a treasurer of a loan society should adjudicate on a summons issued by himself, more especially when he appears as complainant on the same summons." Now do you intend to allow two loans in connection with your association to the same man, or only one?—Only one.

2252. And until that loan is repaid?—He will get no other loan.

2253. Will you exercise any discretion by asking the man what he wants it for, and try to give him assistance and information in getting his goods of best quality, and at the cheapest rate of interest, seed, and manures, for example?—I personally could not do it. My business is simply to organise the banks, and see that their accounts are kept correctly. The bank committee would inquire the purpose and advise.

2254. Will not some steps be taken in that direction?—Giving him advice as to seeds.

2255. Advising borrowers to the best market in which to purchase their goods, and the best quality of goods for the land?—Well, the Irish Agricultural Society, through its own organisers

if,

Mr. *Ascroft*—continued.

if agricultural societies were started, would give them advice, and in the case of the banks, the Committee might be able to afford its members who applied such advice, but I, myself, could not do it personally.

2256. Do you also find that in some parts of Ireland the English Jew, Shylock, the usurious money-lender, has gone over from this country, and is advertising in all the local papers his 500 or 600 per cent. loans?—Yes, in every newspaper you see some benevolent gentleman advertising that he has money to lend.

Mr. *Thomas Bayley.*

2257. The farmers in the West of Ireland do not borrow very much from what we have called usurious money-lenders in this country, do they?—I think very few in the district I was in; I do not think they would get it, I think they have no security to offer.

2258. The men who borrow from the usurious money-lenders, as we understand them in this country, are the people living round the large towns, more than the farmer class?—Yes, I think so.

Adjourned for a short time.

Mr. *Yerburgh.*

2259. I want to ask you whether you would give us your view as to the educational value of these agricultural banks?—Well the great value would be this, that it would get the small farmers out of the very unbusiness-like way they have of contracting debts. They are informed so minutely and so precisely in the banks upon the terms of interest, and so on, that they will begin to make exactly the same inquiries with reference to their bills at the shops. They have never got the details of any of those bills, and when the interest in the bank is explained to them they will begin to apply the system to almost all their other business relations. Then they are taught to be punctual, which is a virtue, I am sorry to say, that does not exist very much in the West of Ireland. Another great educational advantage, I think, is the value in any out-of-the-way village where a number of people come together to consult upon the welfare of their own district; that has been hitherto quite unknown, I may say, in out-of-the-way places like Carna or Rossmuck or Spiddal; six or seven or eight of the most intelligent people in the district come

Mr. *Yerburgh*—continued.

together weekly, fortnightly or monthly to consult together upon the good of their district; they take up each member and each loan and the application of each loan, and decide whether it is for the good of the member to get the loan or whether the loan will be properly applied, and whether it is a good purpose or not. I think that cannot but have the best effect upon the people who are engaged in it. Then another thing is a really very striking moral result, that is, that the system of joint unlimited liability, which is the only way in which they can get the money on reasonable terms, is accepted by them quite cheerfully; and I have found that when it is explained to them, and the chances of loss, they take it up quite cheerfully and say: Any man would do that to help his neighbour. At a meeting of the members of the Belmullet Bank, when I was speaking upon this point, they all interrupted me in my speaking, and said: Any man would do that much to help his neighbour. I think that is a very valuable feature of these societies, that it develops such a feeling in the members. It already exists in the district, where everybody does help his neighbour as much as possible; but I think it is as well that that thing should be organised, and that it should not fall so much upon individual people as it has done before; and in co-operative societies the benevolence of the district is organised, so to speak, so that it falls mutually upon all.

2260. There is one point I should like to ask you as to the repayment of loans in your banks: Can a loan, if it is convenient for the borrower be repaid by instalments?—Certainly; he gets his own terms of repayment as to time. If he says he will pay it back weekly they will take it that way, or monthly, or in one or two sums, and that is a very great convenience to the small farmer.

2261. Does the borrower from the joint stock bank obtain the same privilege?—Oh, no.

2262. He cannot obtain it from the joint stock bank?—There are fixed dates for repayment; 3, 4, or 6 months.

2263. Therefore in that respect your bank offers distinct advantages?—Distinct advantages and another matter is this, that they follow out the application of the loan, which is not done in the case of the joint stock banks, or in the case of any other society that I know of.

Mr. P. J. HANNON sworn; and Examined.

Chairman.

2264. You also are an agent of the Irish Agricultural Organisation?—Yes, I am one of the organisers of the Irish Agricultural Organisation Society.

2265. Do you live in the West of Ireland?—Yes.

2266. Have you lived all your life there?—Yes.

2267. Then you have a thorough acquaintance with the difficulties under which the peasantry borrow money there?—Yes.

2268. As to the gombeen men, what is your

Chairman—continued.

experience?—Well as to the real gombeen man in Ireland I have only three cases, extending up to the present time, so to put it, in which gombeening is actually carried on. There are three districts in the county of Galway in which I know that gombeening is being carried on, but it is very difficult, of course, to get definite information as to how the gombeen man operates in his dealings with the peasantry; but I did get the particulars of three cases, which I can give the Committee, as to how the particular gombeen men in those districts do carry on their

Chairman—continued.

work. In one of those districts I saw the documents connected with the case. It was a case where 4*s.* interest was charged on each pound for a year. The loan was contracted some years ago.

Mr. *Warr.*

2269. What was the amount of the loan?—The amount of the loan was 8*l.* It was contracted some years ago. The loan went on for four years without either principal or interest being paid, and at the end of the time the gombeen man (for he was certainly such), sued for 14*l.* 8*s.* as principal and interest combined; he sued before the county court judge for the amount. In another case, in another district in the county of Galway, I found that gombeening was carried on in this way: the sums borrowed were usually 5*l.*; in fact, in every case which I investigated I found the sum was actually 5*l.* A promissory note was given for 6*l.*, and this loan was paid back in 20 weeks from the date of the contract, at the rate of 6*s.* a week. During the time that this loan was being paid back very frequently the instalments of the loan (the 6*s.* per week, to take the specific case) were not paid, and there was a sum for fines which appeared to be carried on entirely at the discretion of the gombeen man, as I could not get any definition about the exact fines; but, at all events, the rule seemed to be that a loan of 5*l.* was contracted and 6*l.* paid back.

Captain *Chaloner.*

2270. In what time?—In 20 weeks. In another district in Galway (and where, I am sorry to say, the gombeen man still exists; I am perfectly certain he does, because all the people admit it, although they will not give you actual information as to their dealings with him; he certainly does exist at the present moment, of that I am quite satisfied) he charges 2*l.* on 10*l.* for a year. That is one case I have in my mind. The gombeen man lent 10*l.* and took a promissory note for 12*l.*

2271. For 12 months?—Yes.

Mr. *Ascroft.*

2272. That is not gombeenism, is it; that is only usurious money lending; the man carries on his business as a professional money-lender; is not that so?—I do not quite understand the distinction.

Chairman.

2273. Gombeen man plus shopkeeper?—This case is not a "gombeen man plus shopkeeper" case.

2274. The old Irish gombeen man often was a peasant, was he not?—Yes.

2275. It is a mistake, is it not, to think that the gombeen man is always a shopkeeper?—Yes.

2276. What have you to say about the joint stock banks; what is your experience about the interest charged on small loans by the joint stock banks?—My experience is that the interest always charged on very small loans is 6*d.* in the £. for the quarter.

2277. The joint stock banks?—The joint stock banks charge 6*d.* in the £. for a quarter. Now, I know of my own personal experience (but it occurred a couple of years ago, I was brought into contact with the person who contracted the loan, and I saw the papers) that the charge actually was 6*d.* in the £. for the quarter. I made a calculation in this case as to what the actual cost of the borrowing was, allowing for all those things detailed by Mr. Plunkett and Mr. Russell (which I need not go over for you), and I found the actual cost of getting a loan for 5*l.* by a peasant borrower in the country, in a rural district, was 12*s.* 1*d.* Well, I know of my own knowledge that that loan extended over a period of five years before it was finally paid; and I have calculated that, if the man paid 12*s.* 1*d.* each time the bill was renewed (it was renewed every three months) that would mean that the peasant was paying 2*l.* 8*s.* 4*d.* a year for the use of 5*l.*; so that when the money was finally paid at the end of the five years there had actually been 12*l.* 1*s.* 8*d.* paid in one way or another. According to the calculation I have made out, allowing the man something for his time spent in going and the time he spent in bringing his bails there, and allowing a certain amount for the cost of bringing these bails and giving them work in return for the time the bails spent, I find there was actually 12*l.* 1*s.* 8*d.* expended in interest alone before this loan of 5*l.* had been paid back to the joint stock bank.

Mr. *Garfit.*

2278. How do you arrive at these figures of the expenses?—In this particular case I have taken 2*s.* 6*d.* for the interest for a quarter; that is, 6*d.* for each pound, and then a penny for the stamp. At the time this loan was contracted it was customary for people to have the promissory notes drawn up by a sort of professional note drawer in the town, a man who wrote out the promissory note for the borrower and charged him 3*d.* for doing it.

Chairman.

2279. He would be the "Letter-writer" of the village, I suppose?—The particular case in my mind is in a town of over 3,000 inhabitants.

Mr. *Garfit.*

2280. Would not the bank draw the note or have it printed?—The bank did not at that time; of that I am certain.

Mr. *Thomas Bayley.*

2281. They do it now as a matter of fact, do they not?—They do it now. I have calculated that the man got the 3*d.* for drawing the note; and my recollection of the incident in this particular instance (and of a great many other similar instances) is that he got an equivalent to another 3*d.*, because he certainly got not less than half a glass of whisky; the borrower had to pay for that along with the expense of having the note drawn up.

Mr. *Garfit.*

2282. Do you mean that it is now the custom to have the note drawn by somebody?—It was the custom; I think it is not at this time. You want the particular figures. I have calculated that bringing the two bails into the town, and treating these men decently, giving them their dinner and a few drinks afterwards, would at least

Mr. *Garfit*—continued.

least amount for the whole of the three men to 5*s*. It was customary then to give back a day's labour to each of the men brought into the town, which I put down at 2*s*. a day; and it is very unfortunate that in getting this labour back a day is sometimes selected which would be worth, perhaps, more than 2*s*. to the poor man who has to give the labour; so that altogether I arrive at the 12*s*. I have mentioned as the cost of borrowing this 5*l*.

Chairman.

2283. Now I want to put this question to you seriously: You are talking about "half a 'glass of whisky"; do you think that when these men in the West of Ireland go away from their homes, and take two sureties with them to the bank, that then when the two sureties and the borrower come away from the bank with the two or three pounds in their pockets as a loan, they often adjourn to a public-house?—Yes.

2284. Is it not a fact that a great deal of the loan often goes into the public-house?—Unfortunately, yes.

2285. Is not that a fact?—Yes.

Mr. *Garfit.*

2286. Would not that be the case if the loan were obtained from any bank?—It is possible.

Chairman.

2287. Do not you think that one of these agricultural banks in the village or near the man's home would, to a large extent, meet the difficulty?—Certainly.

2288. Now come to the shopkeepers' credit?—Just before I leave this point, sir, I would like to emphasize the fact that whether the joint stock bank charges 10 per cent. interest or 5 per cent. interest to a tenant farmer in Ireland, it would still be a great advantage to that farmer to be able to borrow through some means immediately in contact with himself, I mean some means that he could reach in his own community at home.

2289. Without going into the town?—Yes; and with reference to the work of the agricultural bank, that bank will reach a section of the community who could never get credit in the joint stock banks of the town at all.

2290. You concur with the last witnesses, I think?—Yes, certainly.

2291. Now, take shopkeepers' credit, please?—Well, sir, with regard to shopkeepers' credit in Ireland, unfortunately very large profits have been made out of the Irish farmers, and in some instances I have found that, in order to cover possible losses from bad debts, the shopkeepers are obliged to make very large additions indeed to what would be a legitimate profit on their sales.

2292. That is not confined to Ireland; that is a regular rule of business, I should say?—I am afraid the effect is very keenly felt in Ireland, where poor men want to make production as cheap as they possibly can.

2293. I suppose you would say that an Irish peasant, who is in the hands of a shopkeeper, never really knows what the state of his account is?—He never really knows what the state of his account is at all.

Mr. *Jeffreys.*

2294. He can know, if he likes to ask, cannot he?—Unfortunately, sir, he does not often ask.

2295. But that is his own fault, is it not?—Yes. Then the shopkeeper credit is very often encouraged by the shopkeepers themselves, because each shopkeeper desires to keep a set of customers of his own, and he finds that the best way of keeping those customers always in immediate contact with his own business is to have them on his books; consequently the system of shop credit is more or less encouraged in Ireland. In getting shop credit the farmer is told that if he pays the debt at the end of a certain period it will be so much; but after it passes that period it is not generally known how much it will be; for instance, I know districts in Ireland where the price of a hundredweight of a certain class of manure would be, if paid on the 1st of November, 11*s*.; if it were not paid until the 17th March (St. Patrick's Day in Ireland, which is a somewhat well-known day for paying debts), the 11*s*. would be 12*s*. 6*d*., and after it has passed that I have found cases where it amounted to 15*s*. and 16*s*., and I think there was one solitary case where it was 17*s*.

2296. Does not that include all the expenses of keeping the accounts, sending in the accounts, and so on; it all adds to the expense of the shopkeeper, does not it?—Except in the very largest shops in Ireland, the expense of keeping the accounts is very limited.

Chairman.

2297. They are kept in a very primitive fashion?—They are kept in a very primitive fashion.

Mr. *Garfit.*

2298. You mean that the 11*s*. was increased without any further goods being supplied?—Yes.

Mr. *Jeffreys.*

2299. That which you have mentioned is given as an extreme case, I suppose?—Yes, that is, by the time being extended; the money was not paid.

Chairman.

2300. Do you find that payments are made in kind to shopkeepers?—Yes, very often.

2301. When I say "in kind," I mean in eggs, turf, potatoes, and things of that kind?—In the case of giving eggs, turf, hay or straw, or that sort of thing, to shopkeepers, the goods are generally given immediately. I do not know of any case where they have been given as an actual payment of an outstanding debt; but I do know that a great many debts in Ireland are paid by labour, that is, by the debtor going and working for so many days for the man to whom he owes the debt.

Mr. *Jeffreys.*

2302. Is there any reason why he should not do that?—I will just give an instance, sir, which shows how that mode of payment may become the very greatest abuse in the country. There is one instance in my mind, which occurred in the Connemara district, where a poor man was working for a local convent; he had nine shillings a week in the convent, and a local shopkeeper, to whom he owed some money, insisted on his leaving the convent and going

to

Mr. *Jeffreys*—continued.

to gather kelp for himself (the shopkeeper) along the shore, and doing this work for seven shillings a week; and when the Reverend Mother in the convent said to the poor man, why should he do such an extraordinary thing, he told her he was obliged to do that or the shopkeeper would take law proceedings against him for the recovery of the debt. When I heard that, I inquired further whether similar cases existed, and I was told that in the case of a great many shopkeepers things of that sort were done; so that not only must the man in some cases pay back the debt or give work for it (as they say in Ireland), but he must do the work at a price fixed by the shopkeeper.

Chairman.

2303. But this labour is not confined to shop debts at all, is it? Within modern times the same principle was applied to the payment of rent, was it not? The farmer was often bound to give so many horses or so much labour; do you know that?—I have heard of that, sir.

Mr. *Ascroft.*

2304. And the payment of rates in the same way, repairing the high roads?—Yes.

Mr. *Garfit.*

2305. You say you have been told this; have you satisfied yourself that these are positive facts?—Yes, sir. In the case of the 5*l.* borrowed from the bank, the particular case I cited, I know that of my own personal experience, because I am myself a farmer's son and have lived amongst the people.

Mr. *Ascroft.*

2306. Your objection to borrowing from the bank is this, is it not, not that the bank charges too high a rate of interest, but that the expenses which are incurred in connection with the loan are too great?—I do object on the ground that the expenses which are incurred in connection with the loan are too high, as well as the interest itself.

2307. The expense of getting to the bank and that sort of thing?—Yes; and 10 per cent. is an absurd rate of interest to charge a poor man.

2308. Are you aware that there are thousands of cases at Ballina where the banks only charge from 5 to 7 per cent.?—Yes; but those loans will be over 5*l.*

2309. No, they vary from 1*l.* to 5*l.* on one surety alone?—I am sorry that that does not prevail more generally in the West of Ireland.

2310. In the case of the farmer who buys the manure, is not it a rule, which is very objectionable, that when the account becomes due and is not paid, the merchant insists on having a bill given and then charges the buyer 10 per cent. for discounting the bill?—Yes, that is sometimes the case. I know in a great many cases of shopkeepers giving credit, that they insist at the time they give the credit, on the debtor passing a bill to them (as they say) in the bank; they turn that bill over to the bank; the farmer or the borrower has to pay the interest on that, and at the same time the shopkeeper turns the promissory note over to the bank.

Mr. *Jeffreys.*

2311. Of course the incurring of the expense of 12*s.* 1*d.*, which you calculated in the case of borrowing the 5*l.*, was entirely optional with the borrower?—Not entirely.

2312. To a great extent?—There was 2*s.* 7*d.* of it involved in the transaction itself in the bank, 2*s.* 6*d.* interest and a penny for the stamp; and there was 4*s.* which could hardly be left out of consideration at all.

2313. What was that?—This man who went into the bank and borrowed the money had to take two persons with him to the bank to give satisfactory security.

2314. The reason he had to take people for the security was that he had no security of his own, was it not?—No, certainly not.

2315. If he had had security of his own he could have gone into the bank and borrowed the money without the sureties?—Unfortunately the people of Ireland are in such a position that they cannot avoid it.

2316. This man being in such an unfortunate position that he had no security, perhaps he was a very fortunate fellow to be able to get the loan at all?—Very likely he was.

2317. It is not everybody who, without security, could borrow even a pound, therefore if it was such a necessity to him to borrow, he was rather fortunate than otherwise, was he not?—It may be so.

Captain *Chaloner.*

2318. But as I understand you, he had the security of the "bails" he took with him to the bank?—Yes.

Mr. *Jeffreys.*

2319. But he had no personal security of his own?—No.

Mr. *Ascroft.*

2320. In respect to the professional money-lender in Ireland, I suppose you hear a great many complaints?—Not so very many.

2321. I am talking of men in Dublin and Cork who advertise?—Yes; by the way, I can give you one instance of that, I was present when the other witnesses were giving their evidence, and when you asked the question as to that, a case immediately occurred to my mind that I know of. I know a case where a farmer applied in answer to one of these advertisements (which are scattered in all the local papers over the country), to money-lenders, I think it was in Belfast, the borrower did apply in Belfast, any way, and received a letter in reply. The loan he applied for was 25*l.*, and he received a letter in reply asking him to pay 3*l.* 9*s.* 6*d.* as the expense of sending a man to investigate the circumstances before the loan would be given.

2322. And the loan was not made?—No.

2323. I daresay you will hear of many of these cases in Ireland?—I am afraid you would.

Mr. *Thomas Bayley.*

2324. The money was found by the applicant, the 3*l.* 9*s.* 6*d.*, was it?—He had first to pay 3*l.* 9*s.* 6*d.* before he got any guarantee that the loan would be given at all.

2325. Did he find the money, the 3*l.* 9*s.* 6*d.*?—No, he did not.

Mr. *Ascroft.*

2326. Is not the general rule, when these money-lending offices send from Dublin, to make the excuse that the whole of the rent has not been paid, and that, therefore, the security will not do?—I was told that, but I do not know of my own knowledge; I hear a great many of these sort of things.

2327. There are more complaints of that than of other things, are there not?—No.

2328. Are there no complaints?—There is very little complaint. People are very poor in the West of Ireland, and newspapers are not very widely read in the poorer districts, and therefore people do not know very much about the money-lender.

Mr. *Warr.*

2329. Do you find that the shopkeeper, if he has the alternative of getting cash or of giving credit, prefers to give credit?—I do say that, certainly. Of course, I would not say that as a general rule, but in the majority of cases it would be so.

Mr. *Thomas Bayley.*

2330. You quite understand the principle we have in England called the "Truck Act"?—Yes.

2331. That is, that a manufacturer may not keep a shop in which he may make a profit out of his workpeople?—Yes.

2332. Could the same principle be applied in any way to relieve these people in Ireland?—That is a question which the secretary of the Organisation Society has under consideration. We thought of that when I was in Connemara, looking into the exorbitant charges made by shopkeepers, and getting people to give work in exchange. I asked Mr. Anderson, the secretary of the Organisation Society in Dublin, to make inquiries about that, and he is doing so at the present time; but I am not quite clear whether the Truck Act will apply or not.

2333. The Truck Act in England, I do not think, would allow that to be done. I think it would be outside, or rather inside, one or two things you have said to day?—Yes; I do not think it would apply to the difficulty in Ireland.

Mr. JOSEPH PRATT, sworn; and Examined.

Chairman.

2334. ARE you Chairman of the Poor Law Board in Ballina?—Yes, sir.

2335. Do you reside at Ballina?—Within eight miles of Ballina.

2336. Of course you are familiar with the town?—Yes.

2337. Have you any knowledge of the banking facilities in the West of Ireland?—Only what I have heard from the tenants and shopkeepers of the district.

2338. Have you any idea what rate of interest a farmer can borrow money at from any of the ordinary joint stock banks?—I understood it was from 5 to 7 per cent.

2339. Five to 7 per cent.?—Yes; but I know that they charge half-a-crown for a loan of 5*l.* for the first quarter. I also understood from the men themselves that they could not borrow less than 5*l.* except in very exceptional instances.

2340. These joint stock banks in the West of Ireland have developed this businsss because of the circumstances of the people, I suppose?—Yes.

2341. Is it largely availed of?—I think it is.

2342. And the money is punctually repaid?—I believe so.

2343. You have not heard of many cases of banks taking possession of farms?—No, very few, if any.

2344. Have you anything to do with agricultural banks?—We have started one.

2345. Where? At Enniscoe?—I have started one for my own estate.

2346. On your own estate?—Yes.

2347. How long has it been in operation?—Barely two months.

2348. I suppose you contemplate doing a smaller class of business than the ordinary bank?—Our maximum loan is 5*l.* At present we have not lent more than 2*l.* to any man, but our capital, 450*l.*, was expended in a little over a month.

Chairman—continued.

2349. Are the payments being punctually made?—The repayments have not come in yet; six months was the shortest period, and we lent up to twelve months.

2350. Then if the bank has only been in existence two months, you cannot say much about repayment?—No.

2351. How many members have you?—231; there are applications from several other people.

2352. How did you get the money with which to start the bank?—I put in some myself; I borrowed some; some of the tenants have already put in some, and others have promised to put in some about the month of May; they all say they are most anxious to assist their brother tenants.

Mr. *Garfit.*

2353. Do you pay interest on the money you borrow?—Yes.

2354. And you get interest for the money you lend; you get 3 per cent.?—We lend at 5 per cent. and we borrow at 3 per cent.

2355. There is no charity about it?—No; the lenders get the interest.

Chairman.

2356. Is this one of the banks of the Agricultural Organisation Society?—Yes. I might say, sir, I have been in the habit for several years of lending out money myself to the people, just in small loans of a pound, and also of advancing them money for seed, and I have always been punctually repaid without any acknowledgment from them of having received the money, or anything else; and I think it will be just the same with the bank. These people could not have got the money from the joint stock banks.

Mr. *Jeffreys.*

2357. Is not there a good deal of trouble in keeping the accounts?—I keep the accounts.

2358. And

Mr. *Jeffreys*—continued.

2358. And there are 231 accounts?—Yes, there are.

2359. And you keep all those accounts?—Yes.

2360. It will be rather a troublesome business in future days, unless they pay regularly, will it not?—It is troublesome; but I am quite willing to take the trouble.

Mr. *Ascroft.*

2361. Are they all your tenants?—Yes.

Mr. *Thomas Bayley.*

2362. Of course you know all of them personally as being your tenants?—Yes.

2363. And you lend them that money?—I do not lend them the money; I am only acting as the secretary.

2364. Your committee lend them this money?—Yes.

2365. And they do that because they are neighbours and know one another; and the committee have a high sense of the personal honour, as regards paying a just debt, of your tenants?—I think so.

2366. That is why you are willing to lend the money at five per cent., because you have a very high opinion, or the committee have a very high opinion, of the personal honour of your tenants to pay their just debts?—They all have to sign a bond with two securities. Under the rules of the society they sign a bond with two securities for the repayment of the loan and the interest, and give an undertaking to use the loan for the purpose for which they borrow it.

2367. Which purpose is a productive purpose?—Yes, or anything in fact upon which the committee are satisfied that they will make a profit on the money borrowed; for instance, we have lent money to one person who is coming over to England for work; we have lent for different other purposes, and we have applications now for more money, but all our money is out; in fact, for artificial manure there is a very large call for money; and there is an enormous saving to be made by paying cash; and the committee's idea is, instead of giving the money; to give the order on the merchant for the artificial manure that is required.

Mr. *Thomas Bayley*—continued.

2368. That is outside the shopkeeper?—It is an order on the shopkeeper so as to ensure the borrower getting the advantage of the cash price.

2369. You say you have given money to one man who comes to England to do certain work?—Yes.

2370. Do you feel perfectly comfortable as to its repayment?—Perfectly certain; then we have the securities to fall back upon, and, if they fail, we have the other members as a last resource.

2371. But you have a feeling that is perfectly comfortable as to the honour of your tenants and the people there that they will pay what they consider their honest and just debts?—I am perfectly satisfied that at the end of the year we shall not have a penny out; that is my impression.

Chairman.

2372. The only thing there is any arrear in the payment of in Ireland is rent, is it not?—That is so.

Mr. *Garfit.*

2373. You do not find that they waste 4*s.* every time they come to you with sureties for the loan, do you?—No.

Mr. *Thomas Bayley.*

2374. And I suppose if they would go straight home when they got the money in their pockets and not stay at some of the places where whiskey is sold they would be richer men?—There is no doubt about that.

Tuesday, 5th April 1898.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. Garfit.
Mr. Thomas Bayley.	Mr. A. K. Loyd.
Mr. Caldwell.	Mr. T. W. Russell.
Captain Chaloner.	Mr. Warr.

MR. T. W. RUSSELL IN THE CHAIR.

Mr. ALFRED ABRAHAM MOORE, sworn; and Examined.

Chairman.

2375. Where do you reside?—My office, do you mean?

2376. Yes?—6, Vigo-street.

2377. Do you carry on the business there of a money-lender?—A bill discounter.

2378. How long have you carried on that business?—About 10 years.

Mr. *Ascroft.*

2379. What were you before you commenced the business of money lending?—I was in the precious stone business; I dealt in diamonds.

2380. Were you an assistant to a jeweller?—Yes.

2381. Then, with what money did you commence the money-lending business?—About 8,000*l.* or 10,000*l.*

2382. Saved while you were an assistant; rather a profitable business then, assistant to a jeweller?—I was assistant to a jeweller when I first commenced; then I went into business for myself.

2383. Then you went into business on your own account?—Yes.

2384. Were you in the habit of introducing intending borrowers to other money-lenders?—Not to my knowledge, ever.

2385. During the 10 years, what is the class of people you have been lending money to?—To noblemen.

2386. Go on; let us have the full list?—I just want to think for a moment, gentlemen; noblemen and that class; noblemen and gentlemen.

2387. There are not many more of the class of "noblemen," you know?—I beg your pardon?

2388. There are not many of a similar class to "noblemen"?—That is the class.

2389. Undergraduates of Oxford and Cambridge?—Never to my knowledge.

2390. Never any?—Not to my knowledge.

2391. Have you made any distinction as to whether they were young men or old men?—I have within the last six or seven years.

2392. Previous to that?—I never had, comparatively, any transactions with any young men.

2393. No young men transactions. I suppose you think that it would be an improper thing for money-lenders of experience to deal with young men?—I do not think so.

Mr. *Ascroft*—continued.

2394. You do not think so?—No.

2395. Have you dealt with married women?—I have.

2396. Behind the backs of their husbands?—I think in one case I did.

2397. Have you the names of any married women on your books now; you have got your books here, I suppose?—Yes, I have.

2398. Have you the names of any married women in those books?—I have the name of one lady, who is a married woman living apart from her husband.

2399. Have you no other names besides that one who is living apart from her husband?—I do not think so, sir.

2400. Just get your books and look, will you?—No, I do not think I have (*producing books*); I do not think it is necessary for me to look.

2401. Are those the only books you keep in connection with your business?—Yes, that is all.

Chairman.

2402. Although you may not have the names of such ladies on your books now, have you been in the habit of lending money to married ladies behind the backs of their husbands?—No, I never have, to my knowledge.

Mr. *Ascroft.*

2403. Have you been in the habit of supplying jewellery as part of the loan?—I have not.

2404. On no occasion?—I do not think so.

2405. Do you require borrowers to insure their lives?—No.

2406. On no occasion?—Except where there is only a life interest.

2407. I am talking of the ordinary borrower first?—Oh, no.

2408. What is your usual rate of interest?—Well, I have several rates; I charge 15 per cent.

2409. For how long?—Per annum; 15 per cent. per annum—25—I have charged 60; my average rate is about 40.

2410. Go on a bit higher; you have charged more than 60, or tried to do?—You say I do?

Mr. *Ascroft*—continued.

2411. Yes?—I do not think so; in fact, I am sure, almost.

2412. You are sure you have not charged more; then have you devoted the whole of your time to managing your business as a money-lender?—During the last 10 years?

2413. Yes?—Yes.

2414. Now, do you remember a young man of the name of Page Green?—I do.

2415 That is not 10 years since; 1896 I think that ended?—It ended in 1896?

2416. Yes?—I do not know; I really forget if it ended in 1896.

2417. I am not surprised at your wishing to forget it?—I did not say I wished to forget it, sir.

2418. This young man got into your hands?—Yes.

2419. He was a young man of 22, was not he?—I believe he was about that age.

Chairman.

2420. I thought you said you did not deal with young men?—As a rule; the last few years, I may tell you, just to qualify that, I only read in the paper that the date was 1890; I thought it was 1890; I do not know; this gentlemen says 1896, and he has the papers there.

Mr. *Ascroft.*

2421. I think you will find I am correct; it extended from 1891 to 1896?—If you have the papers there, of course you know.

2422. I have got all the papers here?—No doubt.

2423. Then he was 22 when the transaction commenced?—Yes, either 22 or 23; something of that sort.

Chairman.

2424. In view of your regular practice not to lend money to young men, was there anything particular about this case which made you depart from your rule, and lend to a young man of 22?—I will just put it to you. I said that, during the last seven or eight years, I did not do business, as a rule, with young men; but there was something in this case entirely different.

2425. I just wanted to call your attention to it?—Quite so.

Mr. *Ascroft.*

2426. Was not the fact this: that this young man was more easily imposed upon than young men generally are?—No, sir.

2427. You began by lending him money?—I think so.

2428. How was he introduced to you?—He came with an introduction from somebody, I really forget; I think it was stated in the paper, a Mr. Levoi, who gave my name to him.

2429. A Mr. Levoi; that was the other gentleman who had some few negotiations with him?—I do not know about his "negotiations."

2430. Come, come; you do know, sir?—You say I do.

Chairman.

2431. Who was this gentleman?—Mr. Levoi?

Mr. *Ascroft.*

2432. Mr. Levoi and you "worked" this young gentleman together, did not you?—That is not a fact.

Chairman.

2433. Who was Mr. Levoi?—Mr. Levoi was a gentleman who gave my name to Mr. Green.

2434. Did he know you?—Who know me?

2435. Mr. Levoi?—He gave my name to Mr. Page Green.

2436. That is not an answer to my question. Did he know you?—Certainly he did.

2437. Was he a tout of yours?—I never engaged such a thing; I never had such a thing.

Mr. *Ascroft.*

2438. You began by lending him money?—Yes.

2439. By honouring the cheques that he drew?—Well, to tell you the facts——

2440. Oh just answer my question; we shall get through much quicker if you do that?—I really do not know; I could not recall it, it is so long ago.

2441. It is a long while since, is it?—According to your statement (you have the papers), you say it was in 1891; I mean one's memory does not go back seven or eight years.

2442. The business commenced in 1891?—The business commenced?

2443. Yes?—I did not know that until you told me the date.

2444. And the proceedings ended about 1896, I think?—Yes.

2445. You not only found this young man money, but you charged him 500*l.* a year for managing his affairs, did not you?—According to that statement I did.

2446. You did?—Yes, according to that statement.

2447. I thought you had been devoting your time to your money lending?—That was part of my business.

2448. I suppose this young man was constantly drunk; that was the evidence before the court?—Not to my knowledge.

2449. Was not the evidence before the court this, that he was more or less in a state of intoxication?—I do not know whether it was before the court, it was not my evidence.

2450. Luckily he got into the hands of Messrs. Lewis and Lewis, did not he?—I did not say so; I have not said so.

2451. He did get into their hands?—I believe, subsequently, it came to them to carry on the business.

2452. And I think counsel, by their advice, then charged you and Levoi with conspiracy?—I never heard of such a thing.

2453. Did not you?—No.

2454. Before I get to that I will go shortly through your claim. This young man was made bankrupt?—Yes.

2455. And you put in a claim?—I did.

2456. That claim comprised an immense number of items?—Yes.

2457. And amounted to 5,075*l.* 6*s.*?—If you have the proof, it is so.

2458. The first item was for a hundred cigars, 3*l.* 15*s.*?—Yes.

2459. The next was for a diamond and enamel brooch, 25*l.*?—Yes.

2460. The next was, "Paid an account" (of which no particulars were given), "63*l.* 9*s.*"?—I do not know that no particulars were given; I could not say that, I do not recollect it.

2461. This

Mr. *Ascroft*—continued.

2461. This is a copy from the court; perhaps you would like to look at it?—I would, sir (*the document was handed to the Witness*). I presume that the receipts were there for the accounts that I had paid.

2462. "Fifty cigars, 2*l.* 15*s.*"?—Yes.

2463. "A pearl pin, 14*l.*"?—Yes.

2464. "A diamond dress stud, 25*l.*"?—Yes.

2465. "A diamond and pearl pendant, 500*l.*"?—Yes.

2466. And do young gentlemen wear these things?—Do they?

2467. Young gentlemen of 22, do they wear diamond and pearl pendants of the value of 500*l.*?—I suppose young gentlemen do not, but young ladies of 22 would.

2468. "Services, as agreed, 250*l.*"?—Yes.

2469. "Agreed" as to what?—I had an arrangement with Mr. Green to this effect; he was constantly getting into debt; he could not get his money from his trustees, or something of that sort, or the appointed trustees; and I allowed him a certain sum of money every day, so as to keep him——

Chairman.

2470. To keep him out of debt?—To keep him entirely out of the hands of anybody else that he might go to and borrow money.

Mr. *Ascroft.*

2471. You took charge of this man?—I did not.

2472. As long as the little gold mine lasted you kept hold of him?—I did not, sir; emphatically.

2473. Then "Bills discounted for other people, 500*l.*"?—Yes.

2474. "Agreed interest, 704*l.*"?—If that is so, there was an arrangement for that, of course; I really forget.

2475. "Agreed commission on obtaining advance not carried out on account of trustees not consenting, 1,000*l.*"?—That, I imagine, was in order.

2476. Having got into the hands of Messrs. Lewis and Lewis, they investigated this case thoroughly?—I believe they did.

2477. And, I think, they made an application to the court that your proof of 5,000*l.* odd should be disallowed?—Something of that sort, I believe.

2478. Something of the kind?—Yes.

2479. Was it an every day affair, this sort of thing, that you do not seem to recollect it?—I mean eight, or nine, or 10 years ago, one does not easily recollect things.

2480. I should have thought this would have been burnt on your memory?—I am not answerable for your thoughts, sir.

2481. In the course of these proceedings an affidavit was put on the file?—By whom, sir.

2482. By William Durnford of Ely Place?—I do not know the gentleman; it does not matter.

2483. Managing clerk to Messrs. Lewis and Lewis?—Yes; I do not know the gentleman.

2484. In that affidavit he made use of these allegations and statements: "I have been engaged for several months past in investigating the proofs of Alfred Abraham Moore and Michael Levi Levoi respectively, and it appears from the result of such investigation, and in particular from the answers given by the said Alfred Abraham Moore and Michael Levi Levoi respectively on their private examination before Mr. Registrar Hope, and the circumstances appear to be as follows: (*a*). The bankrupt was in October 1891 a young man of the age of 22 years, having a life interest in property which he had immediately after attaining the age of 21 voluntarily settled in such a way as to place the capital beyond his control; he was in receipt of a moderate income, and appears to have come to London about the time in question, and to have become addicted to drinking habits. He became acquainted with the said Michael Levi Levoi, who I believe was part proprietor of a gambling club, and by him he was introduced to the said Alfred Abraham Moore, who lent him money, and sold him jewellery, cigars, and other goods at exceedingly extravagant prices, and encouraged him in the belief that he could assist him in setting aside the said settlement and bringing the capital comprised in such settlement under the control of the bankrupt. It appears further that there was a distinct understanding between the said Alfred Abraham Moore and Michael Levi Levoi to keep in the company of and generally look after the bankrupt, and keep him under the influence of the said Alfred Abraham Moore?"—It is not true at all.

2485. I am reading from the affidavit: "and that this arrangement was to be for the mutual benefit of the said Alfred Abraham Moore and the said Michael Levi Levoi. (*b*). It further appeared that the bankrupt continued persistently his dissipated habits. During the whole time he was under the influence and guidance of the said Alfred Abraham Moore and Michael Levi Levoi, and during the whole of this time, extending from October 1891 to March 1892, he was getting further and further into debt to both of them, and was induced by them to give a number of acceptances and to sign other documents purporting to involve him in liability to them in large sums, for which he received either no consideration at all, or not by any means the consideration expressed in such documents. (*c*). It further appeared that a champertous and unlawful arrangement was entered into in writing between the said Alfred Abraham Moore and the bankrupt, whereby the said Alfred Abraham Moore was to support and maintain the bankrupt in an action to set aside the said settlement, upon the terms that he was to pay the said Alfred Abraham Moore out of the moneys to come to his hands, if such action succeeded, the sum of 5000*l.*". Was that so?—It is not true, sir.

2486. Did you make any arrangement with him?—He came to me quite without in any way my asking him to do this, and he said to me the facts were that he had made such a settlement with some relatives of his family, and he wanted to get married, and he did not see any possibility of ever getting the money; in fact he did bring an action against the so-called trustees and his family. Why do not you get the affidavit that he made in support of this application to set aside?

Mr. *Ascroft*—continued.

2487. Just answer one question at once. I have not finished yet?—I beg your pardon.

2488. "(*d*) It further appeared that the bankrupt was induced by the said Alfred Abraham Moore to agree to pay him a sum of 500*l.* a year for looking after and managing his affairs."

Chairman.

2489. Is that true?—I believe it.

Mr. *Ascroft.*

2490. "Which affairs consisted in nothing but a dissipated, profligate, idle life, and the expenditure of all the money he could in any way and upon any terms obtain"?—It is not true.

2491. The court believed it, did not it?—It is absolutely true about the 500*l.*; but that other part is not.

Chairman.

2492. Then in addition to carrying on the affairs of a money-lender, you managed the affairs of young men in these transactions?—I did not.

Mr. *Thomas Bayley.*

2493. The affairs of this young man you did?—In this instance I did; it is an exception; a different thing, sir.

Chairman.

2494. I quite understand your answer?—Then you do not want my evidence, if you understand it without my telling you.

Mr. *Ascroft.*

2495. An application was then made to the court in respect of your proof?—Yes.

2496. Your proof of 5,075*l.* 6*s.* had knocked off it a sum of 3,833*l.* 9*s.* 10*d.*?—I do not know that it was knocked off by the court; I think it was an arrangement between his solicitors and my solicitor. I really forget the case. Is that so?

2497. It was subsequently by consent?—I mean I do not know, I really forget these circumstances.

2498. After application had been made to the court, your solicitors deemed it advisable to agree to 3,833*l.* 9*s.* 10*d.* being deducted from your claim?—If you care to put it in that way; the result was that. I do not know that my "solicitors deemed it advisable."

2499. Well, they did not "deem it advisable," if you like, but was the proof reduced by that amount?—The natural result.

2500. The natural inference is that, I think?—I do not know what the natural inference is.

Mr. *Thomas Bayley.*

2501. Surely you must know that?—I do not really; I should be pleased to give any information, but I forget.

Chairman.

2502. That amount of money was knocked off the amount anyhow; was it?—Yes.

Mr. *Ascroft.*

2503. In addition to your claim, Michael Levoi also put in a claim, did not he?—I know nothing about what he claimed.

Chairman.

2504. Is Mr. Levoi still in existence?—I believe so; he is nothing to do with me.

Mr. *Ascroft.*

2505. Did not the same solicitors act for him as for you?—I do not know even that.

2506. And was it not dealt with on the same motion?—I do not know even that.

2507. And is it not the fact that the whole of his claim was disallowed?—I do not know that.

2508. I am in error there. In the first instance it was disallowed, but subsequently a new proof was sworn and allowed at 162*l.* 10*s.*?—It is very satisfactory to me to say, "I do not know, when you tell me afterwards that it is different to what you said it was; I do not know.

2509. This young man got out of your hands?—He never was in my hands.

2510. Was not in your hands?—No, sir; I do not know what you mean by "in my hands"; if you will explain to me, I shall know.

2511. You have heard the affidavit read stating that this young man was constantly under the influence of drink; and you received 500*l.* a year for looking after him?—"Looking after him"?

2512. For looking after him?—No.

Chairman.

2513. For managing his affairs?—For managing his affairs.

Mr. *Ascroft.*

2514. You received 500*l.* a year for managing his affairs?—Yes; that is not "looking after him."

2515. And you managed his affairs by supplying money, at what rate of interest?—I do not know that I charged him any "rate of interest" for that money.

2516. I see an amount of nearly 705*l.* "agreed interest"; you say that extended over seven years?—You say so.

2517. No, I do not?—From 1891 to 1896, did not you say, sir.

2518. No; in October 1891 was the first loan, and the end of this was in 1892, 6th July?—Twelve months?

2519. Yes?—I really forget, I cannot say; but I do not think that is correct, sir; I do not know.

2520. I am reading from the report?—I really do not know if it is correct, it may be; but why do you not read the amount of cash he has had from me? You say my claim was for 5,070*l.*, something like that; how much cash?

Chairman

2521. It would be very interesting if you would tell us that——

Mr. *Ascroft.*

2522. Will you refer to your book?—No.

Chairman

2523. Turn up this young man's account; you have had notice from the Committee to bring this book?—If you will allow me to explain to you I will. Mr. Green's account was kept in a separate book by itself, a small memorandum book;

Chairman—continued.

book; when this case was settled the whole of the papers were destroyed. I should have my office filled up with papers if I kept everything; but you have the account there; if you will allow me to see it one moment, I will find the cash he had.

2524. Business people do not generally destroy their books at the end of a year?—When this case is settled all the papers in connection with it are destroyed; but if you refer to that you will find the amount of cash he has had. I do not know the name of the gentleman who is cross-examining me, but if he will allow me to have the proof I will find it.

Mr. *Ascroft.*

2525. The money and jewellery, I think, you will find are mixed up together?—Oh, no, it is not; it says "cheque" for everything I have given. If you will allow me I will just add it up.

2526. The items are added up in red ink, I think? (*The proof was handed to the witness.*)—It is about 1,900*l.*, roughly, 1,900*l.* cash.

2527. Is the rest jewellery?—I believe so, sir, I have not looked at those items. I have only looked at the cash; it is about 1,900*l.* cash.

2528. And the rest jewellery. Then the amount they allowed did not come to the actual cash and the jewellery?—According to that, no.

Chairman.

2529. I am rather anxious to know a little more about this Mr. Levoi, if you can assist us?—I shall be very pleased.

2530. Are you aware what business he carried on?—Am I aware what business he carried on?

2531. Were you aware at the time he brought this young man to you?—No, I was not at the time.

2532. Is it true that he kept a gambling hell?—No, I do not think so.

2533. That is sworn?—No, it is not true, to my knowledge I mean; I do not know.

2534. He brought this young man to you?—He introduced him; Mr. Green came to me with a card of Mr. Levoi's.

2535. Then Mr. Levoi must have known you?—Certainly he knew me; I told you so before, sir.

2536. Had you had any transactions upon his introduction with any other persons?—I do not think so. Let me just think.

2537. Really that cannot have escaped your memory?—No, sir; no, I mean I like to give you the facts.

2538. This was his first introduction?—Yes.

2539. Have you had any since?—(Mr. *Levoi.*) I do not think so, sir.

2540. Will you tell us where the Committee could find him?—I have no idea.

2541. Perhaps we shall find him?—Oh, very likely.

Mr. *A. K. Loyd.*

2542. When did you last see him?—I saw him about a fortnight ago.

2543. Have you had no communication with him since you received the summons to come here?—No, sir.

Mr. *A. K. Loyd*—continued.

2544. You saw him a fortnight ago?—Yes.

2545. Where?—Oh up west somewhere, walking about.

2546. Any particular street?—Somewhere in the neighbourhood of my office.

2547. Generally about the West End somewhere?—Yes.

2548. Now, come! Where was it. Where did you see the man?—My dear sir, I should only be too pleased to tell you; it would be within something about five minutes' walk.

2549. Do not run on. You say you saw him about a fortnight ago. Where did you see him?—I had no reason to put down where I saw him, but somewhere within five minutes' walk of my office, I am sure.

2550. Where do you think it was?—Regent Street, I should say.

2551. Where did he live at that time?—That I could not tell you.

Chairman.

2552. Do you think you could find him?—I dare say I could.

2553. Is this Mr. Page Green alive?—Is Mr. Page Green alive?

2554. Yes; this young man?—I do not know; I do not think he is.

2555. You stated at the beginning of your evidence that you commenced as a jeweller's assistant?—Yes.

2556. I think you have stated to the Committee that you did not sell jewellery after you became a money-lender?—I did not say so; I sell jewellery every day nearly.

2557. Then this young man of 22, you kept him in cigars and in jewellery, which he could not use for himself, you admit that; and you lent him money; this drunken young man?—It is not true, sir.

2558. Well, it is sworn at all events?—It is not true. I have evidence to prove to you that it is not true, for some six months after I knew him I insured his life.

2559. That is a new point?—I did it.

Mr. *Ascroft.*

2560. I thought you told me you never insured?—I did not say so.

Chairman.

2561. Will you tell us the office you insured his life in?—The General Life Assurance.

2562. Are you agent for the "General"?—Yes.

2563. Do you know is it the habit for life insurance offices to have money-lenders as agents?—Do I know what, sir?

2564. Do you know that it is the habit of life insurance offices to have money-lenders as agents?—No.

2565. But you are an agent of the General Life Assurance?—I am an agent for several offices.

2566. You told me a few minutes ago that you suspected this young man was dead?—Mr. Page Green; yes.

2567. What has become of the policy?—I have no idea.

2568. Now stop. You insured his life?—I

Chairman—continued.

will answer any question you ask me straightforward.

2569. You insured his life?—I did.

2570. For how much?—For 5,000*l.*

2571. Where is that policy?—I have no idea.

2572. What became of it?—I have no idea.

2573. Did you part with it?—I believe I did.

2574. You believe you did?—Yes.

2575. But that is not an answer, come now?—If you are going to make my memory different to what it is, all I can say is you are much more clever, I think, than I am.

2576. I refuse to believe that you do not know what became of a policy on a man's life for 5,000*l.*?—I am very sorry for your refusal, I cannot help it.

2577. Do you mean to say that, having insured this man's life for 5,000*l.*, you do not know where the policy is, or what became of it?—I have no more idea than the man in the moon.

2578. Do you swear that?—Certainly.

Mr. *Thomas Bayley.*

2579. But you parted with the policy?—Not to my knowledge, not to anybody.

2580. Did you pay the premiums?—Yes.

Chairman.

2581. I was just going to ask that; have you paid the premiums?—I paid, I believe, three or four premiums, but it is in the proof; if you look at that proof you will find it stated there.

Mr. *Ascroft.*

2582. Did you allow the policy to lapse?—I think I did.

Chairman.

2583. Now, it is wonderful how you can remember when you try, when you make a little more exertion?—I could not remember.

Mr. *Ascroft.*

2584. We shall be able, I suppose, to get all the particulars from the General Life Assurance?—Yes, certainly you will.

Chairman.

2585. Then the policy was allowed to lapse?—I even could not tell you that for certain. It was only a short time policy, I will tell you that.

2586. You remember that?—They would not insure for a longer time, it was not necessary; but you will get the particulars from them.

Mr. *Ascroft.*

2587. You said you insured in several other offices?—If you refer to the General Life Assurance Office they will give you all the particulars.

2588. You said you insured in several other offices?—Insured who?

2589. Insured in several other offices, or that you were agent for other offices?—Yes, I am an agent.

2590. Will you give me the names of those offices?—The Imperial Life Office. I really do not know how many I am an agent for, because they all come.

2591. Come, come! you have not forgotten the names of the offices you are agent for?—Do you want me to answer your question?

Mr. *Ascroft*—continued.

2592. I do?—I will do it with truth; but do not try to make me say something as to which I do not know what I am talking about; I do not know any other office.

2593. You surely do not wish the Committee to believe that you do not remember the names of the insurance offices?—Do you know the routine of insurance?

Chairman.

2594. I do, if you do not?—Every day, I should think there is hardly a day elapses, but we get secretaries or the agency people of different insurance companies calling upon us for business.

2595. This is very interesting for the insurance companies?—They come to us.

Mr. *Ascroft.*

2596. Are you agent for the Eagle?—The Eagle?

2597. Yes?—No.

2598. The Caledonian?—No, sir.

2599. The Royal?—I think they have put me on as agent to the Royal; I do not know for certain. I have never had any business with them.

2600. The Imperial?—Yes.

2601. Have you any book in which you make entries of the premiums you pay the different offices?—No.

2602. You have had notice to produce that book?—I have got the policies here.

2603. Just let us see the names on those policies?—Certainly.

Chairman.

2604. Do they give you special terms?—No.

Mr. *Ascroft.*

2605. What terms do they give you?—Ordinary agency terms; 1 per cent.

2606. How much is that?—1 per cent.

2607. How much of the first year's premium; do you get it all?—I get 1 per cent, sir. You must take it as a fact what I am telling you; I get 1 per cent. commission.

Mr. *Thomas Bayley.*

2608. On the amount insured?—I suppose on the amount insured.

Mr. *Ascroft.*

2609. On the amount insured?—Yes.

2610. Are those the ordinary money-lending agent's terms?—I do not know anything about that.

Mr. *Warr.*

2611. One per cent. on the amount insured; does that settle your commission once and for all?—No, we get a commission of 2½ per cent. on future premiums; on the amount of the premium.

2612. Then on the short time policy, of course, the premium is very big, is it?—No, sir, it is very small; it is 5 per cent., I believe, on the premium.

2613. Then, is the meaning of a "short term policy" that if the man dies within a limited number of years the money is paid?—The meaning of a "short term policy" is this: that the

Mr. *Warr*—continued.

the insurance company insure for four or five or three years, as the case might be, and should death intervene during that time the company are responsible on the policy.

2614. That is what I was putting to you?—Yes.

2615. And there is, of course, a system of policy, which I do not know whether you adopt, by which a limited number of premiums are paid, and then the policy is payable at death?—No, sir.

2616. There the premium, of course, becomes much larger?—No, I never had that.

2617. You have never adopted that form?—No.

Mr. *Ascroft.*

2618. I see you have one here in the Hand in Hand office?—Yes, that is right; I did not recollect it for the moment.

2619. You describe yourself in the policy as a "colonial merchant"?—How long ago is that policy?

2620. I never looked at the date when I had it open?—Look at the date.

2621. That is your description, your view, of "colonial merchant"?—I used to ship goods; what date is it, sir?

2622. 1885?—1885?

Mr. *Warr.*

2623. Do you generally take out the policy in your own name?—It all depends under what circumstances.

2624. Or do you get it endorsed to you, or what?—It all depends under what circumstances it is taken out; if I take certain risks on certain lives I insure in my own name; that is the ordinary practice.

2625. Speaking generally, would you say that almost all the insurance companies are ready to give you an appointment as an agent?—Yes, sir; only delighted.

2626. "Only delighted"?—Yes; not only me, but almost anybody that they think would bring them business.

2627. By "anybody" do you mean any money-lender?—No; anybody that they think can bring them business; it is quite natural.

2628. Do they do a great deal of business with money-lenders?—I do not know.

Mr. *Ascroft.*

2629. You have one policy here in the Scottish Life Insurance office?—Yes.

Mr. *Thomas Bayley.*

2630. Are you agent for the Scottish?—I do not know whether I am or not, sir; I could not tell you, really.

Mr. *Ascroft.*

2631. They allow you premiums or commissions on all business you introduce?—I do not know; which one is it?

Chairman.

2632. Do you ever do anything in bills of sale?—No.

Mr. *Warr.*

2633. Never touch them?—No.

Chairman.

2634. A question I should like to ask you is this: It has been suggested to the Committee more than once, that where a money-lender charges an extortionate interest, the court should have power to revise the contract; what would you think of a proposal of that kind?—Well, I do not know, I think if two sane men enter into a contract, I do not think it would be fair for anybody to interfere between them.

2635. I suppose you would say that Mr. Page Green was a sane man?—I am sure he was.

Mr. *Warr.*

2636. Do you think it would interfere with your business if such a discretion were allowed?—I do not think it would interfere with my business at all.

2637. It would just go on the same as at present, you think?—I think so.

Chairman.

2638. Do you think if this case of Mr. Page Green's had come before a judge of the High Court, and that he had been armed by the statute with power to look into the case from the start to the finish, and allow a reasonable interest, that that is not the course which would be pursued?—I think you are judging this case of Page Green on one-sided evidence. I think the courts came to a conclusion by hearing the case of a plaintiff by itself, or the case of a defendant by itself; as a rule the judge listens to both sides, and then he gets the facts. You have only one side of the case here.

2639. Unfortunately for your argument, you are here?—Not "unfortunately" for me, but "unfortunately" for you.

2640. You are here representing the other side, and unfortunately your memory breaks down whenever it is wanted to act?—I beg your pardon, it does not break down so far as I am concerned. You have a one-sided case here; Mr. Page Green had gone anywhere and everywhere to borrow money without any idea of paying it back; I found that out afterwards. That is the idea of honour of some gentlemen; they come to borrow money, and are prepared to say and do and give anything to get their ends met.

2641. Although it is quite true we have Mr. Page Green's case in the affidavits here, it is also true that you are in the chair representing yourself; you can speak for yourself, but whenever I want your memory to act it breaks down?—I do not think so; tell me where it broke down? Do you mean in remembering the names of agencies for the different insurance companies? Tell me one question, off hand, where it broke down.

2642. You have answered questions over and over again to-day by saying that you do not remember?—Tell me one question.

2643. A dozen?—Tell me one.

Mr. A. K. *Loyd.*

2644. You could not tell us where you saw Mr. Levoi a fortnight ago?—Do you think that a serious thing?

2645. I think, it is a very simple thing to say where it was you remember seeing him, not a very serious thing?—I think, it being a simple thing

Mr. *A. K. Loyd*—continued.

thing it is not surprising that I did not remember it; if it had been a serious thing I probably should have remembered it.

Chairman.

2646. You could not tell us the life assurance offices that you are agent for?—You have the policies there.

2647. You could not tell us a single thing about the items in that account that you were asked about?—Excuse me, I think you are labouring under a mistake.

2648. As to the very first item, almost, that Mr. Ascroft put to you, about the 63*l.*, you said you had no recollection of it?—I never said so; you are labouring under a mistake. If that is Mr. Ascroft there he will perhaps refer to that again.

Mr. *Ascroft.*

2649. I see there are seven policies here in the Imperial?—Yes; and as to the question of the Mr. Page Green matter, I have done business with crowned heads, Members of Parliament, and gentlemen of every country almost, and I defy anyone to come forward and say I have misrepresented or not carried out the terms or contract I have made with them in any way. Now you have the case of Mr. Page Green, which is a one-sided affair. You have heard Mr. Page Green's evidence, or rather read an affidavit about him; why do not you get Mr. Page Green's affidavit that he made in opposition to that?

2650. Will you kindly tell me what rate of interest you charge married women?—I have only one married woman, a lady who lives apart from her husband, and I charge her 30 per cent.

2651. You have a married lady here?—What is her name?

Chairman.

2652. No?—No, do not give me the name; put it on paper.

2653. You see, here is where your memory breaks down; you said just now that you had only one married lady?—I believe that is so.

Mr. *Ascroft.*

2654. Here is the name? (*The name of the lady was handed to the witness.*)—I never did any business with that lady.

2655. Then why did you make her insure her life?—To tell the truth I had made a bad debt with her husband in 1885; how many years ago is that, sir; about 23 years.

Chairman.

2656. 1885 to 1898 is not 23 years?—No, it is 13 years ago.

Mr. *Ascroft.*

2657. Why did you make her insure her life?—It is 200*l.*, is it?

2658. Somewhere about that?—I have paid much more on the policy than the whole debt came to.

2659. Have you got a form of note that you use for borrowers?—No.

2660. Have you any default clause or any penalty?—I have a clause which states that in

Mr. *Ascroft*—continued.

the event of the bill not being paid when due, the interest as paid on the transaction is to run until the payment of the bill.

2661. Then in case of default being made?—I do not use any printed form; it is not "default:" it is a sort of clause that all mortgages contain, that in the event of the amount not being paid when due it carries interest at the same rate until it is paid.

2662. Are you in the habit of making your bills payable in three months?—It all depends; three months, six months, 12 months.

2663. Do you wish the Committee to understand that 30 per cent. is your usual rate of interest?—My rate averages about 40 per cent.

Chairman.

2664. Per annum?—Per annum.

Mr. *Ascroft.*

2665. But you have given us a higher rate than that, have you not?—You have had the rate of 60 per cent.

2666. Higher than that?—No, never.

2667. In addition to the percentage that borrowers have to pay you they have to insure their lives, have they not?—No, sir.

2668. What?—No.

2669. What are these?—I do not know; if you give me the names I can explain any policy you ask me about; do not mention the name please.

2670. There is one here for 2,000*l.*?—Yes. Will you let me see the name please. (*The name is shown to the witness.*) That is a private affair; that is not money-lending at all. That is not a money-lending transaction at all, that is money advanced at 10 per cent. it so happens.

2671. Do not you call that money-lending?—No; I call that banker's business, considering I charge 10 per cent. to take the policy out.

Chairman.

2672. Then you think that it is quite possible to discriminate between banking business and money-lending?—The difference is that a banker lends other people's money, and a money-lender lends his own.

Mr. *Ascroft.*

2673. But in many cases the borrowers have to pay a premium?—I paid that premium myself.

2674. But in this case?—No.

2675. Do you pay the premium?—Very often.

2676. But you get it back again?—No, sir; if you show me anything I will explain it to you. If I charge a man 40 per cent. and he has a life interest, I pay the premium myself and never charge him again with it.

Mr. *Warr.*

2677. Do you carry on the business in your own name?—Absolutely.

2678. Do you send out circulars?—I do not.

2679. Do you advertise?—No I never advertised or sent out a circular in my life.

2680. Really?—My business is all done by recommendation from one client to another, principally through solicitors.

2681. Through

Mr. *Warr*—continued.

2681. Through solicitors?—High class solicitors. One gentleman came a little while ago (a high class solicitor) and borrowed a thousand pounds, a very big man in the legal profession, on an undertaking, or rather a letter, that he had to collect from auctioneers two thousand and forty pounds. I lent him a thousand pounds, he gave me his cheque, and two days afterwards that gentleman bolted.

2682. Would you tell me this for our guidance. Why do not you think, if discretion were given to judges to review all these transactions from beginning to end, that it would interfere with such a business as yours?—I will tell you why, personally. I am in the habit of doing business with gentlemen, and gentlemen think their word much greater than any legal question that might arise; they are all honourably inclined, and, as a rule, they keep their promises, or if they enter into a contract they abide by it.

Chairman.

2683. That one that bolted the other day, that "gentleman," was not very "honourable"?—No; he was a solicitor. I will give the name of the gentleman.

2684. No; yes I will, it is public property; he was a clerk to justices of the peace——

Mr. *Warr.*

2685. So that that would be your answer to that question?—Yes.

2686. You think that if you had no legal remedy, and that if the borrower had a legal remedy against you to reduce the amount of your claim, your business would go on just the same as at present?—I think that is so, sir; the borrowers always have had a legal remedy, but, as a rule, the lenders have not had any.

2687. What remedy do you consider the borrowers have had?—I will tell you, sir. They go to solicitors, and the solicitors put the legal point; they tell them, Oh, never mind what you have promised; we can say that the money-lender did this, or that he did the other, and induced you to sign a paper which you knew nothing about.

2688. Have you ever had any experience on the part of the borrower to take that course?—I have had on two or three occasions only.

2689. And has the borrower ever been successful when he did take that course?—Oh, yes.

2690. You mean that he succeeded in reducing the amount of the loan upon the ground of his not having understood the contract he had entered into?—Yes.

2691. Then you would not be at all afraid of extending that principle, and giving the court full power to review every transaction so far as your business is concerned?—So far as I am concerned, no; I mean I do not do with poor people in any way or in any shape.

2692. When you sell jewellery in the way you have described that you sold it to Mr. Page Green, do you tell the Committee that you charge what may be the market price for that jewellery?—Absolutely. When I say "market price" I should say, perhaps, 20 per cent. cheaper than it would cost him to buy it in a Bond-street shop.

Mr. *Warr*—continued.

2693. When you have sold the jewellery to your customer, does it ever come back into your hands as security?—Not as a rule; I do not think it ever has.

2694. You do not think, even as an exception, it has come back?—No, I do not think it ever has; I did not like to say so in the first instance, but now that I can collect myself, I do not think it ever has.

2695. Of course you have often heard of transactions of that kind, have not you?—I do not think I have.

2696. Do you ever have, as between yourself and the insurance company, financial arrangements with the insurance company?—I should like to have, but I do not.

2697. Do you ever have?—No, sir.

2698. Never?—No.

2699. So that your interest with the insurance company, the whole of your arrangements with the insurance company, is the commission which you get?—Exactly.

2700. And you tell us that the commission which you get is the commission which any ordinary agent would get?—Certainly.

2701. Neither more nor less?—Certainly.

Mr. *A. K. Loyd.*

2702. You say you found out afterwards that this Mr. Green was a man who would have gone anywhere and borrowed money from anybody?—Yes.

2703. That was after your transactions with him were over, that you found that out?—No, not over, during the middle of my transactions. I found out that he had bought goods to the value of 700*l.* or 800*l.*; he had been served with a writ; he did not say a word to me, I had to ask him. He bought those goods from a Bond-street house, and pledged them.

2704. I suppose jewellery is a commodity that anybody who does not know much about it would be quite in the dark as to the value of, would not he?—No, more so than with other things.

2705. It requires a good deal of skill to test the value of jewellery, does not it?—Not more so than with ladies who go and buy silks and satins; it is the same argument.

2706. Why did you make an exception, in the case of this young man, in managing his property for him?—I will tell you why, sir.

2707. What was your reason?—I will tell you. When he came to me he was in debt; he had given cheques all over the place, and he had not the means of paying them; he then came to me, and told me that some of his relatives had got hold of him, and that he had made a settlement upon himself whereby these people, at his death, were to receive the capital, and he was to only get a sum of 5*l.* or 6*l.* a week—I really forget the amount; and he said he was disgusted with himself because they had got him into some home.

2708. "Some home"?—Yes, and got him to sign this document.

2709. Is that a home for inebriates?—Something of that sort, I believe; and they got him to sign this document while he was there; but he was determined to have his rights; he set up

Mr. *A. K. Loyd*—continued.

an action against these trustees, or whatever they were; I do not know exactly what they were.

2710. Are those the persons you have spoken of as "relatives"?—Yes; he set up an action against them, and he certainly made several affidavits, from which, I think (if you could get them from the High Court—I do not know whether they would be there), you would find that what I am telling you would put an end to the statements made in that affidavit there, and that he was comparatively defrauded by these relatives of his while he was in an unfit state to sign that document.

2711. You rescued him from this home they got him into, and relieved him from the relatives?—I do not know; I did not "rescue" him from any home; he came to me voluntarily; I never advertise or send circulars in any shape.

2712. You interfered because he said his relatives were exercising too much influence over him?—I took it they were not relatives, but comparative strangers.

2713. Were they trustees?—No they were comparative strangers; they made themselves trustees.

Mr. *Thomas Bayley.*

2714. You told us that trustees managed Mr. Page Green's business?—The trustees did?

2715. The trustees did?—I do not know that they managed his business.

2716. You told us so, did not you?—I do not think so.

2717. He had a life interest in the property?—Oh, no, he had a full interest in it.

2718. A life interest?—No, he had a full interest in it, absolutely.

2719. What was the amount of his income from the trustees?—I could not tell you the amount.

2720. You cannot tell what amount of income came to him from the trustees?—No.

2721. But you were receiving 500*l.* a year for managing his property?—No.

2722. Was it a thousand a year, or anything like that?—A very small sum.

2723. Then your claim was, as I understand, for 5,075*l.*?—Something like that.

2724. Of which 3,800*l* was deducted?—I believe so.

2725. That leaves a balance of 1,275*l.*?—I do not know; you have got the figures.

2726. You agreed to that?—No, I did not.

2727. I thought it was agreed?—No; you are wrong, sir; you have got the wrong figures, I am certain.

2728. I have got the figures that have been given to me?—But, they are given to you wrong; you are wrong, absolutely.

2729. I will say, whatever sum there was agreed; we will not discuss that?—No, sir.

2730. Whatever sum there was agreed, were you paid; did you get it?—Certainly.

2731. Then, what did you mean by telling us that this Mr. Page Green tried to rob you?—I never said so.

2732. I understood you to say so?—No, I never said such a thing.

2733. I put it down at the time?—I think

Mr. *Thomas Bayley*—continued.

you must have made an error. I said he went everywhere to borrow money, and would have taken money from anybody.

2734. I understood you to say he robbed you?—Oh, no, sir, you are in error.

2735. You do all your business, as we say, on "note of hand," and you do not touch bills of sale?—No.

2736. That, and the insurance, is the only class of security that you take: you insure their lives in case of death, where they have a life interest in property like this?—Certainly; I am bound to for my own protection.

Mr. *Warr.*

2737. I did not understand you to say that that is the only security you take?—I did not say so; oh no.

2738. You would take any security you could get?—Certainly, I would; I said that where a borrower has only a life interest I take a policy of insurance to cover my risk.

2739. Of course, you frequently take the security of such things as reversions?—Certainly.

Mr. *Thomas Bayley.*

2740. I suppose you knew as a matter of fact that this young man was living a very fast life and drinking?—I did not know.

2741. He was drinking, was he not?—He was, but I never knew that.

2742. Practically, he was a young fellow who was drinking himself to death, was he not?—I do not think that can be so, because insurance companies are not fools, and insurance companies will not insure a man's life who is drinking himself to death; you must take that as a very salient point.

2743. You say your claim was settled at 1,250*l.*?—No, sir; you are wrong in the figures.

2744. Can you give me the figures?—Mr. Ascroft has the account.

2745. Cannot you give us them?—No, I really cannot.

2746. You say there was 1,900*l.* that you advanced in cash; you did not get all your cash back again on that account?—I do not know; if you will give me figures I will tell you what I received; that gentleman (Mr. *Ascroft*) can give it you; he has got it in print.

Mr. *Ascroft.*

2747. It was reduced from 5,075*l.* 6*s.* by 3,833*l.* 9*s.* 10*d.* being deducted?—No.

Mr. *Thomas Bayley.*

2748. That is a little over 1,200*l.*?—That is not right; is it, sir?

Mr. *Ascroft.*

2749. I think so. "Upon motion this day made in this Honourable Court on behalf of the bankrupt herein for an order that the proof of debt made herein for 5,075*l.* 6*s.* by the respondent, Alfred Abraham Moore, be expunged to the extent of 3,833*l.* 9*s.* 10*d.*"?—One moment, sir; will you allow me; I may just look at this (cutting from "The Star"); that is the paper that seems to have all the information; it was reduced to 2,750*l.*

2750. If

Mr. *Ascroft*—continued.

2750. If you deducted 3,800*l.* from the 5,075*l.*, would not that bring it right?—I will just see; the original claim was 5,075*l.* 6*s.*

Mr. *Thomas Bayley.*

2751. £5,075; leave out the shillings, and take 3,800*l.* from that?—No; it is not right, sir.

2752. Will you give us what is right?—I can only give you the figure that is on the paper, 2,750*l.*

2753. Reduced to 2,750*l.*?—That is it.

2754. It says so here, but on Mr. Ascroft's statement it is only 1,275*l.*?—That is not correct.

2755. You say 2,750*l.* is correct?—I really could not tell you; I take that as a fact from the paper.

Mr. *Ascroft.*

2756. This is an office copy of the Order on the Motion from the Court, and this is correct?—Is not that paper correct, "The Star"?

2757. I know nothing about the "paper"?—There it is.

Chairman.

2758. "The Star" is not evidence?—"The Star" is not evidence?

2759. No, but these documents are?—Well, what do you state, sir?

2760. I am going to put the whole case to you after this gentleman has done?—All right, sir.

Mr. *Thomas Bayley.*

2761. We will say it is 1,200*l.* or 1,300*l.*?—Yes.

2762. And you took an insurance upon the life of Mr. Page Green for 5,000*l.*?—Yes.

2763. Had he died during that time, would you have taken that 5,000*l.*?—I should have taken the amount that was due to me.

2764. Who would have had the difference?—Whoever had claimed it.

2765. Are you sure that that insurance was not made absolutely in your own name?—Really I could not tell you.

2766. You do not know?—No, I do not; you can get all information from the office.

2767. That would have been the most likely thing to have occurred, would it not, that for 1,275*l.* (the life of this young man, who was drinking and leading a dissipated life, you had insured for 5,000*l.*), you would have taken that 5,000*l.*—If you will allow me I will put the matter quite intelligibly to you. You see, if this settlement that Mr. Page Green had made upon himself had not been upset, then every farthing that I had advanced, every transaction I had made with Mr. Page Green, would have been lost. Is that correct, sir? That is so, is it not, sir? If a man makes a settlement upon himself, whereby two friends of his receive the money in the case of his death, he cannot touch the principal; it stands very evident to me, and if that action had not been successful in upsetting this settlement, I should not have got a penny for any transaction I had had with him, or for any money I had advanced to him.

Mr. *Warr.*

2768. Did he upset the settlement?—Oh, yes, it was upset; I paid the costs, or part of the costs, of upsetting it.

Mr. *A. K. Loyd.*

2769. It was in favour of these persons who made themselves trustees, you say?—No; at his own suggestion.

2770. Who filled up the reference form when the insurance was made?—Well, you will get that from the General Assurance Company; they will give it to you; I cannot tell you.

2771. Have you any idea?—No.

2772. Did you fill it up?—I do not think so. You will get that from the General Assurance Company.

Chairman.

2773. We are a little confused in these transactions; will you allow me to put this to you?—Certainly.

2774. I am now dealing solely with the affidavits that were proved in court: This young man, Mr. Page Green, commenced to have transactions with you in October 1891; that is, the first transaction?—I daresay that is correct, sir.

2775. That is the first transaction on paper. The transactions appear to have closed in May 1892; so they covered a period of eight months?—Yes.

2776. For that period of eight months you really claimed 5,075*l.* 6*s.*?—If you say so, I take it as a fact. You are going by those figures on the affidavit?

2777. On the affidavit in the Bankruptcy Court?—Who is that affidavit made by?

2778. Yourself, before "H. M. Smith, Commissioner, &c."; 5,075*l.* 6*s.* was the account that you rendered in Bankruptcy for eight months' transactions with this young man?—Yes.

2779. Including cigars, jewellery, and lent money?—And monies paid to other people for him.

2780. When it came to deal with the question, the court reduced that sum to 2,750*l.*?—You are in error, sir. The court did not reduce it to my knowledge, I am speaking from memory, the court did not reduce it.

2781. Here again, this is before Mr. Justice Vaughan Williams?—Is it. Did Mr. Justice Vaughan Williams reduce it or is it an agreement come to between solicitor and solicitor? I must ask that because this thing goes into the paper and is published, and it militates very much against me if you say "the court reduced" it.

2782. I do not care one farthing whether your solicitor agreed to accept this sum or whether the court decreed it?—I think there is a great difference.

2783. Is it not the fact that 2,750*l.* was either struck off by the court or assented to by you?—It was not struck off by the court, to the best of my knowledge.

2784. Did you assent to that amount being struck off?—We agreed certain figures in that case with the solicitors.

2785. If you will answer in that way I must read this through. This is a copy of an order: "Upon motion," that is, a motion in court?—No, it does not follow.

2786. "This day made in this honourable court, on behalf of the bankrupt herein, for an order that the proof of debt made herein for 5,075*l.* 6*d.*"; that is your claim?—Yes.

2787. "By the respondent, Alfred Abraham Moore, be expunged to the extent of 3,833*l.* 9*s.* 10*d.* and that the proof of debt made herein by the respondent,

Chairman—continued.

respondent, Michael Levy Levoi, for 325*l.* be wholly expunged, or that such other order might be made with regard to the said proofs as to the court might seem just, and upon hearing Mr. Jelf, Q.C., and Mr. A. H. Carrington of counsel for the applicant, and Mr. Herbert Reid, Q.C., and Mr. Muir MacKenzie of counsel for the respondents, Alfred Abraham Moore and Michael Levy Levoi." They represented you in court?—Yes.

2788. "And upon reading the affidavit of the said Alfred Abraham Moore, sworn on the 11th day of July 1892, and the accounts thereto annexed, being the proof of debt herein above referred to, and the affidavit of the said Michael Levy Levoi, sworn the 12th day of July 1892, being the proof of debt herein above referred to, and the affidavit of William Durnford, sworn the 25th day of March 1895, and the depositions of the respondents, Alfred Abraham Moore, and Michael Levi Levoi, taken before Mr. Registrar Hope, and filed herein and by consent"; that is by your consent?—I am listening to what you say; I will answer afterwards.

2789. "It is ordered" (by the court) "that the proof of debt of the respondent Alfred Abraham Moore for 5,075*l.* 6*s.*, contained in the said affidavit sworn by him on the 11th day of July 1892, be reduced to the sum of 2,750*l.*," it was consented to by you, and ordered by the court?—Have you finished that, sir.

2790. "And that the trustee do admit such proof for that amount. And it is further ordered that the proof of debt of the respondent Michael Levy Levoi for 325*l.*, contained in the said affidavit sworn by him on the 12th day of July 1892, be reduced to the sum of 162*l.* 10*s.*" Levoi is not here, but that does not matter. Am I right in saying that that claim, advanced by you for 5,075*l.* of transactions covering eight months with this young man, was ordered by the court to be reduced to the sum of 2,750*l.*?—It seems to me you are allowing a little feeling to come into this matter. I want to argue this thing from a fair point, if you will allow me, without any feeling in the matter. It seems to me you are reading a document there, which (it may be wrong of me to say) you do not quite understand, if you will excuse me saying it.

2791. We shall be glad of any assistance from you to help us to quite understand this transaction?—Thank you, sir, I shall be very pleased to give you what little I know about it. In the ordinary course of law proceedings where a plaintiff and a defendant agree (I well afford you this little information, sir; it is not such a serious allegation as you want to make out) to a certain sum being accepted in settlement of a claim, that ordinary affidavit is drawn up, or a document is drawn up, and it is absolutely put in that formal way where they both agree to accept and pay a certain sum in settlement of a claim; it, is not a very serious allegation.

Mr. *A. K. Loyd.*

2792. The terms of agreement are embodied in the order?—That is all; it is only an ordinary agreement.

2793. You are quite entitled to point that out?—Thank you; I am obliged to you.

Chairman.

2794. Did not I ask you, whether either by order of the court or by your consent the amount was reduced to that sum?—I think you are allowing your feelings to take you a little away from the point altogether; you are trying to make out a very serious allegation against me, and I cannot agree. The court has not made that order at all; it is an agreement between the bankrupt's solicitors and my solicitor, the court assents afterwards to it.

Mr. *Warr.*

2795. It is an arrangement, is it not, embodied in an order of the court?—Exactly, that is so; it is the ordinary course.

Chairman.

2796. Will you allow me to put it in this way: You settled this account of 5,075*l.* for this lesser sum; you agreed to accept that smaller sum in settlement of the arrangement?—I think that is so; I said so before.

2797. The agreement was embodied in an order of the court?—That is so; that is ordinary routine entered into by litigant after litigant.

Mr. *Ascroft.*

2798. You made him bankrupt?—Did I?

2799. Yes?—I do not know that I did.

2800. Who filed the petition?—Did I?

2801. Yes?—I do not know that I did.

2802. I am informing you that it is so?—I cannot admit that it is.

Chairman.

2803. That is where your memory breaks down?—I do not believe that I did make him a bankrupt. Are you sure? Sir George Lewis is here; he was his solicitor; he can inform you; I do not know that I did. I think it is very hard lines that certain charges should be brought against me that are not correct; they are not true.

2804. He was made bankrupt; you put a petition on the file?—That is the ordinary course of events.

2805. Is it the ordinary course of events after it has been put on the file that gross charges of fraud and conspiracy should be alleged on an affidavit; is that a very usual course?—It is, when people do not want to carry out their contracts; they say all sorts of things; when they come to borrow the money of you the most soft-soapy observations can be brought forth, but when they come to be bankrupt they make all sorts of allegations of fraud against you.

2806. The Committee may take it, I understand, that then you want your pound of flesh, 5,000*l.* odd?—I do not want anything, except I have given a *quid pro quo* for it.

2807. You wanted the 5,000*l.* odd in this case?—I gave something for it.

2808. Then Messrs. Lewis and Lewis' clerk went through the figures and made an affidavit; and then an application was made to the court to set aside your claim altogether, and by agreement the amount was reduced to 2,700*l.*?—Certainly; and that sort of expunging by agreement is done every day.

2809. I do not say there was any ground for your reducing your claim at all; but you did reduce

Chairman—continued.

reduce it; it may have been a kind and generous action on your part?—I do not say that it was; but you represent that I made the man a bankrupt.

2810. Will you kindly tell the Committee what were the services you rendered for this 500*l.* a year that you got?—That I "got"?

2811. Yes?—I did not get it.

2812. That you claimed?—That I "claimed," but I did not get it.

2813. And that you tried to get, as appears by the account?—I had to arrange that gentleman's affairs. I went to see all his creditors, and so forth, and prevented his entering into transactions he was not able to carry out.

2814. I suppose you mean you did not let him borrow money from anybody but yourself?—That is what he told me, but I found out afterwards that he did.

2815. You did not let him buy jewellery of anybody but yourself?—I never had any control over him.

2816. You provided him with the very best cigars?—Not "the very best cigars" at 3*l.* 15*s.* a hundred. You have made the statement that I made him a bankrupt; have you any proof of that statement, sir?

2817. Will you kindly sit down and wait until the Committee speak to you?—I should like to have that question answered.

Mr. *Caldwell.*

2818. Can you give us an idea of the amount of business that you do in a year in original loans, not renewals, roughly?—Do you mean that I do myself?

2819. Yes; what would be the amount in a year?—30,000*l.* or 40,000*l.* a year.

2820. Can you give us an idea of the amount of bad debts that you make within that period?—I have made something like 2,000*l.* or 3,000*l.* a year bad debts.

2821. That is about the average?—Yes.

2822. And the average rate of interest you charge is 40 per cent.?—40 per cent.

2823. When you lend money at 40 per cent., suppose you lend a hundred pounds for three months, the amount of interest charged is 10*l.*?—110*l.* for a hundred pounds.

2824. That, of course, is not merely for the interest, but for the risk which you run?—It is for interest and risk both, quite so.

2825. You are dealing with risky customers?—Well, when I take a bill from a gentleman, there is this to be said: As a rule, it is never met when it is due; we have to wait, and sometimes we get paid, but sometimes we do not.

2826. Do you consider that you are dealing with a risky customer, to a certain extent; you look for more or less risk?—Certainly.

2827. And the risk is the initial risk of the original loan?—Exactly.

2828. Because, when you come again to deal with the renewal you are dealing with a different matter there?—Yes.

2829. In the case of the original loan, you have already charged the man for the risk run by you?—For the time, three months, 40 per cent. per annum.

Mr. *Caldwell*—continued.

2830. But whether for three months or for 12 months, it includes the risk of that man being able or unable to repay?—Quite so.

2831. Do not you think there is a difference between charging the original interest on a loan which includes the risk of the man not being able to pay you at all?—Quite so.

2832. And the case of the man asking, for your benefit as well as his own, to let the transaction lie over for (say) another three months? Yes.

2833. Do not you think there is a difference in that way between these two cases?—You mean to say this, sir, that if a man comes to borrow from me a hundred pounds, or whatever the amount may be, for three months, and he gives me a bill for 110*l.*, at three months, and he wants to renew it again, I do not take the same risk.

2834. No; because you cannot get your money back, or you may not get your money back?—Quite so; you mean the longer it goes on the greater risk I run of losing it.

2835. Not necessarily, because if you were to enforce payment of the bill when due, and the man was not able to pay——?—I should not get a farthing.

2836. Of course not; therefore by renewing your bill you are not renewing your risk?—I do not know; while the money is owing to me, I am certainly at the same time running the risk.

2837. Renewal may be in your interest; giving the man time is as much, sometimes, in the interest of the creditor as it is in the interest of the debtor?—Quite so. You mean to say, as far as the principal is concerned, that by giving the borrower time, it may mean the repayment of the interest and principal.

2838. It may?—Exactly; but very often it leads to the other way, you know.

2839. It may, but observe; you say a judge ought not to interfere with a contract made between two sane parties?—Quite so.

2840. I do not mean to find fault with that. I suppose you go upon this principle; that you sell your money the same as a man sells an article for a certain price?—Quite so. No, I do not think that is so. A man who sells an article has a certain price for it. Now if a man comes to me and brings me good security, I am prepared to lend him any sum he wants at a very low rate of interest, quite in unison with any bank.

2841. Assuming your principle that the judge should not be allowed to interfere with a contract made between two sane parties, assume that——?—Quite so, sir.

2842. Do you think that equally applies to the judge interfering with renewal interest that is charged with the default clause?—I do not have default clauses.

2843. You told us you had a default clause?—Oh, no; I never said so.

2844. Well, it was this: the default clause was that the rate of interest, on a renewal, or for delay in payment, was to run the same as on the original loan?—I will explain that to you, sir, if you will allow me.

2845. I perfectly understand it. Should the judge not have power to deal with that default clause

Mr. *Caldwell*—continued.

clause in the same way as a judge at the present moment deals with the default clause in another contract?—Well, I do not know.

2846. He deals now with the default clause in another contract?—Do you mean to say that a contract entered into between two persons, sane people, should be interfered with. I am not speaking from a money-lender's point of view, but from the view of a mortgagee or ordinary contract corporation; if they lend to a certain individual a sum of money, and they lend it to him for three years, do you think a judge ought to come and interfere if that money is not paid in three years, because the interest is carried on until it is paid?

2847. Take, for instance, a default clause in a contract?—Yes, sir.

2848. There are cases in which a man, if he fails to pay (it is so in contracts in Scotland), has to pay one-fifth of the liquidated penalty in the event of failure; that is what we call a penalty contract; and when it is considered by the court the court always have the power to determine that question, and the interest is generally 5 per cent.; following that analogy, would not you consider that, whether the judge should have power to interfere with the original interest at the time the money is lent, or whether he should not, there is sufficient reason and justice for his, at least, having power to deal with the renewal interest upon equitable terms, having regard to the circumstance that the renewal may be as much in the interest of the lender as of the borrower?—I should say this, that, as a rule, the people with whom I do business I charge at the rate of, say, 30 to 40 per cent. per annum. Now if a man borrows from me a large sum of money for twelve months, and he pays me back in three months, I allow him the exact same amount for the nine months unexpired as I have charged him.

2849. You may do so, but I suppose you will admit that it is not the general practice?—I think it is, amongst the respectable class.

2850. Is it?—I think it is amongst the respectable class; but if you are going to question the amount of interest, whether the man enters into a contract to pay 5 per cent. or 40 per cent., and say that a man who has agreed under a sealed document to pay 40 per cent. should be let off, because it is found he has agreed to pay 40 per cent. fairly and reasonably, then I could not answer the question.

Mr. *Caldwell*—continued.

2851. Of course you understand that if a man makes a contract with you to pay a certain amount of interest, no one interferes with that contract?—I do not know; solicitors do sometimes.

2852. But when you come to enforce that contract in a court of law, and ask the court of law for its assistance to recover that interest, is that court of law not entitled to inquire whether that is a transaction in which the pressure of the court of law should be given effect to?—I certainly say yes; I agree with you that the court of law should have power to inquire, in fact the court of law have power to inquire, but whether the court of law have power to reduce the interest upon which two people have arranged and come to a contract upon, that I do not know.

2853. A court of law at the present moment would have quite power to extend the re-payment of your loan over a greater period; if you were coming to ask for a judgment, they could extend it for some years?—I do not know that they could.

2854. They have done so?—Never in my case.

2855. But you have seen that they have done so?—I have seen that they have done those sort of things with people who lend money on bills of sale, and so forth.

2856. Is it not fair, if the law is to be evoked, that some equitable consideration should be made, that the law shall not leave the question to honour between the borrower and lender, but that if the machinery of the law is to be used, that machinery should only be used where the transaction is of an unreasonable and unconscionable character?—I quite agree with you, sir; that is what I should like. I certainly agree with you, in every respect.

Mr. DANIEL JAY, sworn; and Examined.

Chairman.

2857. You carry on the business of a money lender?—Yes.

2858. Where do you carry it on?—Ninety, Jermyn-street.

2859. Ninety, Jermyn-street; is that the only place?—That is the only place.

2860. How long have you been carrying it on?—Fifteen years.

Mr. *Ascroft.*

2861. What did you say your name was?—Daniel Jay.

2862. Was that your father's name?—No.

2863. Was not his name Jacob?—Yes.

2864. And your name is Jacob?—My name is Jay.

2865. You trade under that name?—My own name is Jay.

Mr. *Ascroft*—continued.

2866. Your name is Jay and your father's name was Jacob?—Exactly.

2867. Let us begin at the commencement. You say you have been in this business about 15 years?—Yes.

2868. Entirely on your own account?—Yes.

2869. Were you at the commencement an agent or a tout to other money-lenders?—I was an agent.

2870. I do not mean it offensively, but that is the name they generally go by, is it not?—An agent.

2871. Of course you introduced people and drew a percentage or commission on the introduction?—Quite true.

2872. I suppose you were engaged for several money-lenders in that way?—Quite true.

2873. Will you kindly give us their names?—If

Mr. *Ascroft*—continued.

—If you insist upon it I must, of course; I would rather not.

2874. I want to know the names of these men for whom you touted?—Do not say "touted," please.

2875. Well, for whom you were "agent"?—Mr. Samuel Lewis, Mr. Kayler, Mr. Engel.

2876. Those were the three, were they?—Yes.

2877. When did you begin them on your own account?—I was on my own account from the very commencement.

2878. Then, may I take it that during the whole of the 15 years you have been on your own account?—Yes.

2879. And, at the same time, introducing customers to other money-lenders?—I have not been introducing customers for the last 10 years or 12 years.

2880. For 10 years you have been trading on your own account?—Yes.

2881. With whose capital?—My own capital.

2882. What capital did you start with 10 years ago?—About 2,000*l.*, 15 years ago.

2883. About 2,000*l.*; and now what capital have you working in the concern?—Oh, I really could not say.

2884. 200,000*l.* or 300,000*l.*?—Oh, no.

2885. May we take it, roughly, at half-a-million, or something of that sort?—No.

2886. Higher, if you like; I do not want to make you a poor man; 750,000*l.*?—Do you mean that question seriously, sir.

2887. Yes, I do. Have you that amount of capital in your business now?—No, I have not.

2887.* Then will you kindly tell us, roughly?—About 50,000*l.* or 60,000*l.*

2888. About 50,000*l.* or 60,000*l.*, then, has been made entirely, I suppose, out of the small profits that are attained in your business during the time you have been carrying on?—Quite so.

2889. Have you been in the habit of supplying your customers with a little jewellery occasionally?—Never.

2890. Nor other goods?—Nor any other goods.

2891. Have you been in the habit of dealing with young men?—Yes.

2892. Cambridge and Oxford?—Not for some years.

2893. How long back?—I could not say. I could not give the date.

Chairman.

2894. Have you any rule that you adopt as to that?—Yes; I have the rule that I do not do with undergraduates.

Mr. *Ascroft.*

2895. Not now?—No.

2896. But you did last year?—I do not recollect it.

2897. Do not you recollect an undergraduate of the name of Backhouse?—Yes; but that was not last year.

2898. Last year but one, 1896?—I have quite forgotten.

2899. You lent that young man a small sum (100*l.*) at the usual rate?—Yes.

2900. "The usual rate" is 60 per cent., is not it?—No; there are various rates.

2901. You go higher?—Quite so.

2902. But 60 per cent. is the ordinary rate for an undergraduate, is it not?—I should imagine so.

Mr. *Ascroft*—continued.

2903. And you deduct the first quarter's interest on the bill?—Very frequently.

2904. So that in that case it comes to considerably over 60 per cent.?—It is 60 per cent. discount.

2905. Sixty per cent. and discount?—No; 60 per cent. discount.

2906. I think in addition to that you require them to insure their lives?—No.

2907. In no case?—It is an occurrence that I very seldom ask; I very seldom have a life insured.

2908. Are you agent for any offices?—Well, I do not know that I am an "agent"; if I took business to any of the offices, they would give me a commission.

2909. The ordinary commission?—The ordinary commission.

2910. What is that on the first year's premium?—I think about 25*s.* per cent. on the amount insured; and that is the end of it. Suppose a man insured for a thousand pounds, I should get 1*l.* per cent. and a quarter more; that would be 12*l.* 10*s.*, I think.

Mr. *Warr.*

2911. What did you say about "that was the end of it"?—That the commission is paid all in one sum.

2912. During the whole currency of the policy?—I have nothing more to do with it.

Mr. *Ascroft.*

2913. You have no more to do with it?—No.

2914. That is a special facility term made for money-lenders, is it?—I really do not know the rules of the offices; those are the terms they make with me.

2915. Do you keep a special book with the entry of these in?—No.

2916. What was the reason why you gave over dealing with these young men? Did you find that it led to crime?—No, not at all.

2917. Perhaps your experience has not been in connection with money lending to ladies?—Certainly my experience has not been in connection with money lending to ladies.

2918. It has not been at all?—No.

2919. Do you deal very much with married women?—No.

2920. Never?—Oh, no; I should be very sorry. I should like to qualify my statement. You said: Did I "deal very much with married women"? I say "No," but I have dealt with married women.

2921. You have dealt and do deal?—Well I am at the present time.

2922. You have some of their names in your books now I suppose?—Yes.

2923. Ladies with whose husbands you have not in any way communicated?—No, I have not, if you are referring to a certain notorious case.

Chairman.

2924. Answer the question?—You say "with whom I have not communicated."

Mr. *Ascroft.*

2925. Yes. I have communicated in those cases where I supposed I was getting the husband's name on the bill.

2926. Have you written direct to him to ask him?—Yes, I have written direct.

2927. And

Mr. *Ascroft*—continued.

2927. And seen him?—No.

2928. I suppose you give the wife the letter to give to her husband?—No, post it, or send it by hand.

2929. What rates of interest do you charge in these cases?—I have charged 40 per cent.; I have charged 60 per cent.

2930. More?—No.

2931. Was not the rates of interest in the Sykes case much higher than that?—Sixty per cent.

2932. Any bonuses?—No bonuses.

2933. That was an unfortunate case?—Very unfortunate.

2934. Which did lead to crime?—I do not accept your theory at all; there is no proof that it has led to crime.

2935. Except that it was simply the signature obtained, and denied by the party whose name it was?—Quite so.

2936. I suppose you have to be very careful in these transactions, have not you?—We have to take a reasonable precaution.

2937. Do not you take more than "a reasonable precaution" where it is a question of forgery?—I do not understand you. When a man discounts a bill, he does not imagine he is "doing a forgery."

2938. Mr. Jay, supposing a promissory note is handed to you with a signature on?—Yes.

2939. And that you have never seen the person whose signature it purports to be sign his name?—Yes.

2940. And that you do not know him?—No.

2941. Do not you think that in the absence of your using more than ordinary precautions it might lead to crime?—No. If a bill is handed to me by a person with whom I am acquainted, purporting to bear the signature of another person, I cannot question my client's honour; I cannot think that my client is giving me a forged document.

Mr. *A. K. Loyd.*

2942. Suppose the person whose name is put to that document could get money at 5 per cent. from his bankers, and that by putting his name to that document he is having to pay 60 per cent for his money, would not that arouse your suspicions?—No; I have lent money to men of very, very big revenues at that rate of interest. It does not always suit them to go to their bankers or, also, to have to insure their lives, all of which means delay.

2943. Where the document comes through a lady, and not through a man of business, does not that rather put you on your guard as to whether it is a genuine signature?—You are speaking of course of this one case now?

2944. My question is undoubtedly suggested by that?—Indirectly it is that case.

Mr. *Ascroft.*

2945. I am going to ask you about that case. You have your books here?—Yes.

2946. I do not want any names mentioned, please. Do you remember very recently a promissory note being drawn up in your office for 20,000*l*?—Yes.

2947. The lady for whom that was drawn up was indebted to you, was she not?—Yes.

Mr. *Ascroft*—continued.

2948. Now tell me from your books how much?—I may say that, personally, the lady was not indebted to me at all.

2949. Tell me from the account, please?—I can refer to the account.

Chairman.

2950. What do you mean by saying that, "personally, she was not indebted" to you; you answered the question first in the affirmative?—I mean to say the bills were guaranteed by others. Shall I read out the amounts, or shall I put them down on paper?

2951. Read the amounts, but keep the names back; let us have each loan, please; let us have the statement of the account?—You want the items?

Mr. *Ascroft.*

2952. I want the items from the books, and the dates?—Very well.

Chairman.

2953. Now this is the case of a lady that you are about to give?—Yes.

Mr. *Ascroft.*

2954. We will call her "a lady?"—I cannot open my books here without showing the name. May I go somewhere to do it?

Chairman.

2955. Nobody can read the name in your book at that distance?—They can, really; the writing is very large.

2956. Nobody but members of the Committee can read it, at all events?—Very well.

2957. This is a married lady's case?—Twentieth May, 1897: To cash, a thousand pounds.

2958. £1,000?—Yes.

2959. What was the interest?—It was a three month's bill at 1,200*l*.

2960. It was a three month's bill at 1,200*l*.; that is 200*l*., for three months?—Yes.

Mr. *Ascroft.*

2961. On what page was that?—537.

2962. In a book called "ledger," was it?—"Ledger."

2963. At page 537, in addition to that thousand pounds, there is another 2,000*l*?—Yes, quite right.

2964. Give us the date, and then explain it?—That was not in existence.

Chairman.

2965. Give us the entries in your book?—December 15th: To cash 2,000*l*. By six months' bill, 2,400*l*.

2966. Is that all that is on that page?—That is all that is on that page. Page 451: June 1st, cash, 550*l*.

2967. For how long?—Six months, 650*l*. I had better give you all this gentleman says.

2968. That is what I want?—I mean all the entries in the book, which have nothing to do with the case you are referring to.

Mr. *Ascroft.*

2969. You do not know why I want it?—I will give them all to you.

2970. If

Chairman.

2970. If they all belong to the account, certainly.

2971. Is the money all borrowed by this lady?—Yes.

2972. Let us have it all?—December 1894, to cash, 550*l.*; three months' bill, 600*l.*; 1896, February 20th, to cash, 550*l.*; six months' bill, 650*l.*; June 1st 1896, to cash 550*l.*; by six months' bill, 650*l.*; February 20th, 1897, to cash 1,000*l.*

Mr. *Thomas Bayley.*

2973. That is received?—To cash received, given, by six months' bill, 1,200*l.*; page 532, March 23rd 1897, to cash, 1,000*l.*, six months' bill, 1,200*l.*; May 17th 1897, cash 1,600*l.*; six months' bill, 2,000*l.*; page 546, May 3rd 1897, 2,000*l.*; six months' bill, 2,500*l.* I think that is all.

Mr. *Ascroft.*

2974. Now according to that there are ten transactions with this married lady, amounting to over 10,000*l*?—Yes.

2975. Had you any communication with her husband?—Yes.

2976. Did you ever see him?—No.

2977. Did you ever receive a letter from him?—Yes.

2978. In his handwriting?—Yes.

2979. Have you got it?—No.

2980. Where is it?—At my office.

2981. You have it?—Oh, yes.

2982. Is it a letter in which he expressed any acknowledgment of this money having been lent, or any knowledge of it?—Quite so; yes, a letter in which he gave me directions; I rather fancy that it was a letter covering a bill, with directions to pay the money to the lady.

2983. You mean to advance her the money?—Yes.

2984. Did you see it signed?—No

2985. I suppose you knew this lady had not a penny of her own, no private estate?—I always lent her money with other names on the bill.

2986. That is what I want to get at; then it was not her name on which you lent the money?—I have expressed this from the very first; I told the gentleman in the chair that I had lent the lady money with other names on the bills.

2987. Then it was on the names she brought you that you lent the money?—Quite so.

2988. Now I asked you about a bill being drawn to this particular lady for 20,000*l.*?—Yes.

2989. Did she write to you that she intended getting that bill signed by Lord Burton?—It was signed.

2990. You do not say that it was signed by Lord Burton?—I have never had any proof to the contrary.

2991. We all know Lord Burton is an excessively wealthy man?—Quite so.

2992. Not one in the habit of paying 60 per cent?—Not for himself very likely.

2993. Did you ever meet Lord Burton in your life?—Never.

2994. Did you ever see him sign his name?—Never.

2995. Then this bill was drawn up in your office and handed to this lady?—Excuse me, it was nothing of the sort.

2996. Where was it drawn?—The bill was sent by me to this lady.

Mr. *Ascroft*—continued.

2997. It comes to the same thing?—It does not come to the same thing: you insinuated that the bill was drawn in my office, by this lady.

2998. Nothing of the kind?—You said so.

2999. You misunderstood me. The bill was drawn in your office, when I say "drawn" I mean engrossed in your office and handed to the lady?—It was not handed to the lady; it was sent.

3000. Was it sent to her by post?—Yes.

3001. Then did she bring it back?—As far as I recollect it was sent back.

3002. It was sent back with some name on it?—With some name on it.

3003. What was the name?—Lord Burton's.

3004. What did you do with it?—I, after some considerable trouble, got it discounted.

3005. You, "after some considerable trouble"?—Yes.

3006. Got Lord Burton's bill discounted?—Yes.

Mr. *Warr.*

3007. Was it a promissory note?—A promissory note.

Mr. *Ascroft.*

3008. Did you go to the banks?—No.

3009. Did you ever go to any bank?—No.

3010. You went to a bill discounter?—Yes.

Chairman.

3011. Is it possible that you received a promissory note for 20,000*l.* from this lady with Lord Burton's name on the back guaranteeing it without making any inquiry of Lord Burton?—Yes.

Mr. *Ascroft.*

3012. Then without going to the bank you took it to be discounted?—Yes.

3013. I suppose when you hand a bill for 20,000*l.* in, they want some evidence as to the signature, do not they?—I presume they would. To whom do you refer, the bank?

3014. No, the discounter?—No, they had certain letters.

3015. Why, sir, did not you give a guarantee that it was Lord Burton's signature?—Quite so, yes.

3016. It is not "quite so," because you led me to believe the contrary?—You will excuse me.

3017. You gave a written guarantee?—If you are trying to catch me when I do not exactly grasp your meaning, I cannot help it.

3018. You must be perfectly candid with the Committee?—I do not know your name, sir, but, whatever it is, I am "perfectly candid with the Committee." I am telling the Committee everything I am asked, and if I, through any lapse, do not answer you as you want me to answer, or as I do not think I should answer, there is no good in trying to level an accusation against the lady to show that I knew she forged it.

3019. I do not want to level any accusation against you or the lady at all; the facts will speak for themselves?—Yes, the facts will speak for themselves.

3020. You gave a written guarantee that this was Lord Burton's signature?—Yes.

3021. Did you get someone else to do the same?—Yes.

3022. Who was it?—Must I mention names?

Mr. *Ascroft*—continued.

3023. Does this name begin with a "P"?—Yes.

3024. Is his name Pike?—Yes.

3025. And he is a solicitor, is he not?—Yes.

Chairman.

3026. Is he your solicitor?—Yes.

Mr. *Ascroft.*

3027. Then you and he each gave written guarantees that the signature of Lord Burton to that 20,000*l.* promissory note was, in your opinion, a genuine signature?—Yes.

3028. What did you get for doing that; 1,200*l.*, was it?—1,600*l.*

3029. And did you divide it between you?—Wait a minute, excuse me one moment, will you; 2,600*l.* altogther.

3030. Two thousand six hundred pounds altogether?—Yes.

Chairman.

3031. And neither Pike nor you had seen the signature?—Had seen it signed.

3032. You had no evidence that it was Lord Burton's signature?—Except the thorough belief in the lady.

3033. But you had taken no trouble to inquire?—No trouble to inquire.

3034. But you got 2,600*l.* between you for discounting Lord Burton's bill, practically?—Practically, yes.

3035. For getting it discounted?—Yes.

Mr. *Caldwell.*

3036. Did it occur to your mind, at that time, that if the bill turned out to be a forgery, you would have a greater "pull" over the lady?—It never occurred to me at all, otherwise I should not have been foolish enough to guarantee it.

Chairman.

3037. Would it not have been simple for you to have written a line to Lord Burton to tell him that the promissory note had been handed to you?—As I have before explained, it is not usual when a client brings a bill to fancy that the person who is presenting the bill for discount is a forger.

Mr. *Ascroft.*

3038. You see you were not finding the money yourself?—Do not I say I guaranteed the genuineness of the signature.

3039. Were you liable to an action on that guarantee?—Certainly; I guaranteed the genuineness of the signature.

3040. How much of the 20,000*l.* did you get; now produce your cash book?—I have not got a cash book.

3041. How much of the 20,000*l.* did you get?—I believe it was 8,000*l.*

Mr. *Caldwell.*

3042. Had you any doubt in your own mind of the genuineness of the bill?—No, sir; I guaranteed it.

3043. Had you any doubt in your own mind as regards the genuineness of the bill?—No; I guaranteed it.

3044. Had you any doubt in your own mind as to the genuineness of the bill when you were going to guarantee it?—Certainly not.

Mr. *Caldwell*—continued.

3045. Then why did you make such a charge as 2,600*l.* for that transaction?—Because it was partly discount and partly commission.

Mr. *Ascroft.*

3046. Would the party who discounted it charge 5 per cent. discount?—They did not; they charged 7 per cent.

3047. Was it not made up of two items, 5 per cent. and 2 per cent.?—Well, you can call it what you like.

3048. What proportions did you take and did Mr. Pike take of the 2,600*l.*?—Half.

3049. Half each?—Yes.

3050. Then did you hand the money to the lady?—Yes, the lady had received the money at my office.

3051. How much did you receive out of it?—8,000*l.*

3052. You got the bill discounted by a firm of solicitors?—Yes.

3053. Who charged 7 per cent. for the transaction?—Yes.

3054. How much did they hand to you?—18,600*l.*

3055. Then out of that did you deduct 2,600*l.* for you and Mr. Pike for guaranteeing the signature, and 8,000*l.* for moneys owing to you?—As far as I recollect, the lady——

3056. Find it in your book?—It does not give it me, sir.

Chairman.

3057. Let us have the answer first that you were beginning to give, and then we will see whether the book is necessary or not?—As far as I recollect, the amount handed to the lady in all would be 16,000*l.*, out of which she paid me 8,000*l.*

Mr. *Thomas Bayley.*

3058. For money owing to you?—Yes.

Chairman.

3059. Previously borrowed?—Previously borrowed.

Mr. *Ascroft.*

3060. Now will you find us the book with the entries in?—I have not any entries except those I have given you.

3061. Have you no entries of the cash you received on this particular date?—No; except the entries I have given you, I have not any. As I have said, there have been so many transactions that I could not separate them. Would you like to look at the book, sir?

3062. Have you a cash book?—No.

Captain *Chaloner.*

3063. Have you your banker's book here?—No.

Mr. *Ascroft.*

3064. Can you show me any entry or any book in which you show the 2,600*l.*?—No, I have no such entry.

3065. You have no such entry?—No.

3066. Then do you mean to say that you receive a sum of 1,300*l.*, and do not enter it in your book?—Quite so; I do not keep any book.

3067. I suppose

Mr. *Ascroft*—continued.

3067. I suppose you pay income-tax?—Yes.

3068. Have you discounted or given certificates in connection with other signatures?—Have I ever guaranteed a signature?

3069. Yes?—No.

3070. Never?—No.

3071. Never any other?—No.

3072. In this particular case, are you aware that Lord Burton says the signature is a forgery?—Yes.

3073. You are aware of that?—Yes.

3074. Have you any other married ladies on your books?—No.

Mr. *Warr.*

3075. Did you get any statutory declaration of the genuineness of the signature?—No. May I read a copy of a letter I have received from the lady?

Chairman.

3076. What is the nature of the letter?—Well, may I show it to you?

Mr. *Ascroft.*

3077. A "copy of a letter" now given cannot effect what was done at the time?—No; but it might throw light upon it.

3078. You gave a certificate without ever having seen the signature?—It is simply to place a better construction upon my conduct, if you will allow me to read it or show it to you. I have a copy here.

Mr. *Caldwell.*

3079. That may be one letter in a transaction, and not give a fair view of the transaction itself?—I should like you to see it.

Chairman.

3080. If you think that any letter you have in your possession will help you——?—May I read it, or will you see it and let me read it if you think fit afterwards? It is a copy.

3081. I would rather do that. (*The letter was handed in.*)

Mr. *A. K. Loyd.*

3082. Where is the original?—I have it.

Mr. *Ascroft.*

3083. In these ten cases of moneys borrowed by this lady, can you give me the names of the persons whose signatures were on the bills or promissory notes?—They are in my book.

3084. They are all in your book?—Yes.

3085. Will you kindly write them out for me?—Certainly. (*The witness copied out the names and handed the document to the honourable Member by whom it was shown to Sir George Lewis.*) I understood these names were ordered to be given to the members of the Committee only.

3086. I did not tell you that; you were told that the names would not be made public?—Excuse me, when the page of the book was open, it was said that the names would only be seen by members of the Committee.

3087. No one is going to see the name of the lady, but I have not kept back Lord Burton's name, and do not intend to keep back these names——

Chairman.

3088. As a matter of fact, Lord Burton wrote a letter to the "Times," stating that if his name was on any bill of this kind it was a forgery; is not that so; did not that appear in the City article of the "Times"?—There was an article in the "Times," not in those terms, I think; rather a vague notice.

3089. There was a notice?—Yes.

3090. Which was simply a denial that Lord Burton's name was to such a bill?—Yes, saying there were rumours.

3091. How many of these are members of the House of Peers; these names, a good many of them, are not they?—Only one.

3092. There is one lord, is not there?—Yes.

Mr. *Warr.*

3093. Is it at all suggested that these are not genuine signatures?—No.

Mr. *Ascroft.*

3094. They have all been paid, have not they?—Yes.

3095. I should like to know whether you communicated with a single one of these names?—Yes, all of them.

3096. Have you sent the letters yourself?—Yes, and posted them.

3097. Had you any personal interview with them?—No, I do not think I have ever had a personal interview.

3098. Did you ever receive a reply from any one of them?—Yes.

Chairman.

3099. Now let me ask you this: Do you say you corresponded with these four gentlemen, I will not give the names?—Yes.

3100. Who were guarantors for this lady?—Yes.

3101. Did you correspond with Lord Burton?—No.

3102. Will you explain why you happened to investigate whether the signatures of these four gentlemen were real or forged, and why you did not make any investigations whatever about the signature of Lord Burton to a bill for 20,000*l.* which this married lady had produced?—With the 20,000*l.* bill of Lord Burton, there was an authority to hand to the lady the proceeds, so there was no occasion to communicate.

3103. An authority from Lord Burton?—Yes.

Mr. *Ascroft.*

3104. Another forgery?—I do not say so.

Mr. *Thomas Bayley.*

3105. Signed by Lord Burton?—Presumably signed by Lord Burton.

3106. Have you got that letter here?—I have not; I have none of them.

3107. Is that letter destroyed?—I should imagine so.

3108. An important letter like that is destroyed?—I did not destroy it; I have not them; they are not in my possession.

Mr. *Ascroft.*

3109. Suppose you gave those up, would you get your money?—What money?

3110. That they paid you on the bill?—What bill?

Mr. *Ascroft*—continued.

3111. The 10,000*l.*?—This was handed to the people who discounted the bill.

3112. You handed the letters to them as well?—Exactly.

Mr. *A. K. Loyd.*

3113. Did any of the other parties, whose names appeared on the note, repudiate their signature when you communicated with them?—Never.

3114. None of them?—No.

3115. They all admitted that the signatures were genuine?—Yes.

3116. Did that influence your mind at all?—Certainly. I had known this lady; she had never lied to me; she had never in the slightest broken faith with me; she brought me the bill; I had not the slightest reason to doubt that it was a genuine bill. I had the greatest belief in her; she had always treated me honestly and fairly and never lied. Why should I doubt it?

Mr. *Warr.*

3117. In the other cases you took the precaution of writing to the guarantors?—In the other cases I may not have had authority to hand the money in a certain direction; in this case there was a direction to give the money to the lady.

Mr. *Ascroft.*

3118. And in this case you had 2,600*l.* to receive for guaranteeing the signature?—I certainly did receive 2,600*l.*; I do not deny it.

Mr. *Caldwell.*

3119. Was the letter authorising the lady to receive the money any more genuine, or was it likely to be any more genuine than the signature to the bill?—It was just as likely to be genuine; it was in the same handwriting.

3120. And just as likely to be a forgery?—Such a question never entered into my mind.

3121. Although the question never enters your mind as to the genuineness of the letter, you make a charge of 2,600*l.* for guaranteeing the genuineness of the bill?—I did guarantee it.

Chairman.

3122. Do you believe it to be a forgery now?—I have no proof of that.

3123. Why has it been paid, then?—I cannot say; there are other people.

3124. Have you not contributed to the payment of it?—Yes.

3125. Have not you and Pike signed a promissory note for over 3,000*l.*?—Quite so.

3126. Would you do that if you were not quite sure it was a forgery?—There may be social reasons, as far as I know; I do not think it is a fair question to put to me.

3127. It was a twelve-months bill?—Yes.

Mr. *Caldwell.*

3128. A simple inquiry of Lord Burton would have set at rest whether the bill was genuine or not, would not it?—Well, take the other case that has been mentioned, the case that was tried the other day; inquiries were made and letters received, but it appears it did not affect the fact, according to the husband's evidence, that the bills were forgeries.

Mr. *Caldwell*—continued.

3129. I inquired simply about Lord Burton?—You will excuse me, sir, I was not the discounter of the bill.

3130. But you were a guarantor of the bill?—Exactly.

3131. That was probably much greater than discounting the bill, because you were guaranteeing the bill, and would have no relief?—Excuse me, if I did guarantee the bill, it shows that I had sufficient faith in it to think it genuine, otherwise I might have been called upon to pay 20,000*l.*

3132. You, as a guarantor, are in a more risky position than the bill discounter?—Yes, I quite agree.

3133. The bill discounter had two guarantees; you had none; you were a guarantor; then your interest was, that you should see as to the genuineness of the bill?—Very well; I was satisfied.

3134. You took no steps to satisfy yourself?—No; I was satisfied.

3135. Did you, in your own mind, believe that it was a genuine bill?—I swear it.

3136. You believed it was genuine?—Most certainly I did.

Chairman.

3137. But, Mr. Jay, if you believed it to be a genuine bill, why should you have got 2,600*l.* for getting it discounted?—Good heavens! It is not to be said that because a bill is genuine a large profit should not be made out of it.

3138. Is not that an abnormal profit?—I do not say that it is an abnormal profit; it was a 20,000*l.* bill for twelve months.

3139. You did not discount it?—I did not discount it; quite so.

3140. You simply guaranteed it?—Quite so.

3141. And for that you charged 2,600*l.*?—Anything might have happened; Lord Burton might have died; there might have been a difficulty.

Mr. *Caldwell.*

3142. Suppose he did die, would not the bill, if genuine, be equally valid?—Yes, but it might have been questioned.

Mr. *Ascroft.*

3143. Your position would have been better if he had died, because he could not have contradicted the signature?—Surely there are others who know his signature; surely his bankers must know his signature. All I can say is, my best proof of my belief in it is that I guaranteed it.

Mr. *Caldwell.*

3144. The opposite view might be, might it not, that the best proof that you thought that it was not genuine was the high rate you charged for guaranteeing it?—Absurd! I guarantee 20,000*l.*?

Chairman.

3145. I am bound to say, and this is the last thing I have to say about the matter, that it appears to me to be a most extraordinary thing that you should take the signature of a well known man like Lord Burton on a bill for 20,000*l.* without making the slightest inquiry of him. I think it is a most extraordinary thing?—Yes;

Chairman—continued.

—Yes; but will not you also take into consideration that I had done business with this lady for a considerable time.

3146. And you had always corresponded, according to your own statement, with those who had guaranteed her bill?—And she had never deceived me. Why should I, at the eleventh hour, think she was trying to bring a forgery on to me.

Mr. *Ascroft.*

3147. Do you send out circulars?—I have sent circulars, but not for some years.

3148. Did not you send one to a young Australian?—No.

3149. Did not you get some bills from a young Australian, and take them to Sam Lewis?—No.

3150. A young man at Cambridge?—I have not the slightest recollection of it.

3151. Were they printed circulars or written ones?—They were lithographed circulars.

3152. Did not you sometimes write them; I have one here?—Yes, they may have been written.

3153. "Should you desire to obtain cash quickly and in confidence, I am prepared to advance same to any amount on note of hand simply. Loans from 4 per cent. per annum on Life Interests, Reversions, &c., &c. No minors dealt with under any circumstances whatever. I am, Sir, Yours truly, D. Jay"?—Yes.

3154. This is "D. Jay, Telegraphic address, Blushingley, London," what other names do you trade under?—No other names.

3155. Nor have you ever done?—Nor have I ever done.

3156. Not the name of Albert and Company?—Never.

Chairman.

3157. In regard to this lady's former transactions, were any other bills found to be forged?—No.

3158. They were all genuine?—I do not admit that that one was not.

Mr. *Ascroft.*

3159. Have you no other ladies on your books?—No; I have one other lady; yes.

3160. One other lady?—Yes.

3161. Is she a married lady?—A widow.

Mr. *Thomas Bayley.*

3162. Is this bill for 20,000*l.*, at the present time, paid?—The bill is paid.

3163. And everybody who is connected with it has had their money up to the 20,000*l.*, is that so?—Yes; the people who discounted the bill have had their money.

3164. The transaction is closed?—The transaction is closed.

Chairman.

3165. But you found a contribution of 3,600*l.* I think?—Quite so.

Mr. *Warr.*

3166. Do you have anything to do with bills of sale?—No.

3167. Never touch them?—Never in my life.

3168. You have heard it suggested that these transactions should be open to the review of judges?—Yes.

Mr. *Warr*—continued.

3169. How do you view a suggestion of that kind; would it interfere with your business?—I do not think it would make very much difference in this way; now a transaction can be generally set aside; I think it is sufficient for a debtor to go into court and say he has been charged a high rate of interest for him to get leave to defend the action, and in most cases it would be set aside.

3170. So that you do not think it would really interfere with the business as you carry it on?—No.

3171. I suppose you do not have much to do with small amounts at all, do you?—No.

3172. Your business is confined to the class of people who were referred to by the last witness?—Yes; but if the rate of interest were fixed by law, such rate should be unassailable on a contract made; I should like to see it made, so that the money-lender should be able to go into court and recover, the same as any other ordinary tradesman.

3173. You make no financial arrangements with insurance companies, I suppose?—No.

3174. Do you confirm what the last witness said, that insurance companies, speaking generally, are glad to avail themselves of proposals made by the money-lenders?—Yes, most decidedly.

3175. Without exception, so far as you know?—I do not know any office that would refuse a transaction because it came through a money-lender.

3176. Do you confine yourself specially to any one insurance company?—Yes, I think I may say that I do.

3177. Which insurance company?—The Norwich Union.

3178. The Norwich Union?—Yes.

3179. But you have no special arrangement with the Norwich Union?—No. As I have said before, I think I get 25*s.* per cent., that being one bonus which completely closes the matter, so far as I am concerned.

3180. Is that system adopted by the Norwich Union?—That system is adopted by the Norwich Union so far as I am concerned.

3181. By the Norwich Union?—Yes.

3182. That is to say that they pay you one commission for the whole length of the policy?—Yes.

3183. So that if the policy is dropped in another year you have got your commission?—Yes, I have my commission.

3184. Is that a common principle with leading insurance companies such as the Norwich Union?—I should imagine so.

3185. Do the papers you would lodge in this kind of case, with the Norwich Union, for instance, disclose that it is to cover a debt?—If a borrower took a policy out in my favour, I should have to disclose an insurable interest.

3186. An insurable interest?—Yes.

3187. That would be the money; the debt in fact?—The amount he was indebted to me.

3188. So that such a company as the Norwich Union are quite aware that it is really part of a money-lending transaction?—Quite so.

Mr. *A. K. Loyd.*

3189. You proposed just now to read a letter from the lady?—Yes.

Mr. *A. K. Loyd*—continued.

3190. We quite understand that you have brought the copy and not the original, because the lady's name is not to be unduly revealed. The Committee are anxious that anything that you can justly say on your behalf should be said, and, therefore, I will ask you this question: This letter is dated 4th April; is that so?—Yes.

3191. Was it written in relation to a letter which had appeared in the "Times" that day?—Yes.

3192. And that letter reflected upon your treatment of the lady in question?—Yes.

3193. Well, that being the occasion on which the letter was written, would you like me to put to you the substance of the letter, so as to have that before the Committee?—I should like to have the letter read.

3194. I will read the exact words, then: "Dear Mr. Jay, I think the letter is too monstrous. I am quite ready to state that you have never lent me, personally, money at 60 per cent., or at any interest whatever, and only charged 40 per cent., with good guarantors whom you had communicated with and informed of the rate of interest. Yours truly, ( )." "You are perfectly welcome to read this at the Committee provided you do not mention my name. I have only one word of gratitude and praise of the way you have treated me." You say you have the original?—Yes.

3195. You say that is a true copy of the letter you received from her?—Yes.

Mr. *Thomas Bayley.*

3196. You guaranteed this "Lord Burton" signature?—Yes.

3197. For 2,600*l.*, you and another gentleman?—Yes.

3198. Have you had to pay any of that money for the guarantee?—We have had to give a bill for 3,600*l.*

3199. For the guarantee?—For the guarantee.

Chairman.

3200. To make up the money?—To make up the money, we have given the bill.

3201. The money has been paid. Will you explain how this money has been paid, 18,600*l.*?—Yes.

3202. The lady's friends found how much, 10,000*l.*?—Well, the lady's friends found all except 3,600*l.* and 700*l.*

3203. And you found that?—We have found that.

Mr. *A. K. Loyd.*

3204. Did the other parties whose names were on the bill find any?—No one found any except the lady's friends, and the gentleman who signed the guarantee with me.

Chairman.

3205. Pike?—Pike; we have found between us 4,300*l.*, that is 3,600*l.* bill and 700*l.* in cash.

Mr. *Thomas Bayley.*

3206. The lady's friends found all the remainder?—The lady's friends found all the remainder, exactly.

Mr. *A. K. Loyd.*

3207. And none of the other parties to the bill were called upon?—There were no other "parties to the bill."

3208. I thought you said there were others?—No, I said there were other bills.

3209. Then was this simply Lord Burton's?—Yes.

Mr. *Caldwell.*

3210. Could you give us the amount of transactions you have in a year, the gross amount?—The turnover do you mean?

3211. Yes?—About a hundred thousand pounds (100,000*l.*).

3212. And can you say the amount of your bad debts in a year, the average?—I cannot say.

3213. Cannot you give me an average?—I could not say.

3214. Roughly?—Not even roughly.

3215. Oh! you mean to say you carry on business and that you do not know the amount of bad debts you make in a year?—Quite so; I do say so.

3216. You do say so?—Yes.

3217. Do you never look at the amount?—Yes; I mean to say, I do say, that I do not ascertain the amount that I make in bad debts.

3218. You have no idea whether you make 2,000*l.* a year of bad debts or 4,000*l.* or 10,000*l.*?—No.

3219. Not the remotest?—No.

3220. You have given us transactions amounting to over 10,000*l.* on original bills, the lady's bills; were any of those bills renewed, of the lady's?—Yes, I should think they were.

3221. More than once?—Yes.

3222. Several times?—They may have been.

3223. And on each renewal, I suppose, you charged the same rate of interest as on the original bill?—Yes.

3224. You can give us, I suppose, how much the lady has paid you back altogether in respect of that 10,000*l.*?—I cannot.

3225. The original bills at any rate show that she was to pay 3,700*l.* over the original amount?—Yes.

3226. According to what you have given us?—Yes.

3227. Then there have been considerable renewals since then?—Yes.

3228. So that for that 10,000*l.* she must have given a very large sum, and you cannot tell us the amount?—No.

3229. Or the number of renewals?—No.

3230. I suppose the general experience is, that the bills are not paid at the time originally stated?—Very seldom.

3231. You calculate, in point of fact, that it will be so as a rule?—Well, I do not "calculate." I draw a bill for a certain period, and when the bill becomes due I notify to the borrower the maturity of the bill.

3232. And all your experience at any rate, I am sure, has been that as a rule these bills are not repaid at the date of maturity, but require to be renewed?—Yes, in very many cases.

3233. And if you had an insurable interest and took an insurance policy for a thousand pounds, what would be the premium for the year?—I could not say.

3234. Of

Mr. *Caldwell*—continued.

3234. Of course it would vary according to the age of the borrower?—Yes.

Chairman.

3235. As regards this letter that this lady sent you, and a copy of which has been put in, of course this lady is entirely in your power?—I do not understand your question.

3236. Well, in this way; you could reveal her name here at the table?—I could.

3237. That is what I mean, in the first place, when I say "in your power"?—Yes.

3238. You have advanced 4,300*l.* to extricate her from this difficulty?—Yes; but do you mean it offensively when you say she is in my power? I do not understand why you make that remark.

3239. What I mean is this; we have had the letter put in here?—Do you mean to insinuate that I have brought pressure to bear on the lady to induce her to write that letter?

3240. I do not mean to say or to insinuate anything; but here is a letter put in from this lady speaking of you in the highest terms as her benefactor; I only ask the question in view of that letter being put on the minutes; she was perfectly in your power; you could divulge her name, and you have advanced 4,300*l.* to extricate her from the difficulty?—I see the drift of your question.

3241. It is as plain as a pikestaff; there is no "drift" in it?—You wish to do away with any good impression that the letter might produce in my favour.

3242. I wish to bring out the facts?—You do not; you wish to do away with the good impression likely to be produced by that letter in my favour. That letter was sent to me; I was not with the lady when she wrote it, and did not know it was going to be written.

3243. Letters have been already put in. Mr. Kirkwood, who was examined here, put in a letter from a gentleman saying that he was the "salt of the commercial world"?—I quite

Chairman—continued.

understand why you ask the question, and I have given you my answer; I was not with the lady when she wrote that letter; I did not know it was going to be written; and it was sent to me.

Captain *Chaloner.*

3244. Was she not in your power altogether within the meaning of the words of the Chairman?—She was not in my power any more than she would be in the power of any man of honour.

3245. You would not consider yourself in the power of an individual who knew you had committed forgery, and who had paid money to save you from the consequences?—I should not consider myself in the power of any man who had the slightest spark of honour about him; and I have no doubt the lady regards me in the same way; and that letter was written without any pressure on my part.

3246. You think the world will not consider it so?—Honourable men will not consider it in that light, I am convinced.

Mr. *Thomas Bayley.*

3247. As a matter of fact, you and the lady's friends have helped her out of this difficulty, and now consider that there was a forgery?—It does not necessarily follow; I do not say anything of the sort.

3248. But you paid your money on that supposition?—I do not say so.

3249. And, therefore, no proceedings were taken against any person?—No proceedings were taken against any person.

3250. Therefore any person may naturally say: We are thankful you did not take proceedings?—I do not quite follow that.

3251. I say any person might be indebted and feel thankful, naturally, to persons who found their own money, without taking proceedings at all, to take up the bill if there was a forgery committed?—Yes.

Mr. JONAS WOLFE, sworn; and Examined.

Chairman.

3252. You carry on the business of a money lender in London?—Yes, sir.

3253. Do you carry it on anywhere else?—In Leeds.

3254. Anywhere else?—And in London, yes.

3255. In Leeds and London. How long have you been in business?—I have been in Leeds about 12 years.

3256. How long in London?—Four years.

Mr. *Ascroft.*

3257. How many names do you carry on business under, first of all "Wilton and Company," or is it "James Wilton"?—"James Wilton."

3258. "James Wilton, of Piccadilly"?—That is right.

3259. "Jonas Wolfe," of where?—Well, "James Wilton, trading as Jonas Wolf, Piccadilly."

Chairman.

3260. What is your real name, by the way?—Jonas Wolfe.

Mr. *Ascroft.*

3261. Now give us the other names?—"Herbert Greenwell," of Leeds.

3262. That is at 4, Oxford-place, Leeds?—That is it, sir.

3263. Did you also carry on under the name of "Harry V. Potts"?—That was the manager's name; that was six or seven years ago; that is not correct.

3264. Do not you carry on under his name, "H. V. Potts"?—Yes, quite right, that is the manager's name; because the next name is "Grunwell," the new manager.

3265. Any other?—No other name.

3266. Under the name of "Pelham"?—That is in Whitcombe-street.

3267. Why did not you tell us of that?—You asked me about Leeds.

3268. I am asking you about other places. What

Mr. *Ascroft*—continued.

What is the name at Leicester-square?—I have no place at Leicester-square.

3269. Well, Whitcombe-street?—"R. Pelham."

3270. Where else?—That is all.

3271. Have you not a business at Sunderland?—No.

3272. Have you had one?—Not my business.

3273. Were you partner with someone there?—No.

3274. Had you no interest in it?—No.

3275. Were you in the habit of going there?—My people live there, that is all.

3276. Is there a money-lending business carried on there?—Yes, but that is not my business.

3277. Who carries it on?—A brother of mine.

3278. Under what name?—"A. Wolfe."

3279. Tell us about Bradford?—I have not got a business in Bradford.

3280. Is there a money-lending business carried on there?—A money-lending business?

3281. In your name?—In my name?

3282. Are you in the habit of going there?—I have been there to friends; I may go there to see a brother of mine.

3283. Does he carry on the business of a money lender?—That is not mine; it is not my business; I know nothing about it.

3284. It is in the family?—It is not my business.

3285. You are not ashamed of these businesses?—It is not mine.

3286. Have you any other business?—What do you mean, commercial business?

3287. Where you do a little bit; Tottenham Court-road way?—That is a private affair.

3288. Let us have it; what is it. Is that the firm of "Wolfe and Hollander"?—That is our business.

3289. You have a large business there, have you not?—A very large business.

3290. Hire-furnishing business?—No, we do not do "hire-furnishing business."

3291. What do you do?—Very high class trade.

3292. Furnishing?—Yes.

3293. How many places have you there?—Two places.

3294. Do you connect the two with your money-lending business?—No, certainly not.

3295. Are you connected with insurance companies as well?—Yes.

3296. The Caledonian?—Yes, the Caledonian.

3297. Are they mixed up with your transactions?—No.

3298. Do they find the money?—No.

3299. How is it you head your letters with "Caledonian"?—They are not headed "Caledonian," it is "Agency for" the Caledonian.

3300. "Agency for fire and life business of the Caledonian Insurance Company"?—They supplied me with the paper.

3301. They supplied you with the paper?—Yes, they supplied me, the Caledonian Insurance Company

3302. And allowed you to put your name as a money-lender on it?—I do not think there is "money-lender" on it.

3303. "4, Oxford-place, Leeds"?—It does not say "money-lender."

Mr. *Ascroft*—continued.

3304. No, quite right "215, Piccadilly, London"?—Yes, that is right.

3305. Do I understand that the Caledonian Insurance Company, knowing that you have a money-lending office at these places, allow you to keep their name on your paper?—Well, they did it then.

Mr. *Warr.*

3306. They supplied you with the paper, as I understand?—They supplied the paper when I was in Leeds, and envelopes.

Mr. *Ascroft.*

3307. Did they stop you from using it?—Since Mr. Farrow began some comment was made on it, and I think the Caledonian did not care to supply any more.

3308. They stopped it?—Yes.

Chairman.

3309. In other words, when it was exposed in this Committee it was stopped?—Quite right, sir.

Mr. *Ascroft.*

3310. You are connected with insurance offices; that is what I want to deal with chiefly?—Yes.

3311. What premium do you get?—Thirty shillings per cent.

3312. Thirty shillings per cent.?—That is it, sir.

3313. Does that complete the transaction?—That is the commuted commission, 30*s.*; there is no commission after that.

3314. Once for all, you get 30*s.* for every hundred pounds insured?—Yes.

3315. With how many offices do you insure?—I have only insured two or three cases in the "Positive," now it is the "British Empire."

3316. What about the "Eagle"?—I do not do with the "Eagle."

Mr. *Warr.*

3317. The Caledonian and the Positive?—The Positive it is hardly fair to mention; I have only done two or three cases there.

3318. Have you done much with the Caledonian?—About five hundred (500) cases.

3319. In how many years?—About eight or ten years.

3320. They have all been done on the principle of your being paid once and for all?—Yes, commuted commission.

Mr. *Ascroft.*

3321. I have got a number of your circulars here. Here is one from Leeds. Just look at them, so that we may have these identified as your circulars (*handing documents to the witness*). "The Leeds and Counties Clerical Agency," that is yours, is it?—It was; I do not trade in that name now, it is the same office.

3322. That is Grunwell?—That is Grunwell, yes.

3323. In this case you say "a promissory note only required, and repayment by convenient instalments"?—That is correct.

3324. "Or as may be arranged"?—Yes.

3325. Are you in the habit of taking promissory

Mr. *Ascroft*—continued.

missory notes alone?—Yes, and insurance sometimes; it is not compulsory.

3326. And bills of sale?—I have only taken four bills of sale since I have been in business.

3327. You say you have a large amount of private capital?—I have.

3328. Where did you get it from?—Well, from members of our family; I have made the money myself.

3329. You have made the money yourself?—Yes, certainly.

3330. Then you are a rich man?—Not particularly rich, I do not know what you may call rich; it depends.

3331. Then also these are yours, "James Wilton," I may as well put them all in?—Yes, "James Wilton."

3332. And I see a crest on this. What is it, a wolf or what?—I do not know what it is, I am sure.

3333. It seems to have some sort of animal's head on. Do you advertise?—I have done, but very little.

3334. I suppose you look upon all advertisements of money lenders as untrue?—I beg your pardon.

3335. All advertisements of money lenders are untrue according to you?—Oh, no, mine are not untrue.

3336. I think you swore that they were?—You said "untrue."

3337. Yes?—What do you mean by "untrue"?

3338. Do you remember being last year at Leeds on a question before the magistrates where you gave evidence?—I gave evidence?

3339. Yes?—If you will refer me to the case I shall be very pleased.

3340. Were you at Leeds or Bradford in a case before the magistrates?—I was never at Leeds or Bradford in a case.

3341. Not in any case?—Not in any case.

3342. Did you make any application there in respect to money matters?—No, sir.

3343. Kindly look at that *(handing a newspaper cutting to the witness)*?—Perhaps you will kindly refer me to it.

3344. Did that refer to you?—No, sir, certainly not; in fact I have not read it; you have only let me read half of it.

3345. You can read all of it?——

Chairman.

3346. If it does not refer to you it is no use your reading it?—It is unfair.

Mr. *Ascroft.*

3347. In respect to these insurances it appears from a letter of yours (which is the shortest way of getting it) which is dated the 30th of May, 1894, that you advanced 20*l.*?—Yes.

3348. "Insurance, halt premium?—I know the case, it is a Croydon case.

3349. "Insurance, half premium, one year premium, 2*l.* 6*s.* 8*d.*; travelling expenses, &c., as agreed, 1*l.* 1*s.*; cheque handed to you, value 16*l.* 12*s.* 4*d.*; advance, 20*l.*" In your letter you confirm the arrangement, and acknowledge the receipt of a promissory note for 28*l.*?—Yes, that is correct.

3350. Is that an example of your ordinary way of doing business?—The man wrote me a letter; he wanted a loan of 20*l.*; and my manager went down and took a promissory note for 28*l.*

Mr. *Ascroft*—continued.

3351. For 28*l.*?—Quite right.

3352. Payable by four quarterly repayments of 7*l.* each?—Quite right.

3353. You deducted 2*l.* 6*s.* 8*d.* for the policy?—He has got the policy; he has got the policy now. That is quite right; but the insurance company has got that.

3354. You charge a guinea for the expenses?—It cost all that; it cost more.

3355. You do it?—Yes, that is quite right.

3356. And you hand to him 16*l.* 12*s.* 4*d.*?—Yes, quite true.

3357. Can you tell me the rate of interest that comes to?—You must reckon 20*l.* plus 8*l.* for 12 months; it would come to about 40 per cent.

3358. Then the guinea expenses?—The railway company does not take us down for nothing.

Chairman.

3359. There was an insurance policy here?—Yes, sir; he has got it.

3360. What is your opinion upon this point; are these policies continued?—I believe that gentleman has continued the policy. I have got policies that have been continued many years, and if you will allow me to explain, I will.

3361. What I want to find out is this: Are you not perfectly aware that these policies lapse generally after the first payment?—There are a few certainly that do; but there are a great many that are kept up, which I can prove by my books; I will allow you to see them.

Mr. *Ascroft.*

3362. Here is another; I will give you the name if you like: Fees charged, three guineas; and insurance, 4*l.* 13*s.* 4*d.*; bonus, 50*l.*; interest at the rate of 40 per cent.; the cash advanced being 150*l.*, and the amount of the promissory note given 230*l.*?—Will you tell me the case? I will look at my ledger (*the name was handed to the Witness*). May I look at my ledger?

3363. Yes, certainly look at your ledger; I want you to find it; or if you have any one here who can do it he can look it up for you. While he is looking that up, Mr. Wolfe, I will take another one. Do you remember the case of young Backhouse, an undergraduate of Oxford?—Yes.

3364. Did you lend him 50*l.* in 1896, repayable in twelve instalments of 6*l.*?—That is quite correct.

3365. Did you also charge him 6*l.* for insuring his life?—Yes, that is right.

3366. You got a promissory note?—Yes.

3367. You got a watch from him?—I have not.

3368. You did get his gold watch?—I beg your pardon; I got his watch.

3369. And did you get his mother's jewellery?—I do not know whether it was his mother's jewellery.

3370. Did you get a large quantity of jewellery?—I got nothing on that transaction; I got nothing.

Mr. *Ascroft*—continued.

3371. Before the transaction was completed did you get these things?—No, certainly not.

3372. Was it in consequence of his getting into your hands, and those of other money-lenders, that he had to go away and leave the country?—There may be, perhaps, other reasons for his leaving the country.

Chairman.

3373. You got his watch; did you get it?—He got his watch back again; I will show you the receipt for it.

3374. You got it?—Excuse me; allow me to explain the case. The gentleman wrote a letter from Darlington; I have the particulars here; I knew you would bring this case, therefore I have brought the particulars here. This is not the first transaction. This is a statement (*handing in the same*).

3375. One gold watch, two opals, an emerald, four sapphires, two cats-eye, a large diamond ring, a diamond and emerald, for a loan of 220*l.*; 150*l.*, payable 4th July; 35*l.*, August 4th; 35*l.*, September 4th. I understood you to say you had no jewellery?—I beg your pardon; I would not have shown you that if I had said I had no jewellery; you must have misunderstood me.

3376. Is it not the fact that this jewellery was the jewellery of his mother, and that you received it from him as the lawful owner of it?—Certainly not; I deny it *in toto*.

3377. Do you remember a gentleman of the name of Bickers; a case that was taken in the Queen's Bench. In 1896 he applied for a hundred pounds from you on certain securities?—I do not know the case.

Chairman—continued.

3378. You induced him to take 35*l.*, and promised the 65*l.* after you had made inquiries; you got him to insure his life for 250*l.*; you charged him 5*l.* 2*s.* 6*d.* for the insurance, a guinea for the expenses, and you gave him cash 28*l.* 16*s.* 6*d.*?—I do not know the case.

3379. And you took a promissory note for 52*l.*?—Bickers? I got security, you say, sir?

3380. Yes. At the end of three months he refused to pay you an instalment without you would pay the balance; you then sued him in the Queen's Bench, and you got for the 52*l.* a sum of 35*l.*, and the costs; do you remember that case?—May I look at the ledger?

3381. Certainly; bring it here, and I will show you the name?—I have got it marked here "Bad debt account, 52*l.*"; I have not got the money.

3382. No, certainly not; but you sued for it, did you not?—I do not know whether I sued him or not.

3383. Where is your action book?—I do not keep an action book.

3384. You do not?—Not an action book.

3385. Are you prepared to say that you did not sue for it?—I could not say offhand. I mean to say where is it? Is it Lincolnshire? I dare-say I gave him cash.

3386. You gave him in cash 28*l.* 16*s.* 6*d.*, is that so; you paid insurance 5*l.* 2*s.* 6*d.*, expenses 1*l.* 1*s.*?—I will get the cash-book.

3387. I think you will find that is correct; but I will not trouble you any further?—Very well, sir.

Tuesday, 26th April, 1898.

MEMBERS PRESENT:

Mr. Ascroft.	Mr. A. K. Loyd.
Mr. Thomas Bayley.	Dr. M'Donnell.
Mr. Caldwell.	Mr. Price.
Captain Chaloner.	Mr. T. W. Russell.
Mr. Garfit.	Mr. Warr.
Mr. Hazell.	Mr. Yerburgh.

MR. A. K. LOYD IN THE CHAIR.

Mr. W. H. STANLEY MONCK, sworn; and Examined.

Chairman.

3388. I BELIEVE you are now the chief Registrar in the Bankruptcy Court in Ireland?—Yes; or rather the chief registrar in bankruptcy, for the "Bankruptcy Court" does not exist any longer. It is united to the Queen's Bench.

3389. And you have held that post since November 1892, I believe?—November 1892.

3390. And before that were you the chief clerk of the Court of Bankruptcy, since 1881?—Yes.

3391. Now, I need hardly ask you whether in that time you have investigated the debts due from some thousands of bankrupts and arranging debtors?—Yes, I have; some hundreds every year, I think.

3392. And have you in Ireland the double process that we have in England of proceeding either "by arrangement" or "in bankruptcy"?—Yes, exceptt hat the arrangements are somewhat different in the Irish system; they are not public; the sittings are private, and the debtor's name is not given.

3393. As I understand, you have formed the conclusion from those cases that have come before you, that very serious abuses exist in consequence of the money-lending system in Ireland?—Well, that is my opinion; and certainly it has greatly increased since my original appointment in 1881.

3394. Have money-lenders increased in Ireland since then?—Both money-lenders and money-lending transactions. I should say we have perhaps six or seven of them now for one that we had at the time of my appointment.

3395. Who are these money-lenders? Are they of any particular nationality?—Well, a large number of them are Russian Jews who came over, I fancy, on account of the persecution (as it was called) of the Jews in Russia; but, of course, we have them of all nationalities; and a good many of the people who lend to the Irish people that come before me are London money-lenders.

Mr. Ascroft.

3396. With offices established in Dublin?—Some of them have offices there, and some of them have not; some of the loans are dealt with at their London offices.

Chairman.

3397. At all events, you have noticed a great increase both of money-lenders and money-lending transactions in Ireland since your appointment in 1881?—Yes, since my appointment in 1881, and, in some instances, at all events, at higher rates.

3398. Higher rates have prevailed generally?—Yes.

3399. Of course you know the Committee is aware that there are a great number of cases in which those who have borrowed from money-lenders find fault with the transaction after they have entered into it; that, I suppose, is common knowledge?—Oh, of course.

3400. Now in the cases that you call our attention to, of course you will not go through any unless they show some substantial grievance which you think can be made the subject of legislative interference; and, bearing that in mind, will you now call the attention of the Committee to some of the cases that have come under your knowledge in your official capacity?—I have written a note that I suppose I may read upon most of these cases.

3401. I think it would be convenient that you should do so?—I think it would give the facts more clearly. The first case that I wish to call attention to is the case of Michael Hanlon, a bankrupt. I prefer not to give the names of the arranging debtors unless the Committee require it.

3402. Because they have not been made public, and you respect their privacy?—Because they have not been made public, but I am ready to give them in on a slip of paper if you desire to have them.

3403. I think when you come to the arrangement cases, if you will give us them anonymously, that will be sufficient for the Committee; you

Chairman—continued.

are proceeding now to give us some cases of bankruptcy?—Yes. The first case is that of Michael Hanlon, of Corballis, Saggart, County Dublin, farmer. He was adjudicated bankrupt in August 1896, on the joint petition of Baron J. Cohen, who described himself as of No. 3, Hawkins-street, Dublin, financial agent——

3404. Was "Baron" his name, or was that his rank?—I am not sure whether it is his name or his rank; at all events I know that he is a London money-lender, and only has an office in London. The petition was a joint one by Baron J. Cohen and James Carroll, the former being a creditor for 35*l.* 9*s.* 3*d.*, and the latter for 10*l.* 1*s.* 11*d.* Some members of the Committee, perhaps, may not be aware that in Ireland a man can be adjudicated bankrupt where the debts, or the combined debts, amount to 40*l.*, instead of 50*l.*, as in England.

3405. I think nothing turns upon the 40*l.*?—No, I only mention the fact, because the two debts combined came to less than 50*l.* The petition was sworn by Cohen at Margate, and filed by Mr. Webb, Cohen's solicitor. Cohen, still describing himself as of Dublin, was elected creditor's assignee on his own vote, and his solicitor, Mr. Webb, conducted the proceedings throughout. The act of bankruptcy relied on was non-compliance with the terms of a debtor's summons for 45*l.* 11*s.* 2*d.*, the sum of the two debts of the petitioning creditors. Hanlon was at this time entitled to over 80*l.* as one of the next-of-kin of a relative who had lately died. After serving the debtor's summons, one of the first acts of Cohen's solicitor was to serve a notice on the administrator of the deceased, cautioning him against paying the money to Hanlon, and the money accordingly was not paid for some time after the adjudication. The service of the notice was proved by the bill of costs of Cohen's solicitor, in which the item of serving such notice appeared, but the items relating to it were, of course, disallowed by the taxing officer.

3406. He took upon himself, as it were, to garnishee the debt of 80*l.* for a debt due to him of 45*l.*; is that so?—No, that is not exactly it. No doubt the money-lender thought that if the man got the 80*l.* he would not pay the money over; but the point of it was that really the service of this notice prevented the man from complying with the terms of the summons that had been served on him. If he had got this 80*l.* he could have paid the 45*l.* for which he had been summoned; of course I cannot say whether he would have paid it or not, but the money-lender's solicitor was, in fact, preventing him complying with the very document with which he had been served by the creditor. Hanlon had some other creditors, but not of large amount, and they were not pressing. According to the sworn statement of Hanlon, he borrowed 20*l.* from Cohen, who trades in Dublin as "The Central Loan Office, W. Watson, Manager," signing a promissory note for 28*l.* (He does not state the duration of the note, so that I am unable to state the rate of interest.) Default having been made, he marked judgment debt, and the judgment debt and costs brought the amount up to 35*l.* 9*s.* 3*d.* He had registered this judgment as a mortgage against

Chairman—continued.

Hanlon's farm, but gave up the security in order to make Hanlon a bankrupt. Afterwards, however, he succeeded in exacting the costs of registration from Hanlon, as the purchaser of the farm objected to the judgment-mortgage as a blot on his title. I do not know whether it is necessary to give any explanation of what a judgment-mortgage is.

3407. No, I should not go too deeply into that?—It is a practice peculiar to Ireland.

3408. You may take it the Committee is well informed that stringent measures are taken by money-lenders to recover what they imagine is due to them?—I find that the costs altogether that were paid in this matter to Cohen's solicitor amounted (including the cost of registering the mortgage) to 67*l.* 17*s.* 8*d.*, the original loan being 20*l.*, and the judgment recovered 35*l.* Besides that 67*l.* 17*s.* 8*d.*, there was 5*l.* 11*s.* for the costs of the judgment.

3409. Can you point out that in that case the money-lender had increased the costs to his own advantage during the proceedings in any way?—Well, I cannot say exactly that he had done so.

3410. Was he doing anything more than struggling to get his money?—I think there were some things he did that were not necessary, one of which I am just about to mention. In this case 300*l* would have sufficed to pay all the debts and costs in full, together with the expenses, the official assignee's remuneration, and so forth. A tender was made of 300*l.* for this man's farm at Corballis, Saggart. The creditor's assignee (as Cohen then was) pressed the court to accept this offer, and filed an affidavit for the purpose of inducing the court to accept it. On that coming before the court the offer was opposed by the bankrupt, and the judge refused the offer, but did not disallow the costs of the creditors' assignee The farm was then offered for sale by the bankrupt's own solicitor, and instead of 300*l.*, it realised 830*l.*, with the result that there was a surplus of over 500*l.* paid to the bankrupt after the sale of the farm, and after all costs and other outgoings had been paid, the official assignee's fees coming to 36*l.*, the costs of the sale and getting the bankruptcy annulled, amounting to some 70*l.* more, and some other expenses to about 20*l.*

3411. Does that amount to this, that it shows that the creditor, the money-lender, who was acting in an official capacity, was negligent in looking after the interests of the estate so long as he could satisfy his own claim?—That is my impression.

3412. Is that the nature of your charge?—That is the nature of my impression, he having pressed the court to accept 300*l.* for a farm that sold for 830*l.*; and as I have said, the debts were paid in full, the costs were paid in full, the bankruptcy was annulled, and the bankrupt received more than 500*l.*

Mr. *Ascroft.*

3413. And the tenant lost his farm?—He lost his farm, and of course the 80*l.* that he was entitled to as one of the next-of-kin of a deceased man. He got 515*l.*, I think, in all, out of the proceeds of the farm, and the other money.

Now

Mr. *Ascroft*—continued.

Now the next case I wish to refer to is the case of a bankrupt named Henry Chichester Hart, a gentleman who became bankrupt as late as last December.

Chairman.

3414. December last?—December last. He borrowed 100*l.* from a man named Lionel Hart, of London, a financier who trades as "Edwards and Co.," on a promissory note for 160*l.*, which was repayable by 16 monthly instalments, with the usual provision for making the whole payable in the case of one instalment falling in arrear; as further security he deposited a number of articles described as curios with Lionel Hart. These curios, according to the admission of Lionel Hart, produced 112*l.* 2*s.* (that is 12*l.* 2*s.* more than the amount of the original loan), but Lionel Hart brought in an affidavit of debt for the balance amounting to 47*l.* 18*s.*, which the bankrupt (who had carried a composition of 5*s.* in the pound) did not dispute, and composition will be paid on that sum of 47*l.* 18*s.* It has not yet been actually paid, but it will be, I presume, in a few days.

3415. Who had sold the curios?—They were sold by this Lionel Hart, with whom Henry Chichester Hart, the bankrupt, had deposited them.

3416. So that he received the 112*l.* 2*s.*?—He received the 112*l.* 2*s.*, and he received that within, at the utmost, four months of the date of the loan. He did not give the date of the sale, but his proof of debt acknowledging the amount was about four months after the date of the loan.

Mr. *Garfit.*

3417. When were they sold?—He did not state when they were sold. He gave no particulars, but he merely gave credit in his proof of debt for the amount that he said was realised.

Mr. *Thomas Bayley.*

3418. And he proved for a debt of 160*l.*?—He proved for a debt of 160*l.*, deducting the 112*l.* 2*s.* he had received.

3419. Then he gets 5*s.* on the balance?—Five shillings in the pound on the remaining 47*l.* 18*s.*, which is what he proved for. I should mention, however, that there was a second bill on which he had already obtained judgment, and it is possible that this security might have been held for both bills, though he marked judgment on the other bill without giving any credit. Of course, if it was held for both bills, he was not over-secured as he would have been if he had had it on one bill only. Then there were some cases of mortgages of property at rates that appear to be extravagant. One of those that I would mention is the case of a bankrupt named Francis E. Biddulph. A mortgage in that case was executed to Thomas Joyce, of Dublin, carrying interest at the rate of 60 per cent.

Mr. *Ascroft.*

3420. What do you mean by "property." Do you mean a tenant's interest in a farm?—Oh, no; this Francis E. Biddulph was a gentleman of property, and, as I think it will appear, the property was really of ample value; and what induced him to enter into such a contract with Joyce I do not know; however, Joyce at all events, lent the money on a mortgage at 60 per cent. Mr. Joyce's statement shows that he lent the bankrupt 1,054*l.* 12*s.* 11*d.*, but in the sworn statement of Biddulph he states that he only got 900*l.*; which is correct, of course I cannot say. After the bankruptcy, which was three or four years subsequently, Joyce furnished a claim showing that there was 3,748*l.* due to him after crediting 82*l.* received out of the lands. In this case Joyce subsequently made an offer of 200*l.* for the equity of redemption in the lands, which was accepted, and he became the absolute owner. There was a somewhat similar case of W. M. Fussell, in which Joyce also had a mortgage at the rate of 60 per cent. on property that appeared, as far as I could judge, to be good security for the amount of the loan with interest at a moderate rate; of course, after a short time it ceased to be security for that loan with the interest that was charged; consequently the assignees were never able to get anything out of that estate.

Mr. *Ascroft*—continued

Chairman.

3420*. Those cases you have given us show that the money-lenders in Ireland look after their own interests keenly, and to some extent get the better of the borrower. Can you direct us now to cases in which there has been some fraud or some abuse which can be met by legislative action?—Well, as to what can be met by legislative action, I cannot exactly state, but there is one case I wish to mention before going on, as it came before Judge Boyd, and Judge Boyd was anxious that I should mention it to the Committee. That was a case of a man named Charles Percy Brett, who was a wine merchant in Dublin, trading as "Twigg and Brett." This Charles Percy Brett borrowed a thousand pounds, of which he handed back five pounds for expenses, from a man named Joseph Levin, of Dublin.

3421. Is he a professional money-lender?—Joseph Levin is a professional money-lender, and trades under a number of different names. He effected this loan under the name of H. Staples. He stated in his examination that he also traded in Dublin as James Cameron, and as William Bennett, and that he traded in Belfast under the name of Lucas, and in Cork under the name of Gardiner; I believe he also trades in Liverpool under the name of Davies; at least, I have in my possession an advertisment signed Davies in Liverpool, which is word for word the same as Staples' in Dublin, except for the name and address at the foot of it.

3422. Now we understand the sort of money-lender that is involved. Will you give us now the transaction which took place?—For this loan of 1,000*l.* Brett gave a promissory note for 1,500*l.*, payable in 50 weekly instalments of 30*l.* each, the whole to become due in case default was made in the payment of any instalment; 14 instalments were paid, and then Brett absconded and was adjudicated bankrupt; on the 15th, becoming overdue, Levin immediately issued a writ for 1,080*l.*, and on the man being adjudicated bankrupt, he came in to prove for the 1,080*l.* I have in my note-book here a copy of the advertisement

Chairman—continued.

tisement that this man inserted as Staples, if the Committee would care to hear it.

Mr. *Garfit.*

3423. This man absconded you say, so what was wrong about that?—Merely, that I think the loan at the rate I have mentioned is not very consistent with this man's advertisement, of which I have a copy here.

Mr. *Thomas Bayley.*

3424. You say he paid 14 instalments out of 15?—No, 14 out of 50. It was to be repaid by 50 instalments.

Chairman.

3425. Of 30*l.* each?—Of 30*l.* each, which made up 1,500*l.* This was disputed by the assignees in bankruptcy and (the law in Ireland on the subject being different from the law in England) Judge Boyd held that he could not reduce the rate of interest, but he came to the conclusion that the real nature of the transaction being a loan of so much money at such a rate of interest, he must stop the interest at the date of the bankruptcy, the consequence of which was that, instead of admitting the debt for the 1,080*l.* claimed, he only admitted it for 720*l.*, from which decision this man Levin has not appealed.

Mr. *Ascroft.*

3426. On that point do you consider that the law in Ireland requires altering?—Yes. I think if we had the same law as in England, namely, that no such person should receive more than 6 per cent. interest until the other creditors had been paid in full, it would be a great advantage.

Chairman.

3427. It would be convenient if you gave us your facts first, and then the suggestions which you have to make about an amendment of the law we might take afterwards?—Yes. The next case I wish to refer to is the case of an arranging debtor, whose name I am prepared to give.

3428. Before you come to the arranging debtors, have you any remark to make about the secrecy that is prevalent in these cases?—Yes.

3429. Have you noticed that there is a great demand for secrecy on the part of the borrower?—There is. Nearly all the advertisements of these money-lenders state that strict secrecy will be observed.

3430. Do you find that that promise of secrecy is used as a lever upon the borrower by the money-lender?—I have reason to think it is. I have been informed by solicitors connected with some of the principal banks in Ireland, who have reason to know that persons have gone to these money-lenders, although they could get money from the banks at a much more reasonable rate; they have gone in preference to the money-lenders, because they want to conceal the fact that they are borrowing money. If a man went in and obtained the money openly at a bank, his neighbours would begin to talk about it, so he goes privately to one of these money-lenders, and especially money-lenders living at some distant place; for example, one of the bankrupts, or of the arranging debtors, before me, was a woman residing at Ballyhaunis, in the County of Mayo; she borrowed money from a Belfast money-lender.

Chairman—continued.

3431. I think you have told us they very often have recourse to money-lenders in England living in Oxford and London?—Yes; those who have recourse to English money-lenders are not persons residing constantly in Ireland; they are principally people who come to England, and deal with English money-lenders when they are over there.

3432. Now you are going to give us a few cases of arranging debtors, and in those cases you propose to give them anonymously?—Yes. The first man that I wish to cite was a man who borrowed 50*l.* from Leopold Gordon, of Belfast, who trades as William Price. Price is a man who advertises (as most of them do) that he lends money on reasonable terms. For the sum of 50*l.*, which this man received, he signed a promissory note for 100*l.*, payable by 20 weekly instalments of 5*l.* each, the whole to become payable in case of default. Gordon received 45*l.*, and sought to prove for 55*l.* in the arrangement matter. The debtor returned 1*l.* for expenses, so that he only got 49*l.* Before the man filed his petition, Gordon received 45*l.* under these weekly instalments, and then came in to prove for 55*l.* in the arrangement matter. The debtor made an affidavit to oppose this claim, and I have an extract here from the affidavit which I propose to read to the Committee: "I say that this sum is entirely incorrect. In the month of May last" (that is, May 1896) "I saw an advertisement in the newspaper in the name of William Price, stating that sums of money could be lent at reasonable interest. I went to Belfast and saw Mr. Gordon, and stated that I wanted the sum of 150*l.* After making inquiries from me he offered to lend me 100*l.* for 20 weeks at 2*l.* 10*s.* interest. Mr. Gordon then prepared a promissory note for 100*l.*, and I believe that 2*l.* 10*s.* was the money he was charging me for 20 weeks. After I signed the note he handed me 50*l.* I could not understand it at the time. I asked for the other 50*l.* He then, to my astonishment, said 2½ per cent. per week for 20 weeks is 50*l.* on 50*l.*, and that makes up 100*l.* I protested against this, but did not return the money, as he had my note for 100*l.* put away. Out of this 50*l.* I paid him back 1*l.*, which he insisted on being paid for expenses. He asked for 2*l.* The exact sum I received from him therefore was 49*l.* Of this money I paid him back 45*l.* by weekly instalments, which leaves a balance of 4*l.* due to Mr. Gordon, besides interest."

3433. There the debtor swore that he did not know the nature of the transaction?—Yes.

3434. And that he had been fraudulently imposed upon by Gordon?—That he thought he was going to get 100*l.* instead of 50*l.*

3435. Did Gordon answer that affidavit?—Gordon did not answer that affidavit; and the result was that I only admitted the debt returned as due on the debtor's statement of affairs, which I think was 14*l.* instead of 55*l.* But I find as regards the amount a precisely similar case with another arranging debtor who kept an inn at a place called Ballyhaunis in County Mayo, which is a long way from Belfast.

In

Chairman—continued.

In that case the loan was precisely of the same amount, 50*l.*, a promissory note for 100*l.* payable in 20 weeks by instalments of 5*l.* a week. This woman actually paid back 55*l.* in about three months. After she became an arranging debtor, Gordon came in and claimed the other 45*l.* He had, moreover, brought an action at law against her before going into bankruptcy, and he claimed to be paid in full about 20*l.* costs for that. There was an order made up by the Court allowing him 19*l.* payable in full for costs; but I heard that there was an application to be made to the judge to revise that, so that it may not perhaps be final.

3436. That was a recent case, was it?—A very recent case.

3437. The appeal has not been heard?—It was an application to the judge, I think, to alter the decision upon giving him the statement of facts.

3438. You have mentioned the name of Gordon. Is this Isaac Gordon?—No, this is a man named Leopold Gordon, of Belfast.

Mr. *Thomas Bayley.*

3439. Brother to Isaac Gordon?—I do not know whether he is a brother or not; he is a Belfast man, Leopold Gordon; he trades as William Price there, but his name is Leopold Gordon.

3440. But he lives at Glasgow or Edinburgh, does he?—I do not know anything of him except as trading in Belfast.

Chairman.

3441. You do not know whether he is a brother of Isaac Gordon or not?—I do not.

3442. His name is Leopold?—Yes. The man I have mentioned before, Joseph Levin, of Dublin, who has so many aliases, was for a good many years manager to Isaac Gordon.

3443. They come from the same school of usury?—Yes. I think I can give you an example from another arranging debtor, a Dublin man. For the proof of debts the sitting was held last year. In that case there were 15 creditors altogether, and 10 of those were money-lenders whose names I can give if the Committee desire; but several of the money-lenders in the case (and I have met the same thing in other cases) which I now refer to got the debtor to sign notes payable on demand for sums considerably larger than those they advanced. There was some collateral agreement as to repayment by instalments; but the notes were payable on demand, and, of course, by discounting the notes or passing them over to a third person, the debtor was liable to be sued at any moment on them.

Mr. *Garfit.*

3444. They were different money-lenders, not the same man trading under different names?—Yes, these men were different money-lenders. The men who gave these notes payable on demand, that I made a note of, which I have here, were H. A. Barron, David J. Cohen (he is a different man from Baron J. Cohen), Joseph Levitt, Jacob Lipson, John Wilson; all these men took notes payable on demand for considerably larger

Mr. *Garfit*—continued.

sums. In Wilson's case the sums were actually double the amount; but Wilson, in the arrangement, did not seek to prove upon these notes; he only proved for the amount of his advances with 10 per cent. interest, so that the notes, I presume, were something in the nature of a bond; they were to cover whatever his demand might amount to.

3445. They did not state the amount of interest on the note then?—No; there was no statement as to the amount of interest on the note at all; it was merely that it came out in the evidence before me. I found that in the case of David J. Cohen, the note was for 34*l.*, the loan being 25*l.* I am not sure about the length of the bill, I should say it was probably three months; in the case of Joseph Levitt the loan was also 25*l.*, and the note payable on demand was for 35*l.*; in the case of Jacob Lipson the loan was 30*l.*, and the note payable on demand was 42*l.*

Mr. *Caldwell.*

3446. Would that be to include the interest and certain fines?—These were computed as interest, and there was a collateral agreement for repayment by instalments; but the notes were payable on demand, and therefore, as I say, might have been demanded at any time after passing them to another person.

Chairman.

3447. Was there any evidence that the notes had been negotiated and the debtor called on to pay?—No, there was not.

3448. So they seem to have been taken as a security and held over the debtor, but not abused in any way?—They were not enforced against the debtor in any such way; but of course they could easily be enforced. Very probably this man came into court to seek protection before they expected. Of course if he paid the instalments regularly before he came into court the notes probably would not be put in anyone's hands.

3449. Have you any other case of an arranging debtor that you wish to call attention to?—Yes, there are two or three others. One of them is the case of a farmer, in the county of Louth, who gave in his evidence an account of his dealings with a man named David Turner, of Belfast, who was also examined. Turner lent this man 150*l.*, for which he stopped three guineas for expenses, on a promissory note for 200*l.*, which was payable by instalments. The instalments extended over more than a year, but they were unequal instalments, and I think the rate of interest was not much over 40 per cent., so that he too was not as exorbitant as many of the others; but what I wished to mention to the Committee was what this man swore, and it was practically admitted by Turner afterwards. He went to Belfast for the purpose of getting the money. He stated that he told Turner that he wanted this money to buy cattle at a particular fair. Turner required him to execute a bond for the purpose; it was afterwards changed to a promissory note; but at first there was a bond executed, and he was kept so long about getting this bond executed that the man was late for his

train

Chairman—continued.

train, and had to spend the night in Belfast; and he swore that on the next day he went back to Turner and offered to return the money, stating that it was no use to him now as he had missed the fair, and that Turner refused to take less than the amount of the bond or the bill; consequently the man had to keep the money and go home with it. The result of that case will be that Turner will lose by not having accepted the offer of the money back; but I merely mention it to show that when these persons think they have got a good bargain they are determined to stick to it, and will not cancel it under any circumstances.

3450. Now, keeping your mind as much as you can to abuses which may be dealt with by legislation, can you call our attention to anything more in the case of arranging debtors?—Yes, there is another case that I wish to bring forward; the case of a gentleman of property in the West of Ireland who had dealings with a large number of money-lenders. I wish particularly to give an extract from his evidence as regards his dealings with Mr. Samuel Lewis, of London.

3451. Before you go into that, remember that we do not want to encumber the note with mere cases of sharp dealing by the money-lender, or of folly and extravagance on the part of the borrower. We want some instances of abuse of the power which the law gives the money-lender, which you suggest can be amended by legislation?—Well, the transaction that I was now about to give, it is very possible, I think, might be set aside under the present law; but I think it would be desirable to have the law placed on a more satisfactory basis, so that there should be no doubt about transactions of the kind. Whether it would come under the existing law or not I could not say.

3452. Anyhow, this case is to be an illustration of what you think is defective in the existing state of the law?—Yes; I do not think the law sufficiently deals with cases of the kind. I am not prepared to say that this gentleman might not have this mortgage set aside; and it is very possible he may take steps for that purpose, because the case is still pending.

Mr. *Ascroft.*

3453. Is this a case where usurious interest was charged by Mr. Samuel Lewis, the money-lender?—Yes; here is an extract from the examination of the debtor about the mortgages; they were mortgages on his property: (*Q.*) "About these mortgages, the first I have on my list is that of Samuel Lewis. He is a professional money-lender, of the Haymarket, London?—Yes. (*Q.*) Do you remember about the 17th of October giving him a mortgage?—(*A.*) I remember the whole transaction. (*Q.*) You gave him a mortgage to secure 1,500*l.* and 2,500*l.*?—(*A.*) Yes, making a total of 4,000*l.* (*Q.*) You gave him promissory notes for the same sums?—(*A.*) Yes. (*Q.*) Do you remember what the interest was to be?—(*A.*) No, I do not remember what the interest was to be. It was to be repaid in 12 months. (*Q.*) Are you aware whether the interest on 4,000*l.* was to be 60 per cent.?—(*A.*) I don't know. I could not tell you what the percentage was to be. It was 4,000*l.*, to be paid in

Mr. *Ascroft*—continued.

12 months." I may mention, before going further, that the interest on the mortgage in this case was only 10 per cent.; but I think there was some penal clause to charge higher interest if it fell in arrear.

3454. Was the full cash paid?—That is just what I am coming to: "(*Q.*) And how much cash did you get out of the 4,000*l.*?—(*A.*) 2,000*l.* (*Q.*) Was that the entire amount of the cash you got?—(*A.*) The entire amount. (*Q.*) How much has been paid back?—(*A.*) A fortnight after that I paid him 1,500*l.*, and then about a year afterwards he was paid, out of the loan got by Mr. Crozier, 1,000*l.* (*Q.*) You executed a mortgage then?—(*A.*) Yes, at the same time. (*Q.*) Had you any solicitor?—(*A.*) No. (*Q.*) Where was this mortgage executed?—(*A.*) It might be in Lewis's rooms. (*Q.*) Who had the interview?—(*A.*) Mr. Lewis and myself. (*Q.*) Had you a copy of the mortgage sent to you?—(*A.*) No. (*Q.*) Did anyone explain it to you?—(*A.*) I think some person read it through. (*Q.*) Who was that person?—(*A.*) I think it was Mr. Lewis's solicitor. (*Q.*) Did you know that you were binding yourself to pay 4,000*l.* and that you were only getting 2,000*l.*?—(*A.*) Yes, I did understand that. (*Q.*) Did he explain that to you?—(*A.*) He did. (*Q.*) What made you promise to pay 4,000*l.* when you only got 2,000*l.*?—(*A.*) It was his rate of interest, he said. (*Q.*) Did you make any objection to the proposal? Was there any bargaining about it?—(*A.*) No, there was no bargaining. (*Q.*) Were you very urgently pressed for money at that time?—(*A.*) Yes, I wanted money at that time, certainly. (*Q.*) Did you tell him that?—(*A.*) I did. (*Q.*) Did they suggest that you should have a separate solicitor?—(*A.*) No. (*Q.*) Did they offer you an opportunity of getting a separate solicitor?—(*A.*) No. (*Q.*) May I ask what was your age at that time, 1893?—(*A.*) I was 22 or 23. (*Q.*) How long was your father dead at that time?—(*A.*) He died in May 1891."

Chairman.

3455. In what position of life was this young man?—Oh, he was in a very high position of life.

3456. Had he great expectations?—Well, he had succeeded his father two years before; he had a property which he stated in another document produced a gross rental of 13,000*l.* a year. Mr. Samuel Lewis furnished an account in this case to the official assignee; it is one of the cases in which the estate is vested in the official assignee, and the income is being received and expended by him. The creditors have already got 10*s.* in the pound and will no doubt get 20*s.*; he has furnished an account in which, after getting back 2,500*l.*, as stated by the debtor, he claims that there is 2,200*l.* still due to him on foot of the mortgage. I have the account here.

3457. Was there any evidence of how this London money-lender got hold of this young Irish gentleman?—He was in London at the time.

3458. So he went to the money-lender in London?—He went to the money-lender in London.

3459. Where did you say the mortgage was entered

Chairman—continued.

entered into?—The mortgage was entered into in the year 1893.

3460. Where, in Ireland or in England?—In London at Mr. Lewis's office; Lewis does not trade in Ireland, I think, at all.

Mr. *Thomas Bayley.*

3461. Do you know whether this young man has only a life interest in the estate?—I think he has the fee. No, now that I recollect it, he has not. Whether he had the fee at that time or not I do not know; but I know that it was necessary to insure his life, in order to secure the creditors when he came into court; so I presume he has only a life interest.

Mr. *Ascroft.*

3462. Did Lewis take an insurance on the life as well; was there any evidence of that?—I think not; I do not think there was any evidence to that effect.

Chairman.

3463. You see, it is clear that this was not a perfectly clean property. There must have been some encumbrance upon it, or the young man of 22 would not have been in urgent want of money, as he says he was?—Yes.

3464. Had he succeeded to encumbered property?—He had succeeded to a large property about two years before.

3465. I mean it is not the case of the money-lender getting hold of a very perfect security and then charging this enormous interest?—Well, I wish to state that from Lewis's own explanation, it appears that the transaction was slightly different from what the debtor described.

3466. We ought to hear that, in justice to the other side of the question?—In reality, what was done was this: Two sums were advanced upon promissory notes for double the amount, and the provision was that, if they were not taken up at maturity (one appears to be a seven months' bill and the other a 12 months' bill) they were to become mortgages on the property bearing interest at the rate of 10 per cent.; but for the first year, or at least for the seven months on one of them and the 12 months on the other, they did not bear interest. The sums of 1,500*l.* and 2,000*l.* were not to become payable, or to bear interest, until the one for the seven months and the other for the 12 months did, but even with that I think the rate appears to be very high. Now that my mind is refreshed on the matter, I think this young man had a life interest in a part of the estate, and the fee in another part; therefore, most probably this thing was sufficiently secured, but I cannot say that positively.*

Mr. *Ascroft.*

3467. Was there any evidence as to whether the full amount mentioned in the promissory note was advanced to him or not?—No. Lewis had not given any evidence before the court in the case. What he has done is to furnish through his solicitor an account of what he claims through the official assignee; and it seems after crediting the money he has received, he claimed last January that there was still 2,200*l.* due to him for principal and interest.

Chairman.

3468. Has that claim been decided upon?—No, it has not; and I do not think that at present either party has taken steps to decide upon it.

Mr. *Ascroft.*

3469. Have not you power under the Irish Bankruptcy Act to cross-examine a creditor in a case of this kind?—Yes, but we do not cross-examine a creditor unless he brings forward his claim for administration, and Lewis merely furnished this as an account of what was due on foot of his mortgage, and was not coming in to prove any debt against the estate.

Mr. *Thomas Bayley.*

3470. Would you hand that statement in?—Lewis's statement?

3471. Yes?—That is it. (*Handing in the same.*)

Chairman.

3472. Do I understand that Lewis was standing on his mortgage and not proving for the debt?—Lewis was standing on his mortgage and not proving for the debt.

3473. Therefore you had not the same hold over him as you would have had if he had come in as a proving creditor?—No. It will be for Lewis now to take some step to establish his mortgage, or for the debtor or his assignees to set it aside; but neither have taken any step as yet except furnishing the account that I have just handed in.

3474. I think you have now given us typical cases enough, unless you have anything very special to call our attention to?—In this same case of Lewis's there were two or three other matters that I wished to call attention to. There were three different creditors, I think, who had these mortgages and who came in to prove and by consent, without bringing the matter before the court, they consented to give up the mortgage and to be admitted as ordinary creditors with very considerable reductions in their debts.

3475. May I take it from these cases, and from your long experience, you believe that money-lenders in Ireland are putting on pressure to obtain terms which they are willing to abandon as soon as the transaction is investigated?—I think so; but these money-lenders that I refer to in the present instance were all English money-lenders. I could give the names.

Mr. *Garfit.*

3476. Do you know how many money-lenders he went to?—I could not tell you how many he went to, but I know this gentleman commenced going to money-lenders when he was a student at Oxford.

3477. I mean at the time of this debt. Have you got any record of the number of money-lenders that proved against him then?—I think about six had proved, and there are one or two claims still to be investigated. Besides the money-lenders' claims, however, another class of persons came before me in the same case which I think has occurred with more than one gentleman of property; this is a sort of intermediate man who comes and undertakes that he will raise money for the gentleman at a percentage (at a commission upon what he is to raise) and who

* Mr. Monck desires to add that he subsequently ascertained that Mr. Lewis's mortgage was on the fee-simple, but the debtor subsequently executed a settlement which gave him a more restricted interest.

Mr. *Garfit*—continued.

who then introduced him to one of these money-lenders.

Chairman.

3478. We have had evidence of that class of business already; you say that that also exists in Ireland?—It exists. This took place in England.

3479. But it is applied to Irish borrowers?—It is applied to Irish borrowers.

Mr. *Ascroft.*

3480. What position is this man in who interposes and introduces the borrower?—I could not exactly tell you what position he holds; this man did not come before me (the man who appeared in this case), but I got a copy of the agreement entered into between him and the debtor, and the agreement was in these terms: "November 1st, 1893. I hereby request and retain you to raise for me a sum of 35,000*l.*, or as near that amount as you can on the security of" my estates (which he proceeds to mention) "producing a rental of 13,000*l.* per annum gross, which I charge with 4½ per cent. on that, or any sum of money which may be raised for me, either directly or indirectly, through your introduction; and it is understood that if you procure me an offer of the money subject to title, you have earned your commission; also with the payment to you of any necessary expense incident to the perfecting of my title to the said property."

Chairman.

3481. Just following up what I said to you just now, it being your opinion that the money-lenders get terms out of the borrowers which are so unjust that the money-lenders will not submit them to judicial investigation, is that, in your opinion, a matter which in the interests of creditors ought to be put an end to?—I think so. I think creditors often suffer by these excessive demands.

3482. In the event of the money-lender succeeding in carrying out his project, you think that an unfair share of the property which is in difficulties is taken possession of by the money-lender?—I think so.

3483. So that you approach this matter as a public question?—Yes. I consider that it is injurious to the general creditors to allow them to come in without restriction.

3484. It is not merely a question of protecting a fool against his own folly, but you put your suggestions upon public grounds?—Yes. There is one other case that I wish to mention, because it shows another trick that some of these money-lenders try.

Dr. *M'Donnell.*

3485. Does the intervener live in Ireland?—No, he was in London then; or, rather, there were two or three London men, all of whom intervened.

Chairman.

3486. Just tell us shortly what is the nature of the "trick" you are going into now?—The trick is this: It is the case of a money-lender who gets promissory notes concurrently with his mortgage, and then when the man comes in to file an arrangement petition he transfers the promissory notes to a third person who comes in to prove for the whole amount, while the money-

Chairman—continued.

lender holds on to the mortgage; he thus evades the bankruptcy which requires the holder of a security rule to value the security, and deduct the value of the security from the amount of his debt; he gets the whole debt proved through the person to whom he has transferred the bills, and he holds on to his mortgage, in order to indemnify himself for anything that he may have to be paid after the dividend has been paid on this debt, when, of course, he takes up from the man who holds the bills for him paying the difference.

3487 That is a fraud upon the bankrupty laws?—I consider that a fraud upon the bankruptcy laws.

3488. And that, if proved, could be dealt with by the existing bankruptcy law?—I am not sure how far it could.

3489. Suppose it was brought to the knowledge of those who are administering the bankruptcy law that this proof on the promissory note is merely a colourable proof on a document transferred from another proving creditor?—In this case that objection was raised, and the debt has not yet been admitted. It was before the late Judge Miller, and Judge Miller refused to admit it without further evidence, and it has not been brought forward since.

3490. That is exactly what I thought. It has only to be proved under the existing law to the tribunal administering it?—It was stated that the same two persons—a man named Thomas Cross, and a man named Frederick Smith—had done precisely the same thing successfully in the case of the English bankruptcy of Sir R. Denny.

Mr. *Ascroft.*

3491. Was not there a case of Baines v. Wright in the Queen's Bench; a similar case?—Yes, there was a similar case. The danger is that these cases may escape without notice.

Mr. *Thomas Bayley.*

3492. On this agreement (I will not mention the name), as I understand, a promissory note was given for 4,000*l.*?—Yes.

3493. With the understanding that later on this money, if required by Mr. Lewis, should be turned into a mortgage on the estate at 10 per cent.?—Yes.

Chairman.

3494. I want now to bring you to the practical suggestions you have to make to the Committee, based upon the cases of which those you have called our attention to are typical. Before coming to the remedies, I will ask you this: Is there any difference in the English and Irish bankruptcy law to which you wish to call our attention?—There is. In the English law, by a recent statute, no man is to get more than 6 per cent. interest on his money until the other creditors have been paid in full, but there is no such restriction in Ireland.

3495. I think that the section you refer to must be the one which we have already had in evidence, namely, the 23rd Section of the Bankruptcy Act of 1890?—I think so.

3496. Perhaps you will allow me just to read it to you: "Where a debt has been proved upon a debtor's estate under the principal Act, and such debt includes interest, or any pecuniary

Chairman—continued.

niary consideration in lieu of interest, such interest consideration shall, for the purposes of dividend, be calculated at a rate not exceeding five per centum per annum, without prejudice to the right of a creditor to receive out of the estate any higher rate of interest to which he may be entitled after all the debts proved in the estate have been paid in full"?—Yes.

3497. That is the section to which you refer?—That is the section to which I refer.

3498. In your judgment, would it be advantageous to apply that section to the Irish bankruptcy law?—I think it would, and I think it should be made somewhat more stringent in its terms.

3499. In what way do you suggest it should be made more stringent?—This might be done perhaps by a general rule or order; it might be provided that wherever there was such a debt the creditor should be bound to set out the facts, and that the debt should be disallowed, with costs, in case he kept anything back, because there are various ways of concealing the fact that this has been done.

3500. Your object being to bring the true nature of the transaction before the court?—Yes, to bring the true nature of the transaction to light. For instance, a man would prove upon a judgment; if he obtains a judgment before the man goes into bankruptcy, he simply proves upon the judgment, suppressing the fact that this judgment has arisen out of one of these usurious transactions where interest has been claimed charged at a rate of perhaps more than a hundred per cent.

Mr. *Ascroft.*

3501. Would you limit that to cases where the interest was over 10 per cent. or under?—I think it might be limited to cases where it was 10 per cent. I think that 10 per cent. is not unreasonable in certain cases.

Chairman.

3502. If he was concealing the nature of the transaction, it would not appear upon the face of it, probably, that it was above 10 per cent., if he were going upon a judgment, we will say?—My object would be to make the man set out what the real nature of the transaction was, and I think in England, where you have the trustee system that would be more necessary than in Ireland, because I suspect the real nature of the transaction is often concealed from the trustee.

3503. Would you apply that to all proofs in bankruptcy?—I would make it apply to all proofs in bankruptcy.

3504. Or would you make it apply merely to money-lending transactions?—I would apply it to all proofs where there was this rate of interest charged. Where there was more than a certain rate of interest charged I would require the man to set out the facts.

3505. Would that be with a view to enabling the court to revise the whole transaction from the beginning?—Either that, or merely carrying out the provisions of the English statute in not allowing interest until the other creditors had been paid in full.

3506. Now it has been suggested to us by no less an authority than Mr. Smith, the Inspector-General in Bankruptcy in England, that Section

Chairman—continued.

23 of the Bankruptcy Act of 1890 requires supplementing by a power to the court to go back even upon an account stated as between a borrower and a lender. Is that your view?—I think so.

3507. And that would be facilitated if the creditor were called upon to state fully the true nature of the transaction?—I think it would. I think it would be highly desirable, in all such cases, that the true nature of the transaction should be before the court, and that the court have power to deal with it.

3508. With a view to inducing extra candour, would you penalise him, if it were found out that he had not done so, by disallowing the debt altogether?—At all events I would set aside that proof with costs, but perhaps I might let him bring in a subsequent proof correctly set out, and would admit it.

3509. Then I do not see there what would be the inducement to honesty, because he could try the other first, and if he did not succeed he would be treated still as an ordinary creditor?—I would be disposed to leave that and many other matters to the discretion of the court. The judge might or might not give him leave to bring it forward again, according as he thought fit under the circumstances of the case.

3510. Are you in favour of leaving the management of these tricky transactions to legislative interference, or to rules framed by the judges from time to time?—I think the most effectual way of dealing with them would be by rules framed by the judges; the legislature, of course, giving the judges full power to make any rules on the subject that they thought desirable.

3511. Would that give greater suppleness and enable the judges to meet the wiles of the money-lender in endeavouring to evade the rules from time to time?—That is what I think. I think the money-lenders would manage to evade the statute, if it was possible to evade it; but general rules could be altered from time to time so as to catch them on each evasion.

Mr. *Garfit.*

3512. Is there any instance of such bye-laws being allowed?—I am not aware of any.

Chairman.

3513. I think it is General Rules, regulating proofs in bankruptcy and on arrangements that you are speaking of?—I am speaking principally of bankruptcy; but in the High Court of Justice, I think the judges might have the power of making similar rules when the defence was that of excessive interest.

3514. Have you any other suggestions to make to the Committee for the amendment of the law?—I do not think I have any other suggestion to offer. I am of opinion, and Judge Boyd, the judge of the Dublin Court of Bankruptcy, is of opinion, that the best mode of dealing with it would be to leave to the judge a discretion in each particular case.

3515. Both in bankruptcy and in ordinary proceedings?—Of course, he was writing to me mainly upon bankruptcy; but I think his view would extend to ordinary proceedings likewise.

3516. Has the judge's attention and your attention been called to the proposal to give a

Chairman—continued.

discretionary power to the court, or to the master, or to the registrar, to apply the equitable doctrine of unconscionable bargains to these cases?—The Court of Bankruptcy has the power to set aside bargains as inequitable, but it very often happens that we are not in a position to exercise that power for various reasons; for instance, in that case of Brett, the bankrupt, which I mentioned some time ago, Brett had absconded; of course it would have been impossible to produce Brett and to prove what took place between the two men at the time; it could only be proved by the evidence of Levin; the assignees would be in great difficulty.

3517. At any rate your evidence, and the suggestion you have kindly given us from Judge Boyd, are addressed chiefly to bankruptcy?—They are addressed chiefly to bankruptcy.

3518. Might I ask just one parting question; will you give me a reference to the statute or statutes under which the Irish bankruptcy law exists now?—The Irish bankruptcy law is governed at present by a statute of 1857, and there is an amending statute of 1872, and there are one or two later statutes; but they only deal with preferential debts, and do not affect the general powers of the court. Before I go, I just wish to hand in a notice, a letter, which was sent to my colleague, the chief clerk, by one of these money-lenders. You will see at once the consequences that might arise if an officer holding my own position, or that of the chief clerk, got into the hands of one of these gentlemen. He asked me to produce it to the Committee. (*The letter was handed in.*)

3519. This seems to me to be the ordinary money-lender's circular attempting to induce your colleague to deal with him?—Exactly.

3520. Do I understand you to say that you have received similar circulars?—I have sometimes received similar circulars.

3521. I hope both you and your colleague have resisted the temptation?—Well, I do not know that I feel the temptation a very strong one, from what I know of their rates.

Mr. *Ascroft.*

3522. Do I gather from your evidence that you are satisfied that there is an immense number of usurious transactions in Ireland?—A very large amount.

3523. And that it is increasing?—And that it is increasing, and increasing largely.

3524. And increasing amongst farmers?—I think so. It has gone down to the farmers and shopkeepers.

3525. The result of the Irish Land Acts is, is it not, that the farmer has an interest that he can dispose of or charge?—Yes.

3526. Have you found that the money-lenders, in the numerous cases that have come before you, always tried to get a mortgage on that interest?—What they generally do, I think, is not to get a mortgage on that interest, but to get judgment against the man, and then register the judgment as a mortgage.

3527. Register the judgment and make the man bankrupt?—Then they may make the man bankrupt.

Mr. *Ascroft*—continued.

3528. Then they apply to the court for a charge on the estate with 4 per cent. interest?—Or else, of course, they sometimes, instead of making the man bankrupt, proceed to sell the farm in the County Court.

3529. That is another way in which they can do it?—That is another way in which they can do it.

3530. Any way, the result of getting into these usurers hands is that sooner or later the tenant is deprived of his farm?—The tenant is deprived of it unless he can free himself from those usurious charges.

3531. Which very seldom happens, I suppose. There is another class of case. I do not know whether you have met with many in Ireland, where officers of the courts and salaried officials get into the hands of money-lenders?—I have only known, I think, of one such case.*

3532. That is the only case?—Yes.

3533. Then I will not pursue that any further. Have you had any experience of the mode adopted by the Irish banks in advancing money at small rates of interest on promissory note?—I have not exactly had experience of it, but I have inquired of solicitors about it

3534. This question of money lending, I think, is a subject that you have specially inquired into?—Yes, it is.

3535. Can you give the Committee an idea as to the rates of interest charged by these banks in the numerous loans they make?—As far as I know, I do not think any bank charges more than 6 per cent.; but some of them have a minimum charge for discounting a bill, and if they are discounting a very small bill the minimum charge may come to more than 6 per cent.

3536. But what they charge might be 5*l.*, or it might possibly run up as high as 8*l.*, the minimum charge?—Per cent., yes. I am speaking of the minimum for discounting a bill.

3537. Exactly?—In one bank the minimum, the lowest taken, is half-a-crown.

3538. Have you had any experience of the "gombeen man" in Ireland?—No; once or twice, I think, we have had a gombeen man proving a debt in bankruptcy, but the facts were not gone into, and I could not offer an opinion about it.

3539. Can you say whether or not the system of the banks accommodating the small farmers, and people who require small sums, has been the means of killing gombeenism?—I think it has, to a large extent. I do not think there is much gombeenism in Ireland now.

Mr. *Thomas Bayley.*

3540. We have a recommendation here from a very important society (the Incorporated Law Society), and they are rather suggesting to this Committee that either party should be able to invoke the aid of the court privately. Can you give us any opinion on that; that is, that there should not be necessarily an open trial in court, as both sides would very much object to it?—I have not, in fact, considered that question, but as regards arranging debtors, of course that does now

* Mr. Monck desires to state that he understood this question as relating to officers of the Courts only. For "salaried officials" the number would be larger.

Mr. *Thomas Bayley*—continued.

now take place in court. The sittings are regarded as private, and the names are not published unless the judge permits it.

3541. Clearly this suggestion is, that many people would go to a private court in that way (if they could have their cases heard privately) who would not face the thing now publicly?—I suppose that does not refer to the Court of Bankruptcy, or rather to the Bankruptcy Division of the Court.

3542. This is to go to a court without pleadings (to either the Queen's Bench Division, or before the Official Receiver, and in the Chancery Division, to a Master or Judge in Chambers) that is to go privately and have the contract rescinded?—I think it might not be a bad thing to do; but I really have not considered it.

3543. You have not considered that question?—I have not considered it.

3544. It is rather a serious question to consider?—It is.

3545. To have our public courts made in certain cases private is a serious question?—It is not a question I would wish to give an opinion on at a moment's notice.

Mr. *Thomas Bayley*—continued.

3546. Do I understand that of this 4,000*l.* that was paid by Mr. Lewis to this gentleman on promissory notes (I think it is), the gentleman only got 2,000*l.*?—So he swore distinctly, that he only got 2,000*l.* As the suggestion of privacy, I may say that in fact the proceedings before me, as a rule, would be, I think, for all practical purposes private, because I seldom, if ever, have a newspaper reporter before me; still, I think an arranging debtor does sometimes avoid raising a question, lest by some chance it should get into the papers.

Captain *Chaloner.*

3547. Would it not be possible, if a money-lender wanted to terrorise a bankrupt or borrower, for him to get newspaper reporters to attend, or to threaten that he would do so?—Of course it would, but I think, as a rule, he would not wish them to attend, because he would not like to have his own proceedings reported in the newspapers.

3548. No, but he might threaten, without any intention of having it carried out, might he not?—He certainly might.

Mr. FRANCIS ROXBURGH, sworn; and Examined.

Chairman

3549. I believe you are the Assistant Judge of the Mayor's Court of London?—That is so.

3550. When were you appointed?—In 1887; about 11 years ago.

3551. In that capacity have you had before you a number of cases in which money-lending transactions have been involved?—A very considerable number. The matter has been under my consideration for some years; in fact I submitted a copy of a letter that I wrote in October 1892 to your chairman, Mr. Russell, and I think from that letter you will see that I said I had then had the matter under consideration for some time.

3552. The letter written in 1892 was to the Lord Chancellor?—The letter was to the Lord Chancellor. It was written in 1892, and I refer to it to show you that the matter is not a matter of to-day with me, but that it has been under my consideration for some years past.

3553. Now was that letter to the Lord Chancellor suggested by some transactions that came to light before the London School Board?—No; I think the immediate writing of the letter appears intrinsically—from the cutting from the day's "Times" which accompanied the letter written on that very day; but the matter of this extortionate rate of interest and the way money-lenders have been able to treat their debtors had been under my consideration for some time before.

3554. The letter enclosed, I think, an extract from the "Times"?—That is so.

3555. Will it make your letter more intelligible if I direct you attention to what the cutting from the "Times" referred to?—Yes, sir.

3556. We quite understand from you that your mind has been upon this question of

Chairman—continued.

money-lending for a much longer time than from 1892; but in the letter you are good enough to refer to was the transaction alluded to, that of a loan to two assistant teachers of the London School Board?—Undoubtedly. Through the courtesy of the editor of the "Times" I was enabled to get a copy the other day of that issue of the 14th of October 1892, and I have no doubt you have it before you. They are three typical cases that I refer to. Would you pardon my interposing one word? I have no desire whatever by drawing the attention of the Committee to that letter to cast any reflection whatever upon the Lord Chancellor; I received a formal answer to the letter at the time, but my object in drawing your attention to the letter is this, that it will show you that I have had the matter under consideration for over six years, and the facts that I allude to there, or rather the views that I expressed there, are the views that I entertain at the present time. I begin by inviting his Lordship's perusal of "a report of certain proceedings before the London School Board, which I have cut from to-day's 'Times'" (that is the 14th of October 1892), and I will refer to these cases in a moment. Then I go on to say "small sums of money are borrowed from these money-lenders by clerks in private and Government employ at from 60 to 600 per cent. interest, and then when they can pay no more instalments an action is brought against them under the Summary Procedure of the Bills of Exchange Act, 1855, judgment obtained, and garnishee proceedings (oppressive to the debtor and causes of annoyance to his employer) follow, which I regret to say are heard in private in chambers, and not in court in the hearing of the public press. It is my duty, I conceive, to administer the law as it is, and not to make it, but I can assure

Chairman—continued.

assure your Lordship it has frequently been with the greatest pain that I have felt constrained to make an order of attachment absolute. The subject has concerned me so much that I have had for some time in draft a bill (a copy of which I enclose) framed with the object of protecting all poor persons from garnishee proceedings which I hoped to find"

Mr. *Warr.*

3557. May we interrupt by asking you what you mean by these proceedings by "attachment"?—If you will allow me, I will take that in order. What I propose to do, sir, with your permission, is this: I was proposing to read this letter through; I then will take the cases; I have submitted certain heads, which I thought I might take you through in order.

Chairman.

3558. I think, as you are desirous of reading this letter, it would be shorter if you finished reading it, as it puts the view you still hold in the shortest way?—I was reading about a draft bill "which I hoped to find some meansof bringing before the legislature, and should feel greatly obliged if your Lordship could see your way to introduce it or some similar measure in the House of Lords. Your Lordship is doubtless aware that "servants, labourers, and workmen" are already protected by "The Wages Attachment Abolition Act, 1870," but that clerks and other persons are not (Gordon *v.* Jennings, 9, Q.B.D. 45), and I respectfully submit that there are many persons not within the definition in the Act who are quite as much entitled to its protection as many who do come within it. Moreover, the judgment creditor is not without his remedy; he can proceed against his debtor by judgment summons, and in that case the discretion of a judge is interposed, who can determine what amount the debtor ought to pay, and thereby prevent the whole of his earnings then due and payable being carried off at one fell swoop by the creditor, which of necessity happens if a garnishee order absolute is made. If, bearing in mind your Lordship's Act, the Betting and Loans (Infants) Act, 1892, you should feel inclined to consider this a cognate subject, and be disposed to see me upon it, I need scarcely say I should readily respond to your call."

3559. That is the letter?—That is the letter. Then the cases which are referred to there are, I think, three typical cases. In the first case, I think you will see that 5*l.* was advanced on a bill for 6*l.*, payable in one month; that is, I think, 240*l.* per cent.

3560. You are now coming to the cases of the assistant teachers?—Exactly; the cases referred to in the cutting; I have a short extract of them here. I daresay you will follow me; I have another copy.

3561. Just state the three cases which led you to write that letter to the Lord Chancellor?—That was borrowed, apparently, in August 1886; the man paid, apparently, 44*l.*, and was still in debt 18*l.* 16*s.* 2*d.* The next case referred to was the case of a teacher who borrowed in September, 1891, 5*l.*; he received 4*l.* 15*s.* 0*d.* and

Chairman—continued.

gave a bill for 8*l.* That I work out—being then October 1892—at something over 60 per cent. Then the third case was the case of a surety where the man received nothing. I will allude to that later on. In June 1892, 8*l.* was received, and a bill given for 12*l.*; the first instalment was not paid, and judgment was signed. I think that will work out to 600 per cent. Those, in my opinion, are very fair samples. They are in print. They are published by the "Times." They come before a board—a well recognised body like the School Board; those, I think are typical cases; I invited attention to them then, and I invite your attention to them now. The next point in the letter is the submission of a draft Bill.

3562. Before we come to that I think we shall rather lose the benefit of your past evidence if I do not put this to you: Was not an attempt made to attach the salary of these teachers in the hands of the board?—Undoubtedly.

3563. Now that is most material. The matter came before the board upon a motion to consider what was the proper course for the board to adopt in consequence of that attachment; and these being salaries, and the remedy resorted to the attachment of a debt in the hands of a third party, that led you to consider the question of the attachment of debts. Is that so?—I would rather not take your view of putting it. You see at that time I had had something like five years' experience of it; I knew what these garnishee proceedings were; I knew how it was done; those I considered record cases to draw public attention to, and I addressed the head of the profession in that way. I think I would rather put it in that way.

Mr. *Ascroft.*

3564. Your protest is, is it not, against the law allowing the salaries or wages of servants to be attached in the arbitrary manner that they are attached now?—I propose to deal with that as an independent point.

Chairman.

3565. What I am pointing out now is, that up to the present we had not heard that there had been any attempt to attach the salaries in the hands of the board, and I ventured to direct your attention to that fact which existed in this particular case. That was why you wrote the letter, was it not?—At that time the board had been served with a garnishee summons, I presume. It appears from the report that what they determined was to pay the salaries as usual, and to pay no regard to the garnishee proceedings.

Mr. *Warr.*

3566. Has the Lord Mayor's Court any exceptional powers with regard to attachment?—No; I do not think that old custom is now used; you mean the custom of foreign attachment.

3567. I mean, can you in the Lord Mayor's Court attach future salary, or only salary that has accrued, due as a debt at the date of the attachment?—That is part of the law of the land; only the actual salary due.

3568. Only the actual salary due?—Yes.

3569. The

Mr. *Ascroft.*

3569. The same as the County Court or any other?—Yes, that is part of the general law.

Mr. *Warr.*

3570. That is why I asked, I thought there might be some extension by favour of the Lord Mayor's Court?—I do not know whether it would be convenient. I have ventured to have a copy of what I have here handed to you, and the way I propose to deal with these different subjects, if you will allow me, is to take them in order. I propose to come to these different points; I propose to deal with that secondly; the attachment specially.

Mr. *Ascroft.*

3571. Would it not be advisable or better if you told us first of all of the grievance, and then how you intend to remedy it?—I propose to take the garnishee proceedings under my second head. The first proposal I have to make to you will be different, and I will take the garnishee proceedings as my second, if you will allow me, in the order in which they appear on that paper I have handed in. The remedies that I propose with regard to this nefarious traffic of money-lending (I do not think it is too strong a word) are, these: firstly, I propose the adoption of the principle which obtains in courts of equity in cases of unconscionable bargains with expectant heirs, where there is extortion on the one side, and necessity on the other. In adopting that principle I would suggest that in any action brought on a bill of exchange or promissory note, or for money lent, if it should appear to the court or judge at any time, even after judgment, that interest at a higher rate than five per cent. has been charged, the court or judge should have power to direct an account to be taken of the monies actually advanced, with interest thereon at five per cent., and of the amounts, if any, repaid, and to direct judgment to be entered for the amount so found due, and no more, and in taking such account any deductions or payments back by way of "preliminary fee," "enquiry fee," "renewal fee," "fines," "premiums," or under any other denomination, should be deemed to be monies received by the lender, to the use of the borrower; that in actions not exceeding 50*l.*, the account so taken should be final, without appeal or review; that where in any such action the plaintiff is not the original holder of the bill or note, but transferee for value, he should be entitled to recover in a subsequent action against any of the intermediate parties the difference between the amount he recovers in the first action and the amount he actually gave for the bill or note.

3572. Would not that apply to almost every banking account; 5 per cent.?—Yes; but it is giving a discretionary power to direct the account to be taken with that rate of interest; but I hardly think that more than 5 per cent. is charged on a note. If so, I am not bound to 5 per cent., because my object is, firstly, to give relief from, and if possible prevent these unconscionable bargains; and in the second place to make provision for monetary help to poor persons in times of need, and, thirdly, to endeavour to carry out these two objects without impinging upon legitimate commerce. If the Committee are aware, and I daresay they know better than I do, that ordinary honest commercial transactions are carried on at a higher rate than 5 per cent., then, of course, the rate of interest I have mentioned should be eithe raltered to a higher rate, or there should be an absolute discretion in the judge so as not to interfere with transactions, say, at 7 per cent. My point in putting that is this, that if you were to take, for instance, a rate like 10 per cent. that would be as it were legalising a charge of 10 per cent. to these persons.

Mr. *Ascroft*—continued.

3573. Would not your object be attained if you left it to the discretion of the court to satisfy themselves that some unfair act had taken place, and that the transaction was in the nature of an usurious transaction?—Well, then, you have to define what an usurious transaction is, whereas I should put it above 5 per cent. You see in these cases in the Court of Chancery, in the case of expectant heirs, where these bargains have been proved, the court has directed that the bills should be delivered up on payment of the amount actually advanced, with 5 per cent. interest; and that seems to me the principle which ought to apply to these money-lending transactions as I think you and I understand them.

Chairman.

3574. The Court of Chancery has not intervened there, because the interest was above 5 per cent.; it has intervened, because it was a rascally transaction; it sets aside the transaction, but in order to do bare justice it gives the man his money back with what it considers a reasonable rate of interest?—Do not you think that it ought to be applied to all these cases?

3575. I am not here to give evidence, but only to elicit it?—Quite so.

Mr. *Caldwell.*

3576. Is not there another element in loan transactions. If one man lends another 10*l.* there is the question of getting the money back as well as the interest during the time he has the money; therefore there is the element of risk of getting your money back at all. Is not the rate of interest charged represented largely by the risk that is supposed to be run?—That is the money-lender's way of putting it.

3577. Is not that the point of fact, because we are assuming that you have not got absolute security?—The money-lender, if he has advanced the money, can recover as any other ordinary creditor can. I do not see that the money lender ought to be put in any better position than any other creditor.

3578. Suppose a debtor wishes to get money, and he cannot get it, from a bank at 5 per cent., and he finds a difficulty in getting the money at all, and it is an advantage to him to have it, even though he pays 20 per cent. practically for it, is there anything unreasonable, looking to the risk that may be run, in a money-lender asking a rate that would meet his risk as well as be merely interest on the money——

Mr. *Hazell.*

3579. May I supplement that question before you answer it by this. Has not the money-lender also

Mr. *Hazell*—continued.

also a fair claim to be recouped for the extraordinary amount of correspondence, and so on, that he may have to conduct in connection with getting back a small loan, apart from the interest?—If the matter were *res integra* I should say all those matters were very proper to take into consideration; but what I consider is this: that there does exist a system of moneylending which is a disgrace to any civilised country; and my endeavour is to try and find some means of prohibiting or stopping that without interfering with legitimate business. The case that you put I think might be provided for in this way; that it should be incumbent upon the court (the duty of the court should be) to direct an account unless for good cause shown; and that would throw the onus upon the moneylender to show that he was justified in asking more than 5 per cent. In that way I think you might meet it.

Mr. *Caldwell.*

3580. You could not of course lay down a hard and fast rule for legislation. Each case would have to be dealt with by the court regarding equity, taking the transaction by itself, what might be unconscionable interest, in one case might be very reasonable interest, considering the risk run, in another case?—That might be so. That is undoubtedly so, and I would meet it in that way: that it should be the duty of the court to direct the account in the way I suggest, unless good cause be shown to the contrary, and put it upon the moneylender to satisfy the court that there was good ground for his charging a higher rate of interest.

Chairman.

3581. Then is your proposal this, that in any transaction where money is advanced at above 5 per cent. interest the transaction shall be overhauled by the court, and reduced to 5 per cent. interest, unless the lender can show cause to the contrary?—On the application of the defendant, the borrower, that is precisely my view.

Mr. *Thomas Bayley.*

3582. I understand your reason for that is that protection is given by the courts now for persons in a higher class, or a better position, and that the same protection should be given to the poorer people who came before you?—I perfectly agree with you. I do not like to put the *ad captandum hominem* argument to you, gentlemen, but it does seem to me strange that a young heir who has run up bills with a moneylender to the extent of 11,000*l.*, and appears to have received only 7,000*l.* from him, should alone be entitled to have those bills delivered up to him upon paying the amounts actually advanced, and 5 per cent. interest. My contention is that the legislature ought, undoubtedly, to apply that principle to all the poor clerks throughout the country. I do not see why a poor clerk dealing in his units, his 10*l.* note, should not have the same protection as you suggest can be obtained by persons in a higher sphere of life.

3583. That is, legislation to-day, this existing law, makes a distinction of one class over another?—I would rather not go so far as that, but I think that is the practical effect. I would

Mr. *Thomas Bayley*—continued.

rather put it in my way, that the one can get relief, therefore the other ought to have it.

Mr. *Caldwell.*

3584. Is the reason for that distinction not this, that in the cases of the heir the moneylender knows that he is the heir of the estate, and therefore that he will be coming into possession of the money to pay, and therefore he is dealing with a certainty?—Oh, no, I beg your pardon; there I differ from you. He may never come into it; it is a reversion.

3585. He might insure his life?—Then he would have to pay the premiums.

3586. We want to look at it from various points of view?—Certainly.

3587. Have you considered the effect of a proposal of that kind, giving a judge power to review a transaction, the difficulty of ever knowing how an account would be determined by a court. For instance, if you have a case where 10 per cent. has been charged, if you are going to advise a person whether to go into court or not, you may never know whether you will succeed, or to what extent you will succeed, because you will never know to what extent a particular judge may view the case. One judge may view the case at 10 per cent., another may view the case, considering the risk run, in such a way as to say that 20 per cent. in the circumstances is not unreasonable. I mean to say you can see the element of uncertainty if the transaction is to be opened up?—I thought I had endeavoured to meet that element of uncertainty just now when I suggested that instead of leaving it, as I first proposed, to the absolute discretion of the court, the legislature should say that it should be the duty of the court in a case where it should appear that over 5 per cent. had been charged, to direct no more unless good cause was shown to the contrary, putting the onus upon the lender of showing that there were special circumstances by reason of which he ought to be entitled to it. Then you would get under that provision of special circumstances some principles laid down from time to time by the judges, and you would know exactly where you were.

Mr. *Garfit.*

3588. Would not that interfere very much with ordinary Stock Exchange loans, which are very often over 5 per cent.?—Then I would certainly introduce some saving clause to provide for those. You gentlemen have the advantage of knowing a great deal more than I about these things, and there may be many cases that ought to be provided for by saving clauses.

3589. There may be another case. In the case of interest, you charged all as interest, but there may be many banking transactions with running accounts where the balance is small, and a very large volume of business where the charge is really almost all commission, which might easily come to 10 per cent., if calculated out in your way, and which a banker is not allowed now under that 23rd Section of the present Act, which is a hardship upon the banker?—Any case of that kind—of commerce—ought certainly to be provided for, and, as I say,

it

Mr. *Garfit*—continued.

it has been my desire, if possible, to present something which should not interfere with commerce.

3590. Is not fixing a rate like 5 per cent. always dangerous? Is it not better to leave it to the discretion of the judge?—Then you see you have what the honourable Member has put; you have his objection; there is division of opinion. I should be inclined, I think, to put it in this way. That it is the duty of the court to do it unless special circumstances are shown. If you leave it to the absolute discretion of the court then it will have to be a judicial discretion, and what will have to take place will be this: the court will have to lay down some principles on which that inquiry or that account shall be directed, whereas, if you take upon yourselves to relieve the judges of that responsibility by adopting a rate like that suggested, it then becomes the duty of the court to rescind the bargain, unless the court is satisfied by the lender that he ought to be entitled to charge more.

Chairman.

3591. Will you kindly go now to your second point, that is, the abolition of the garnishee proceedings?—That is the attachment.

Mr. *Warr.*

3592. Might I just ask before you get to that: Am I right in supposing that your proposal gives power to a borrower to recover back over-payments?—That is certainly intended.

3593. May I just follow that. You give him power to recover back over-payments: Suppose that those payments by him consist of payments upon negotiable securities in the hands of *bonâ fide* holders?—Oh, yes.

3594. Do I make myself clear?—Yes, I have endeavoured to provide for that in this way: that "where in any such action the plaintiff is not the original holder of the bill or note, but transferee for value, he shall be entitled to recover, in a subsequent action, against any of the intermediate parties the difference between the amount he recovers in the first action and the amount he actually gave for the bill or note."

3595. That does not prejudice the right of the holder for value?—If the holder for value is the plaintiff, he has to submit to these deductions, but I give him the right to recover over against the intermediate parties.

3596. That would be fatal to negotiable instruments?—Pardon me, I hardly think so of this class of negotiable instruments, though bills of exchange were negotiable instruments without any restriction whatever formerly, it became desirable to invent the words "not negotiable."

3597. Surely a much more simple way would be not to interfere with the right of the *bonâ fide* holder for value, but to make the money-lender bring the payments made to that *bonâ fide* holder for value into account, and so subject himself to reduction?—That, I think, is what I intend to arrive at; if the *bonâ fide* holder for value could recover the full value from the poor borrower, there would be very little protection to the borrower, because there would be a great many *bonâ fide* holders for value discovered. At the present time the money-lender most

Mr. *Warr*—continued.

frequently brings the action himself; but, if only in an action between him and the borrower this account could be taken, he would pass the bill away for value to somebody else, and you would get a man, coming from somewhere, who would say he knew nothing whatever of the transaction, did not know that it was for money lent, that he paid full value of it, and so on. I have endeavoured to protect the transferee for value in this way: if he is bound to submit to this deduction in his action upon a bill against the borrower, he should be entitled to recover the difference between what he gets in that action and what he paid for the bills from his immediate transferor, so it would pass on until you got to the money-lender himself.

3598. That is to say, you have entirely, absolutely, altered the rights of a holder for value of a bill of exchange?—Not all bills of exchange; bills of exchange given in respect of money lent

Mr. *Caldwell.*

3599. But how can you distinguish money-lending bills when they come into the market?—My impression is that there are really not so many of these money-lending bills in the market.

3600. But how can you distinguish them; if a bill or promissory note comes in signed and passes into the hands of a *bona fide* third party, how can you distinguish that it is a money-lending transaction; would you not think this would be much better: supposing you held the law to be that a man who signs a bill should be liable to a third party for the full contents of that bill in the ordinary way, but that there should be a right of relief by the debtor against the money-lender?—I adopt that.

3601. That is to say, if he has been so foolish as to sign a bill, he is to be responsible to the outward public for his action, but as a matter of equity and relief, he may, in a separate action, bring a debt, as it were, against the money-lender?—I adopt that; and if I may be permitted to say so, I think it an improvement. I quite adopt that. [*Mem.*—At the moment this suggestion seemed to me satisfactory, but I now think it is open to two objections: firstly, the borrower has not, as a rule, the means to pay the full amount of the bill and interest, and secondly, he would not, as a rule, have the funds to institute a second action against the money-lender, assuming such a right of action to be given him by statute.]

Chairman.

3602. Now, you were going to pass on to your second point, the abolition of the garnishee proceedings?—The abolition of garnishee proceedings in cases where the debtor's income does not exceed 200*l.* a year. The present Act, "The Wages Attachment Abolition Act, 1870," is simply this: "That after the passing of this Act no order for the attachment of the wages of any servant, labourer, or workman shall be made by the judge of any Court of Record or inferior Court." Now, you see the words are "servant, labourer, or workman." Those have been considered by the judges to mean persons *ejusdem generis*, with (I think the words are) menial servants; of course, as the learned judge pointed

Chairman—continued.

out, in a certain sense a Secretary of State was a servant.

3603. We need not labour that point; it is clear that a Secretary of State is not a "servant, labourer, or workman"?—No.

Mr. *Warr.*

3604. Whom do you suggest it should be extended to?—I suggest it should be extended to all persons whose income does not exceed 200*l.* a year, in this way: "After the passing of this Act no order shall be made by any judge of Her Majesty's High Court of Justice, or of any County Court or of any other inferior court, to attach the wages, salary, or income, whether the same be paid or payable weekly, monthly, quarterly, or at any other fixed period of time, or from time to time, of any person in any case where the amount of such wages, salary, or income respectively does not exceed the sum of 200*l.* per annum."

3605. I do not quite follow the great grievance that there is upon this score if it be the law that no wages can be attached except actual accrued wages, because this kind of people get their wages by the week, and therefore nothing can be attached except the week's wages, so that it is a very serious matter?—I think it highly desirable.

Mr. *Garfit.*

3606. It puts the screw on by letting the master know, you mean?—Yes, I am going on to that. I feel very strongly upon this matter; and this was a matter that I wrote to the Lord Chancellor about, this very thing, the garnishee proceedings.

Mr. *Warr.*

3607. Are they frequent in your court?—They were.

3608. Are they?—I think they have rather declined.

Mr. *Ascroft.*

3609. And by money-lenders in every case?—My impression would be that ninety-nine out of a hundred were money-lenders; but I want to point out to you this, that the creditor is not without his remedy: he can come by judgment summons, and then the judge can exercise a discretion as to what the amount shall be. I object to his being enabled to take the whole of the man's earnings away.

Mr. *Warr.*

3610. It is only the arrears of earnings; it is only earnings actually due?—Yes; but these poor people live almost from hand to mouth; is it not a great hardship that the whole should be swept away. If I find a man earning 30*s.* a week I do not order him to pay 30*s.* down. I should order him, if I were hearing a judgment summons against him, to pay perhaps 6*s.*, 8*s.*, or 10*s.*, per month as the case may be, out of that; then you do not sweep it all away. And, moreover, one of you was alluding to the fact that these garnishee summonses are abused, or are used for the purpose of extorting money from these poor men. A man goes from the money-lender's solicitor with the garnishee summons for the employer; he sees the poor clerk, the borrower; he says: "Here I have got a garnishee summons and I shall serve it on your master." "Oh," he says, "do not do that, I shall get dismissed." "Oh, I cannot help that, I have got the summons; unless you make a substantial payment this will be served." And I have no doubt, from information that reaches me, that that is made a most tremendous engine of extortion against poor clerks, especially in the City of London.

Mr. *Warr*—continued.

Mr. *Ascroft.*

3611. In fact, the court becomes a lever of oppression?—All the way through.

Chairman.

3612. You may take it that the Committee is perfectly familiar with what is meant by garnishee summonses being used as a screw. Now will you go on to your point upon the suretyship?—That I think is a hardship which requires redress. I cannot cite to you any principle or any precedent for it. I can only found this suggestion upon my own experience. In small cases it does seem to me, from the way in which these bills are obtained, a very great hardship upon a poor man who simply signs (as he calls it) for another, not receiving a farthing himself, to be brought up on a judgment summons and that the court should be called upon to make an order that that man should pay this money-lender, the plaintiff, perhaps a debt bearing interest at the rate of 60 to 600 per cent. (for another man) in respect of which he has received nothing; and that third case, in the school board cases, is the case of a surety who had received nothing. What I venture to propose is this, that on the hearing of any judgment summons in respect of a judgment not exceeding 20*l.* recovered on a bill of exchange or promissory note, if the defendant shall satisfy the court or judge that he was a surety only and did not receive any consideration, or only a nominal or illusory one, then the court or judge shall make no order upon the summons. I suggest a small amount like 20*l.* because I do not wish to interfere with regular and proper commercial transactions. Of course a surety does not receive anything in a commercial transaction. When I find a poor clerk, or a workmen (I have in my mind's eye a set of works), simply getting nothing on the transaction, I say to him sometimes: "Why did you do that? Why did you go and sign that bill, you, a man with a wife and family, pleading poverty, why did not you think of that?" "Well" (he says) "the poor fellow was in trouble, and I just signed for him."

Mr. *Garfit.*

3613. Would not that absolutely kill these new agricultural banks that some people wish to set up on the pattern of the German system, where all the money is lent in small sums, and all lent on two sureties?—That depends on whether you adopt that system. I am coming to that. I am only speaking of what I find at present. What laws may be enacted I cannot say.

Chairman.

3614. Have you any suggestion to make about the extension of the Betting and Loans (Infants) Act, 1892?—Yes; I should suggest that all circulars

Chairman—continued.

culars and all advertisements should be brought within that Act, or that that Act should be extended so as to comprise all advertisements and all circulars: and I would suggest as sweeping a proposal as this, that "If anyone, for the purpose of earning interest, commission, reward or other profit, prints, publishes, or issues, or causes to be printed, published or issued, any circular, notice, advertisement, letter, telegram" (I would strike out the word "telegram"), "or other document which invites or may reasonably be implied to invite any person to borrow money or to enter into any transaction involving the borrowing of money, or to apply to any person or at any place with a view to obtaining information or advice as to borrowing money" (that would hit these financial agents, as they call themselves), "he shall be guilty of a misdemeanour, and shall be liable if convicted on indictment to imprisonment," and so on.

Mr. *Warr.*

3615. That would also exterminate most of the banks?—It depends what banks you refer you.

3616. The leading London and provincial banks?—Excuse me, I am speaking to the legislature. You must know that in Acts of Parliament there are saving clauses; you must not expect that in the suggestions one makes the matter can be complete.

Mr. *T. W. Russell.*

3617. Does not that come back to the necessity of defining a "money-lender"?—No, I should prohibit any person from doing it, and I should put in a saving clause for solicitors and bankers.

Captain *Chaloner.*

3618. May I ask how you draw a distinction between *bonâ fide* banks and money-lending banks. I think we have had evidence of money-lenders that call themselves "banks." If you have a saving clause, as you say, with reference to banks and solicitors, how are you going to draw the line between the *bonâ fide* London and provincial banks and the so-called banks under which these money-lenders carry on business?—That is one of the difficulties of this problem that I must leave to you or to the draughtsman of the Act.

Chairman.

3619. This is not a problem we have to solve; it is your own suggestion, to take a clause in the Betting and Loans (Infants) Act, Clause 2, and apply it to all money-lending advertisements, and all loans by substituting the words "any person" for the words "a person whom he knows to be an infant"?—That Clause only applies to the sending of circulars.

Mr. *Warr.*

3620. That would penalise every prospectus for debentures?—I think what one desires to do is this, to prohibit the advertisements of these money-lenders. I think those are an admitted evil. I admit there is a difficulty in drawing a distinction between a bank proper, as you and I would understand it and money-lending banks.

3621. But I am going outside the region of a bank into every company which issues debentures. No company after that could ever issue an advertisement for debentures?—It may be so.

Mr. *Ascroft.*

3622. Cannot we meet the difficulty in the way suggested by Sir George Lewis; I do not know whether you have noticed that?—I did not notice that.

Chairman.

3623. At any rate, we rightly appreciate your suggestion that Clause 2 of the Betting and Loan, (Infants) Act should be made to read thus: "If anyone, for the purpose of earning interest, commission, reward, or other profit, sends or causes to be sent to any person any circular, notice, advertisement, letter, telegram," and so on, "which invites" the person receiving it to borrow money, he shall be guilty of a misdemeanour?—Well, that is part only of it; but if I could not introduce the "advertisement" satisfactorily, I would be content with the "circular," because I think there are a great number of weak and foolish persons who require to be protected from these circulars, quite as much as the legal infant. The legislature has thought it fit that persons under 21 should be protected, and I think there are many over 21 who ought to be protected.

3624. This goes on "if convicted on indictment to imprisonment, with or without hard labour, for a term not exceeding three months, or to a fine not exceeding one hundred pounds, or to both imprisonment and fine, and, if convicted, on summary conviction to imprisonment with or without hard labour for a term not exceeding one month, or to a fine not exceeding twenty pounds, or to both imprisonment and fine?"—Yes, it is made so in the case of infants.

3625. That is your proposal here. Is your proposal to adopt the clause and simply substitute the words "any person" for the words "a person whom he knows to be an infant"?—Yes.

Mr. *Thomas Bayley.*

3626. That is taken from the Infants Act, the Act you referred to?—It is. That is the Betting and Loans (Infants) Act extended. This is one of the latest circulars (*exhibiting same*).

Mr. *T. W. Russell.*

3627. Do not let us have any more of that; that is one of Isaac Gordon's circulars with which we are very familiar?—I have never seen one emblazoned as this is.

3628. I am greatly struck with this proposal of yours. Have you never contemplated that there might be a legitimate system of money-lending?—I think there might be.

3629. Do not you think there is any carried on by individuals?—I think there may be co-operative associations, friendly societies.

3630. Would not this hit them too?—That would depend.

3631. I think you have made a very wide sweep?—I think the advertisements are a very great evil, they should be suppressed; and I have thought that the whole might be comprised in one Act. Of course it would be necessary to provide for the saving of any proper

Mr. *T. W. Russell*—continued.

case. I think the advertisements are a great mischief, that is my opinion, and I would endeavour to stop them in that way. I certainly think sending circulars to persons over 21 ought to be the same offence as sending them to persons under 21.

Mr. *Caldwell.*

3632. Have you not considered the difference between persons under 21 and persons over 21. The law of course presumes, whether it is a right presumption or not, that a person under 21 is not of full capacity, and to a certain extent allows protection to persons under 21 in many other departments of law besides this Loans to Infants Act. Is there not a reason for limiting the Act to infants that you would not extend to the case of a person who is able to contract?—In my opinion, in all these cases of money lending, these borrowers are quite as childish and quite as foolish as persons under 21. I think numbers of these persons require protection as much as legal infants.

Chairman.

3633. I think there was one more suggestion you had to make?—Yes, with regard to loans by the Savings Bank Department of the General Post Office. I have, in my humble opinion, one other important point to press upon you, that is with regard to the statutory declarations that are obtained by money-lenders.

3634. We have had evidence that they are used for purposes of oppression. Is that the point you wish to state?—That is the point I wish to make.

3635. I think you may take it that we are very fully furnished with evidence upon that?—I was not aware of that. I have known a case; I recollect a case which illustrates this.

Mr. *T. W. Russell.*

3636. That is fully proved?—Then I will not say anything more about it.

Chairman.

3637. The "necessitous loan fund"; what is the suggestion you make as to that?—There are many real cases of necessity where persons deserve to have relief if it is possible to find it for them, and I venture to suggest that in a Government department a fund should be instituted from which clerks should be able to obtain an advance at 5 per cent. upon a permit or certificate from some superior officer. They frequently deserve a loan, and I would certainly give it on the permit of some superior officer, as near above him as possible, in order that he might not have to go to the chiefs. These individuals, it seems to me from experience, shirk going to the principals; they do not like to ask for money; in many cases it would be much better for them if they did. They would find their principals generous, and they would have the advance that they desired. I think that the person who should give the certificate should be a person as low down in the scale as it would be possible to provide. Then I would suggest the encouragement of these co-operative loan societies, that they should be registered under the Friendly Societies Act, and that some protection should be given to them by some

Chairman—continued.

distinctive title. I think there would be a difficulty, myself, in defining what a money-lender is, and defining what a money-lending bank is. These money-lenders make use of these specious titles in order to delude the public, and these co-operative societies might be protected by some statutory title; for instance, they should be entitled to use the words "Registered under the Friendly Societies Act," or some name should be given to them, such as "Statutory Loan Society," naming the place where the society was instituted. Take Coventry; it should be "The Coventry Statutory Loan Society," and nobody else should be permitted to use the combination of words "Statutory Loan Society," those should be protected. I think the object would be attained much better by recognising and giving a guarantee of respectability to some title or some society registered, than by endeavouring to punish the money-lenders and banks, so-called. I do not know whether you have had your attention drawn to these advertisements where they specially make use of the word "bank."

3638. I think that that has been pretty fully gone into, the use of the word "bank," and therefore what I should suggest would be that unless you have any further practical suggestion to make, other members of the Committee should now put such questions as they desire?—The only other suggestion is this, with regard to bills of sale: I think all bills of sale should be attested by a registrar of a county court, as suggested by Judge Snagg. I think that would be highly desirable, and I think that the grantor of the bill of sale should be entitled to redeem at any time on payment of the amount unpaid and 5 per cent. interest, plus three months' interest in lieu of notice.

Mr. *Warr.*

3639. Up to any amount would that be, without limiting the amount?—Yes, to any amount.

Mr. *Ascroft.*

3640. Your court is resorted to a great deal, I think, by money-lenders, is it not?—There are a great number of money-lending cases.

3641. The proceedings in your court are expensive, more expensive than in the ordinary county court, I think?—I do not think the registrar would agree with that.

3642. Has it not to be done by way of pleas, has not there to be pleadings?—Certainly pleadings, yes.

3643. Therefore it is more difficult for a poor man, who has to go to a money-lender, to defend or to get leave to defend if your court is resorted to?—If the summary procedure under the Bills of Exchange Act of 1855 obtained he would apply for leave to appear *ex parte* on affidavit. The next proceeding would be for the plaintiff, the money-lender, to apply to strike out that appearance.

3644. That is not necessary in the county court. A man can defend there without getting leave, as a rule. Do not you often hear it, as a matter of complaint by defendants, that they are compelled to go through an expensive proceeding before they can get a hearing in your court. I do not say it is wrong; I know it is the law, but is it not the fact?—As regard the

Mr. *Ascroft*—continued.

the costs in the court, the costs were altered, and a scale of fees was established in 1890, I think, very much on the principle of the county court, and I think in many cases our fees are considerably less than in the county court.

3645. Your fees are?—In many cases, a judgment summons, for instance, costs only 6*d.* in the Mayor's Court.

3646. But if it costs a man 6*s.* 8*d.* to know how to defend it, it comes expensive in the long run. It is not the ordinary routine like that of the county court. However that is a minor matter. The jurisdiction of your court extends all over the country, does it not?—We can serve, I believe, anywhere in England and Wales.

3647. And a borrower from a money-lender can be compelled to come from Lancashire to defend a case in your court if the money has been lent from the office of a London money-lender?—I am inclined to think that would obtain also in the City of London Court.

3648. Exactly. That may be so. Does it not appear to you a great hardship that a man should not be sued in the court of the place, which he lives?—You have to set one case against another. Look at the number of persons in the City of London who have to recover small debts from persons all over the country. It may be a hardship in the special case you put, that a man who has borrowed at 600 per cent. should be summoned, say, from Lancashire; but at the same time consider the number of persons in the City of London who supply goods to traders throughout the country; it would be a very great hardship on them, surely, to ask them to go down into the country to sue these persons for the amounts that they obtain credit for.

3649. Do not you think the affidavits which have to be made to attach a man's wages lead to a great amount of perjury; the wages to be attached are wages that are due?—Well, you know, I am on my oath.

3650. May we take it that 90 per cent. of the affidavits made in the Lord Mayor's Court for the purpose of attaching the wages of clerks and servants are false?—Well, you see, I must ask you to allow me to remind you that I was called upon to take an oath just now before being called upon to give an opinion upon matters and statements of that kind.

3651. I only want your opinion?—I would suggest this, that the affidavits are very loose, but I should think that that would apply to any other court; in the usual affidavit a man has only to swear to his belief.

Mr. *Warr.*

3652. If I rightly understand you, you would propose that there should be a sort of State Loan Department?—For Government clerks I would suggest it.

3653. Only for Government clerks?—Oh, yes; but I would suggest that the legislature should aid, and, if necessary, extend the principles of the Friendly Societies Act, so as to encourage these co-operative loan societies.

3654. Would you suggest that State money should be used for the purpose?—For the purposes of the co-operative loan?

Mr. *Warr*—continued.

3655. Yes?—No, I think not; but I would suggest, undoubtedly, that this fund in the Post Office, for the purpose of Government clerks, should be provided as a State Fund. I think it would be found to pay, because the procedure would be very simple, with 5 per cent. interest; the man could give an order at the time he received the money to take so much off his salary; that would be delivered to the cashier, and it would be a matter of routine to take it off. I think it would be a great boon to the clerks.

Mr. *Caldwell.*

3656. Might there not be an inconvenience in giving too much facility to a man to borrow money who was a servant?—You mean in the way I suggest.

3657. Yes; if you made the borrowing of money so simple, as you propose, might there not be an inconvenience in this way: that a man would probably resort to borrowing money who otherwise would not do so?—Well, I made the condition, "upon a permit or certificate from some superior officer as low down in the scale as possible," that is to say, some officer who would probably know the man, who would know whether he was industrious, who would know whether he was a man who was deserving, and was not deceiving, and, as I have said, the man would communicate, perhaps, to him his necessitous position, which he would not do to a person like the Postmaster General or the head of the office, and that would be a protection.

3658. In the case of a man who is in an employment of that kind, is not his superior officer, the one above him, the very man he does not wish to know the state of his private affairs?—Well, that I cannot say anything about.

3659. I think you mentioned that in extending the Betting and Loans (Infants) Act you drew a distinction between private individuals and co-operative associations?—I think some honourable Member suggested something about banks and societies at that time, that my proposition would prohibit these loan societies. I think the honourable Member sitting there suggested that my proposition would be prohibitive of these co-operative loan societies ever advertising or issuing any document. There should be a saving clause as to those.

3660. Take, for instance, a bill of sale; what would you think of a proposal of this kind, that the bill of sale should not be operative in the sense of the creditor entering upon possession without a judge's order, which notice has been given to the debtor, so that before entering upon possession the judge might review the whole transaction on the ground of equity such as you have proposed?—You see I have given the borrower power to apply, at any time, whether or not he has notice, that the creditor proposes to seize. I do not know that in all cases the creditor would give the debtor notice that he was coming down to seize the goods so as to give the debtor an opportunity of applying for an injunction to restrain him.

3661. Where is the protection, then, to the debtor if the creditor may come at any moment and take possession? How can you apply for an injunction where the creditor is actually taking possession?

Mr. *Caldwell*—continued.

possession?—He can apply at any time I suppose even before or after possession has been taken. The borrower (the grantor of the bill of sale) should have power at any time to apply to the court to redeem the bill of sale on payment of the amount actually advanced, with 5 per cent. interest, plus three months' interest in lieu of notice.

3662. Supposing the money-lender has sold the goods in the meantime?—Oh, well, then, an account might be taken between them; I mean to say, in that case if the goods are actually sold he will have received something for them.

3663. Yes; but before you go further "he will have received something for them": that is to say, goods worth 30*l.* to the borrower might be sold for 10*l.*?—That must apply in the case of all mortgages and forced sales, unless you prohibit bills of sale altogether.

3664. I may mention to you that in Scotland there is no such thing as bills of sale over personal property (movable property), on the ground that you cannot create security unless you have taken possession; possession is a

Mr. *Caldwell*—continued.

necessary part of the completing of the title. Supposing you still keep the law in England exactly as it is, that a man may borrow on the security of a bill of sale, might you not enact this, that whilst he has the security there he cannot execute his bill of sale effectively without a judge's order, such as a decree of a court, thereby enabling the borrower to set up the question of the transaction, and enabling the judge to intervene before the goods are actually sold?—I think that would be a very useful provision; I think it would be a very useful provision indeed. It would be a protection to the borrower, and he would know that the man could not take his goods unless he had applied to the court, and when he had applied to the court the borrower would probably set up the true state of the case, that he had only received so much money, and the rate of interest.

3665. I was anxious to get that from your own experience in England; it occurred to me that that would be useful?—I think it would be a very useful provision indeed.

3666. And a protection?—And a protection.

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APPENDIX.

APPENDIX, No. 1.

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I do solemnly and sincerely declare as follows :—

Stamp 2*s.* 6*d.*

1. The above Christian and Surname are my proper name or names, and I am not known and have never passed by any other name or names, and my sole occupation is that of

2. The whole of the household furniture, fixtures, utensils, books, plate, linen, china, glass, ornaments, pictures, goods, chattels, now being in upon and about the dwelling-house and premises situate at are my sole and absolute property, and are not, nor is any part thereof, in any way settled, charged, or incumbered by me or by my authority or cognizance, and are free and clear of and from any settlement, mortgage assignment, judgment or execution, or any incumbrance whatsoever.

3. The said household furniture, fixtures, utensils, books, plate, linen, china, glass, ornaments, pictures, goods, chattels, pianoforte are still in, upon and about the dwelling-house and premises aforesaid.

4. The rent of the aforesaid premises has been paid and discharged up to the second day of April 1894.

5. The whole of my debts and liabilities do not exceed the sum of one hundred and twenty pounds, and my household furniture, fixtures, utensils, books, plate, linen, china, glass, ornaments, pictures, goods, chattels are of the value of pounds.

6. I am in no way indebted as a borrower or as a surety to any money-lender, private person or persons, loan office or monetary firm for any loan or advance up to the date I sign this statutory declaration.

7. I have requested to lend me the sum of pounds, and he has agreed to advance the same upon the faith that all the above statements on my part are true.

AND I make this solemn Declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

DECLARED at

the day of

One thousand, eight hundred and

Before me

A Commissioner to administer Oaths in the Supreme Court of Judicature in England.

APPENDIX, No. 2.

PAPER handed in by His Honour Judge *Snagge*, Thursday 24th March 1898.

REGISTER OF LOANS AND NOTES.

Borrower.		Lender.		Amount of Promissory Note.			Date.	When and How Payable.	Amount of Cash Advanced.			Amount Retained for Expenses.			Amount Retained for Interest			Rate of Interest per cent. per annum.	Date of Registration.	Remarks of Registrar.
Name.	Address and Description.	Name	Address and Description.	£.	s.	d.			£.	s.	d.	£.	s.	d.	£.	s.	d.			

APPENDIX No. 3.

PAPER handed in by Mr. *Warr*, Thursday, 31st March 1898.

82, Huskisson Street, Liverpool,
30 March 1898.

Dear Mr. Warr,

I SEND you the statistics of the Liverpool County Court, showing the number of administration orders in the year 1897 in which loans by money-lenders were scheduled. The number of administration orders in this court is curiously small. If you refer to the Blue Book, "County Courts, Plaints and Sittings, 1896," you will see that th numbers vary in an extraordinary manner in different courts. I confess I find this difficult to account for.

Yours, &c.
(signed) *J. F. Collier.*

PARTICULARS of ADMINISTRATION ORDERS made in the LIVERPOOL COUNTY COURT in 1897 in which DEBTS to MONEY-LENDERS are Scheduled.

No.	Date of Order.	Initials of Debtor.	Total Amount of Debts in Schedule.	Amount of Debts to Money-lenders.	Order for Payment whether in full or by Composition.	Amount of Instalments.	REMARKS.
1	10 March 1897	W. McK.	£. s. d. 45 14 11	£. s. d. 2 13 6 1 8 – 5 3 – 1 19 9	15s. in the £.	10s. every 28 days	This order was rescinded by reason of non-payment.
			Total - £.	11 4 3			
2	12 April 1897	J. M.	51 10 6	6 18 6 8 1 – 1 4 – 6 6 – 5 9 6 6 – – 5 12 –	In full	£.1 12s. every 28 days.	
			Total - £.	39 11 –			
3	19 May 1897	M. R.	49 14 8	11 – – 5 – – 8 – –	In full	£.2 per calendar month.	
			Total - £.	24 – –			
4	2 June 1897	F. J.	41 15 3	14 7 2 9 – – 6 10 – 3 10 –	In full	20s. every 28 days.	
			Total - £.	33 7 2			
5	14 July 1897	B. J.	25 2 1	2 – – 5 – – 4 1 –	In full	20s. every 28 days.	
			Total - £	11 1 –			
6	20 Sept. 1897	J. P. J.	22 12 10	4 4 – 3 2 6	In full	10s. every 28 days.	
			Total - £.	7 6 6			
7	4 Oct. 1897	F. A.	30 15 8	4 – – 1 12 – 1 2 –	10s. in the £.	10s. every 28 days.	
			Total - £.	6 14 –			
8	18 Oct. 1897	W. J. M.	21 9 8	3 7 6	10s. in the £.	8s. every 28 days.	
9	26 Oct. 1897	L. W.	21 – 11	4 2 – 7 12 –	In full	7s. 6d. every 28 days.	
			Total - £.	11 14 –			
10	15 Nov. 1897	W. H. E. P.	31 18 5	4 8 –	15s. in the £.	8s. every 28 days.	
11	17 Nov. 1897	M. L.	45 9 6	13 – –	In full	20s. every 28 days.	
12	9 Dec. 1897	R. T.	17 6 10	– 10 6 6 15 6	In full	10s. every 28 days.	
			Total - £.	7 6 –			

30 March 1898.

J. F. Collier.

APPENDIX, No. 4.

PAPER handed in by Mr. *A. K. Loyd*, 26 April 1898.

[As adopted by the Council, 22 April, 1898.

REPORT OF SPECIAL COMMITTEE OF THE COUNCIL OF THE INCORPORATED LAW SOCIETY.

COMMITTEE.

Mr. William Godden (President).

Mr. C. B. Margetts (Vice-President).

Mr. J. T. Atkinson.	Mr. F. K. Munton.
Mr. O. F. Daniel.	Mr. Thos. Rawle.
Mr. W. H. Gray.	Mr. E. C. Sewell.
Mr. G. Keen.	Mr. A. Wightman.

THE committee have considered the communication (referred to them by the council on March 25) from the Select Committee of the House of Commons on Money Lending, inquiring if the council had any suggestions to offer as to remedies, or alterations to recommend in the present state of the law with regard to money lending.

The committee find that in the evidence taken by the Select Committee the following among other suggestions have been made :—

(1) That professional money lenders should be registered.

(2) That professional money lenders should be compelled to take out a licence to be granted to a person only in his own name.

(3) That the minimum limit of bills of sale should be raised from 30*l.* to 50*l*; in other words, that bills of sale for less than 50*l.* should be illegal.

(4) That the provision in the Bills of Sale Act, 1878 (repealed by the Amendment Act, 1882, as regards bills of sale by way of security), that bills of sale should be attested by a solicitor, and state that the document had been previously explained by him, should be re-enacted: or, in substitution, that attestation should be before a registrar of a county court.

(5) That it should be made a criminal offence for professional money lenders to issue false and misleading advertisements.

(6) That power should be given to the court to fix a fair rate of interest in all cases where there is anything unfair or oppressive in the bargain.

(7) That the practice of interference with contracts by professional money lenders should be assimilated to that which is adopted by courts of equity in setting aside "unconscionable bargains made with expectant heirs and reversioners."

(8) That further discretionary powers should be given to county court judges.

The committee consider that their remarks and suggestions may conveniently follow the order of these suggestions.

While recognising the advantages which would accrue from the check which proper registration and licensing would put upon professional money lenders, the committee consider that such a measure is not practicable. They see difficulty in giving a legal definition of a "professional money lender" so as to confine it to the class concerned with the mischief to be dealt with, and to avoid bringing in bankers, financial and trust companies and firms, discount houses, stockbrokers, solicitors, insurance companies, and others, who lend money with or without security.

They also agree in the opinion which has been expressed that professional money lenders, if registered and licensed, would make use of that fact in pushing their trade, and thus obtain additional power over the unwary. The committee also think that if registration were practicable, the registers would not in practice be resorted to by the classes for whose protection they would be intended. Moreover, to be of any use the entries on the register must be renewed at frequent intervals, and a system of supervision would be needed to ensure compliance with the law, and to prevent its becoming a dead letter.

The proposal that professional money lenders should be compelled to trade only in their own names, also involves the practical difficulty of defining professional money lenders in such a way as to include only the so-called professional money lender, and to exclude bankers and others who lend money. There are many firms and companies who trade under names which do not indicate the individuals who actually carry on the business, and it would seriously interfere with business if this long-established custom were prohibited.

The committee approve of the proposal that the minimum limit of bills of sale should be raised from 30*l.* to 50*l.*, and that bills of sale for less than 50*l.* should not be allowed. In some cases it may no doubt happen that a bill of sale is the only security which borrowers in great need can offer, and the restriction may shut out all chance of help. But those cases must be comparatively few, while the cases of oppression by means of small bills of sale are numerous. The committee are of opinion that the rate of interest on bills of sale might be limited to 15 per cent. per annum on bills of sale to secure 100*l.* and under, and 10 per cent. per annum on bills of sale to secure over 100*l.*, following the principle of the Pawnbrokers Acts. The committee are also in favour of the re-enactment of the provision in the Bills of Sale Act, 1878, that bills of sale should be attested by a solicitor, and that the

attestation should state that the effect had been explained to the grantor by the attesting solicitor. It is considered that this safeguard constitutes a valuable check upon usurious bills of sale, and tends to ensure that illiterate borrowers do not sign documents without proper knowledge of their contents.

With deference to the weighty opinions expressed before the Select Committee, the committee consider that the suggestion to make it criminal for professional money lenders to issue false and misleading advertisements and circulars is not capable of being carried out in practice, much as they would wish to see some remedy of this character put in force to check the evils of such advertisements and circulars. Suggestions of this kind would meet with universal approval provided they could be made operative and be restricted to the classes of cases intended; but it seems to the committee that any proposals dealing with money lending advertisements as such must of necessity go beyond the limits intended, and might produce disastrous results.

The committee consider that the chief remedy for the evils under consideration must be sought in the direction indicated in the proposals that unjust and oppressive transactions should be revised by the courts of law, including county courts, and, in proper cases, a fair rate of interest fixed.

It is no doubt a serious thing to meddle with freedom of contract, but the Legislature has seen fit to do so on more than one occasion and to prohibit certain classes from contracting themselves out of protective statutes. It would be still more serious to interfere with banking and mercantile business or to place any obstacle in the way of ordinary commercial transactions. But the remedy of granting relief by the court against unconscionable bargains does not necessarily involve interference with freedom of contract. It is more analogous to cases where contracts are avoided as being against public policy, and it is assumed that the suggested legislation need not forbid contracting out, because the remedy will, of necessity, override any contract.

In all ages and in all countries endeavours have been made by legislation to deal with the evils of money lending at high rates of interest, but with small success, as will be seen on reference to the useful book on "The Law of Unconscionable Bargains," by Bellot & Willis, recently published. An interesting history of the efforts to repress usury and hard dealing, and of the shifts of money lenders is there given, together with the reasons which led to the total abolition of the Usury Acts in 1854. The extreme difficulty of dealing with the evil by repressive legislation is there abundantly illustrated.

But, even while the usury law existed, extensive classes of transactions were always free from restriction Among these may be mentioned contracts in a foreign country or loans to be repaid abroad, and cases where the right to recover the money lent is put in jeopardy. As instances of the latter class may be mentioned sums lent on *bottomry* or at *respondentia*, and also annuities for lives or other contingencies. Moreover, in ordinary banking and mercantile transactions commission in addition to interest is frequently charged, and when money is dear the commission may be at a high rate. Legislation would be disastrous which interfered with such transactions, especially in times of panic or financial embarrassment. Cases, too, not unfrequently occur in which money is lent at great risk, and consequently at large interest, where no unfair advantage is taken by the lender.

For these reasons the committee are of opinion that restrictive legislation attempting to re-introduce to any extent the laws against usury, or fixing a maximum rate of interest in the case of professional money lenders, is undesirable, except in the cases of bills of sale. In their opinion legislation in the direction of rectifying unconscionable bargains is more likely to be attended with success in remedying the undoubted evils attendant upon the present system of money lending by professional money lenders.

The committee suggest that the legislation might take the form of a declaration that the law against unfair dealings might be enforced by order of any judge or master of the high court, or of any judge or registrar of the county courts, declaring the bargain unfair, or the rate of interest excessive, and substituting a lower rate of interest or other modification of the contract, as occasion may require.

It has been suggested that the practice of the High Court exercising its equitable jurisdiction in setting aside unconscionable bargains with expectant heirs and reversioners should be adopted. It may be remarked that this doctrine of the court is not confined to the Chancery Division nor to bargains with expectant heirs or reversioners. In more than one case eminent common law judges have applied the same doctrine. Lord Mansfield, C.J., did not hesitate in several actions in the King's Bench to grant relief in cases of hard and unconscionable bargains, and Lord Chancellor Hardwicke, in Chesterfield *v.* Janssen, stated that there were instances where the common law had given relief, giving as an example a case before Justice Hyde in 1663. In another case, Thornbury *v.* Whitacre, a court of law stated that in the event of the case going to trial the jury would consider the folly of the defendant and give only reasonable damages.

There are, in fact, numerous cases in the reports, from the leading case of Chesterfield *v.* Janssen, decided in 1750, down to the present time, to prove that relief may be given in all cases where, from the circumstances or conditions of the parties contracting, or from weakness on one side or usury on the other, or extortion or advantage taken of that weakness, the presumption of fraud arises, and that fraud in this sense does not mean deceit or circumvention, but it means an unconscientious use of the power arising out of these considerations and conditions. The late Mr. Justice Denman, in Neville *v.* Snelling, 15 Ch. D. 679, said that the doctrine might be applied to all cases of undue advantage taken by money lenders. At the same time, the mere high rate of interest will not be conclusive, because, as was pointed out by Mr. Justice Byles, a merchant or manufacturer, under pressing necessities may require an immediate advance, and the security he can offer may be such that some additional interest, in the nature of a premium of insurance against the risk, may be required; or the demand for temporary financial accommodation may be so great that the supply may not be commensurate with the demand. In such cases it may be absolutely essential, in the manufacturer's or merchant's interest and for the benefit of the whole community, that lenders should be at liberty to advance money at high rates of interest.

The county courts having only a limited equitable jurisdiction have not power to give effect to the equitable doctrine of relief against unconscionable bargains. Under the County Courts Act, 1888, sec. 67, the jurisdiction in equity is limited to eight classes of actions or matters, and no action not coming within those classes can be safely commenced in a county court. Actions for relief against fraud or mistake are included, but they do not, it is conceived, embrace cases in which the presumption of fraud arises from the circumstances of the parties.

It might be convenient that any new Act of Parliament should contain a preamble showing that it is directed against the evils attendant upon the system of money lending by professional money lenders at high rates of interest or under oppressive conditions as to repayment, and especially in cases where misleading advertisements or circulars have been resorted to, or where young or aged or ignorant persons or married women have been concerned, or persons under fear of publicity to themselves or their friends, or where the business is carried on under false or misleading names. The object of such a preamble (and there are many precedents in forcible language in the old statutes against usury) would be to indicate the class of cases in which the court is expected to interfere, and not to specify or limit the circumstances which would justify interference. The committee think that it would not be expedient to attempt in any such Act of Parliament to define the cases which should constitute unfair dealing, or that legislation should be limited to lending money at high rates of interest. Such transactions may be carried on under many specious disguises, such as sale and repurchase of goods, or hire and purchase of goods, or the loan of property, or they may take the form of mortgage transactions, or annuities on lives or other contingencies.

What seems desirable is that it should be recognised that in all cases the court, of its own initiative, and without any request on the part of a defendant, should have power at any time to set aside or rectify any dealing or bargain where the parties have not been on equal terms, and where any advantage has been taken by one party against the other, either from necessity or pressure or ignorance, and to open up any accounts or transactions purporting to have been closed under such conditions, and to go behind and set aside any judgment of the court, and to order repayment of any amounts already paid in excess of the amount held by the court to be reasonable.

The committee think that any proposed legislation might also enable the county court to restrain a grantee under a bill of sale from removing or selling chattels or otherwise as provided by the Bills of Sale Act, 1882, section 7. And that in money lending transactions the lender should be bound to furnish at the time to the

borrower and his sureties, if any, copies of every document signed by him or them, and that any breach of t duty should be taken into consideration by the court upon any question of unfair dealing. It is also thought tl it should be a matter for consideration in the drafting of any bill dealing with the money lending question whet transactions of the nature of renewals of loans should be valid between judgment debtor and judgment credi so long as the judgment remains unsatisfied. And further, that the powers of the county court to order paym by instalments should be extended to judgments for sums exceeding 20*l.*, and that the power given by Section 1 of the County Courts Act, 1888, in cases such as sickness should be extended to all cases of money lending, if f any reason the defendant is unable to discharge the debt or damages.

There is another point to which the committee attach especial importance, and that is that the process obtaining such relief should be easy, inexpensive, and not accompanied with unnecessary publicity. It is matter common experience that the business of professional money lenders depends to a large extent on the fact th needy borrowers cannot, or will not, face publicity.

The committee therefore recommend that the proposed Act of Parliament should enable either party to invo the aid of the court privately, and not necessarily on a trial in open court. It is suggested that this end might attained by giving a right in any existing action or proceeding to either party to have any question of unfair deali referred without pleadings or any interlocutory proceeding in the Queen's Bench Division to an official referee, a in the Chancery Division to a master or judge in chambers; and in the county courts to the registrar or jud sitting in chambers. And that, where there is no existing action or suit, proceedings might, without writ pleadings, be commenced by originating summons or plaint, asking relief against unfair dealings, and be disposed in chambers. The committee are of opinion that the evils of the existing system of money lending would be to large extent remedied if the relief could be granted without publicity. In many cases needy borrowers are deprive of any independent advice or protection when they have recourse to professional money lenders, and they submit any conditions for immediate and secret relief.

In conclusion the committee recommend that the following suggestions be communicated to the Parliamenta Select Committee:—

(1) To raise the minimum limit of bills of sale from 30*l.* to 50*l.*, and to limit the rate of interest to 15 p cent. per annum on bills of sale to secure 100*l.* and under, and to 10 per cent. per annum on bills of sale t secure over 100*l.*

(2) To re-enact the provision in the Bills of Sale Act, 1878, that bills of sale should be attested by a solicito and that the attestation should state that before the execution of the bill of sale the effect had been explaine to the grantor by the attesting solicitor.

(3) To give a borrower under a bill of sale liberty to repay a loan, nominally payable at a fixed date or b instalments, by tendering at any time the principal sum with interest at the rate specified, together with 1 days' interest in lieu of notice.

(4) To declare and extend the powers of the High Court and county courts, so as to enable them to interfer as referred to above, where there has been oppression or unfair dealing, and especially that this relief shoul be rendered available without unnecessary publicity.

APPENDIX, No. 5.

PAPER handed in by His Honour Judge *Snagge*.

RETURN OF BILLS OF SALE registered in each of the 15 Courts forming County Court Circuit No. 36, under the Bills of Sale Act (1878) Amendment Act (1882); showing the Rates of Interest charged per centum per annum.

Court Town.	Number Registered.	Rate of Interest not exceeding									Rate of Interest exceeding	Number. Rate of Interest not stated.
		5.	7½.	10.	15.	20.	30.	40.	50.	60.	60.	
Northampton -	210	112	14	13	1	4	5	8	2	28	4	19
Oxford - -	156	70	8	15	3	1	5	2	3	26	3	20
Banbury - -	56	37	1	2	–	–	–	–	–	14	2	–
Wellingborough -	54	30	4	1	1	1	2	–	–	15	–	–
Kettering - -	54	28	3	2	–	–	–	1	2	17	1	–
Abingdon - -	35	29	1	–	–	–	–	–	1	4	–	–
Wantage - -	33	18	2	1	–	–	1	1	–	10	–	–
Thame - - -	59	33	–	1	1	1	3	1	–	16	3	–
Buckingham -	39	20	–	–	–	–	1	–	2	11	–	5
aringdon -	22	10	–	–	–	1	2	–	–	9	–	–
Towcester - -	42	23	4	2	1	–	–	–	–	6	–	6
Bicester - -	36	22	2	1	–	–	1	3	1	2	1	3
Witney - -	30	24	2	–	–	–	1	–	–	2	1	–
Woodstock - -	30	18	1	–	1	1	1	1	–	5	2	–
Brackley - -	25	13	2	–	–	1	1	–	1	4	–	3
TOTAL - - -	881	487	44	38	8	10	23	17	12	169	17	56

Prepared from returns received from the registrars of the respective courts, by

J. H. Fletcher,
Chief Clerk of the Circuit, Northampton.

APPENDIX, No. 6.

PAPER handed in by Mr. *Willis*.

A BILL to Regulate the Award of Interest in Suits for simple Money-Debts and Mortgage-Debts.

WHEREAS it is expedient to regulate the award of interest in suits for simple money-debts and mortgage-debts; it is hereby enacted as follows:—

Prohibition of award of interest exceeding in amount the principal.

No Civil Court shall, in any suit for a simple money-debt or a mortgage-debt instituted after the commencement of this Act, decree or award interest exceeding in amount the original principal, or, where there has been payment in reduction of the principal, exceeding in amount the reduced principal.

Explanation.—The word "interest" means the amount of interest due or payable at the date of the suit, exclusive of payments previously made.

STATEMENT of Objects and Reasons.

At present there is an anomaly of practice in our Courts in the matter of awarding interest and there is no limit to the amount up to which interest may be awarded. In a recent case decided by the Calcutta High Court compound interest at 33 per cent. amounted in ten years to 17½ times the principal, or, in other words, the interest was on an average 175 per cent. of the principal per annum. The High Court held that the defendant was bound by "the bargain which he had entered into," and stated in its judgment that the rate of interest was not higher than had been allowed in other cases.

The object of this Bill is to remove the existing anomaly of practice and to place a limit upon the award of interest.

March, 1895. *Mohiny Mohun Roy.*

No. 6148 of 1895.

Judicial Department, Bombay Castle, 29th August, 1895.

From the Honourable Mr. *G. W. Vidal*, I. C. S., Acting Chief Secretary to Government, Bombay; to the Secretary to the Government of India, Legislative Department.

SIR,

I AM directed to acknowledge the receipt of your letter No. 586, dated the 13th of March 1895, forwarding a Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, with a Statement of Objects and Reasons, and requesting that the opinions of the Governor of Bombay in Council, the Honourable the Judges of the High Court and of such selected officers and other persons as this Government might think fit to consult, may be communicated to the Government of India.

The Honourable the Advocate General.
The Remembrancer of Legal Affairs.
The Judicial Commissioner in Sind.
The Chief Judge of the Court of Small Causes, Bombay.
The Special Judge under Act XVII of 1879.
The Honourable Mr. W. H. Crowe, I. C. S.
The Honourable Mr. Ranchodlál Chotálál, C.I.E.
The Honourable Mr. Nowroji Nasarvánji Wádia, C.I.E.
Mr. S. Tágore, I. C. S.
Mr. G. C. Whitworth, I. C. S.
Mr. A. Shewan, I. C. S.
Mr Fázalbhai Vishrám, C.I.E.
The Secretary, Bombay Chamber of Commerce.

2. In reply I am to state that copies of the Bill, with the Statement of Objects and Reasons, were forwarded to the High Court and to the officers and persons named in the margin, and I am to transmit herewith, for the information of the Government of India, copies of the opinions received.

3. In doing so, I am to invite special attention to the recommendations for modifying the terms of the draft Bill, made in the communications from Messrs. Whitworth, Fázalbhai Vishrám, Jopp, Tágore and the Honourable Messrs. Ránade and Candy, and to state that the Governor in Council, while approving of the principle of the Bill and the general object in view, is inclined to share the opinion expressed by several of the officers consulted that the Bill, if it became law, would probably be of but slight efficacy; and considers that the objects sought would be best obtained by an enlargement of the equitable jurisdiction of the ordinary Courts, a proposal for which, he believes, is now under the consideration of His Excellency the Governor General in Council.

4. With reference to paragraph 2 of your letter under reply, I am to intimate that the Bill and the Statement of Objects and Reasons were published in the "Bombay Government Gazette" in English on the 14th March 1895, and in Maráthi, Gujaráti and Kánarese on the 9th May last. The Bill and the Statement were also published in the "Sind Official Gazette," both in English and in Sindhi, on the 18th April, 1895.

I have, &c.
(signed) *G. W. Vidal*,
Acting Chief Secretary to Government.

LETTER from the Honourable Mr. *Basil Lang*, Advocate General, to the Under Secretary to Government, Judicial Department, No. 33, dated 23 April 1895.

WITH reference to Government Resolution, No. 2334, of the Judicial Department, dated 8th April 1895, requesting my opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I have the honour to state that I think there is no necessity for a general alteration of the law as proposed by the Bill.

In the Bombay Presidency, the rule of Hindu law called "Dámdupat," which limits the amount recoverable at one time by way of interest to the amount of the principal, is acted upon by the Courts; but the rule has not often to be applied. With regard to the other communities in this Presidency, no circumstances have been brought to my notice which would seem to render legislation, as proposed in the Bill, to be necessary.

MEMORANDUM by the Honourable Mr. *Nowroji N. Wadia*, C.I.E., dated 23 April 1895.

Two objects are sought to be remedied by the proposed legislation.

The first is to remove the anomaly which exists in favour of Hindu defendants, by the system of "Dám dupat" in force in the Bombay Presidency and in some parts of India.

The second is to limit the amount up to which interest may be awarded.

As regards the first, the Bill would remove the anomaly, and put all Her Majesty's subjects on an equal footing, and so far this would be an advantage.

But it is in the limiting of the amount up to which interest may be awarded, that I see a serious objection to the Bill. If it is framed to protect the poor against exorbitant and extortionate rates of interest, it will fail in doing this, as the principle which underlies it is the same as involved in the Usury Laws of England, and which were always known to have been evaded, and were found to interfere with the freedom of contract, so that eventually they were repealed.

The Bill is not such as to restrict or fix any rate of interest, and, if passed into a law, its practical effect would be to compel creditors to sue debtors just before the interest equals in amount the principal, instead of waiting beyond that period, thus tending to make creditors more exacting.

Further, if the Bill becomes law, creditors will be more chary in accepting payments on account of principal, as that would reduce the amount of interest to be recovered, and thus make payments by instalments, which are so convenient and general amongst the poor classes more difficult of arrangement.

The most serious objection, however, to the Bill is, that it unnecessarily interferes with freedom of contract, without doing any appreciable good in the other direction, as its provisions can be easily evaded. In my opinion, therefore, to pass such a Bill would be to take a retrograde step; for it allows every credit or to charge interest up to 100 per cent., provided he recovers such interest as soon as it becomes due (i.e. at the end of every year), and does not allow it to fall into arrear. If this is all the protection it affords to the poor against usury, it is not worth legislating for.

LETTER from Mr. *G. C. Whitworth*, I.C.S., to the Secretary to Government, Judicial Department, dated 24 April 1895.

IN reply to Government Resolution, No. 2334, of the 8th instant, I have the honour to observe that, as the principle of the Bill, is one that is already enforced by the Courts in this Presidency, there is no need of the proposed legislation here, though the enactments may be desirable in the interests of other parts of India.

2. The only objection that I see to the proposed Act is, that it will have the effect of altering the conditions of contracts entered into before its enactment. For the word "instituted" in the seventh line of the Bill I would substitute the word "contracted," so as to avoid such retrospective operation.

LETTER from the Honourable Mr. *Ranchorelal Chotalal*, C.I.E., to the Secretary to Government, Bombay, dated 30 April 1895.

WITH reference to your letter, dated 8th April 1895, No. 2337, with enclosures, I have the honour to state that in my opinion, the provisions of the proposed Bill, prohibiting the award of interest exceeding in amount the principal, are fair and desirable. I think many right-thinking persons would be glad to see the said Bill duly passed.

LETTER from the Honourable Mr. *W. H. Crowe*, I.C.S., District Judge, Poona, to the Secretary to Government, Judicial Department, Bombay, No. 848, dated 4 May 1895.

IN reply to the request, contained in Government Resolution, No. 2334, of the 8th April 1895, I have the honour to submit the following observations.

2. The principle involved in the Bill is not a new one. It is known to the Hindu law as the rule of Dám dupat and is thus laid down in the text of Manu:—

> "Interest on money received at once (not month by month, or day by day, as it ought) must never be more than double the debt (that is, more than the amount of the principal paid at the same time)."—Vyavahára Mayukha, C. V. S. I., 6—9.

3. The rule is at once equitable and convenient, as it ensures vigilance on the part of the creditor.

4. The proposed amendment in the existing usury laws, which will bring the law in accordance with the principle which has worked well for many centuries in India, and will substitute a positive enactment for the varying discretion allowed at present to the Courts is in my opinion desirable.

MEMORANDUM by Mr. *Fazalbhai Vishram*, C.I.E., dated 6 May 1895.

IN my opinion, the principle apparently intended to be enacted by the Bill in question, viz., that a creditor should not be enabled by a decree of a civil Court to enforce a claim for interest in excess of the amount of principal remaining due, is a wise one for the protection of the borrower, and one which might well be enacted, as it only enforces the Hindu rate known as "Dám dupat." With regard, however, to the drafting of the Bill, the following remarks occur to me:—

1. The relief apparently intended to be given will not be complete unless the creditor is also prohibited from retaining or setting off interest in excess of the amount proposed to be allowed, as in the case of a mortgagee retaining such a claim out of proceeds of mortgaged property or selling it off against a counter-claim.

2. It should be made clear whether the Court is at liberty to go behind adjustments between debtor and creditor, whereby interest then in arrear is converted into principal, and fresh bonds or securities are then given for the new debt, which consists partly of principal and partly of interest. Of course, this process may be repeated frequently, and it often is for generations among the lower classes.

If the Court is not to go behind such adjustments, their existence will defeat the object aimed at, while if it is to do so, a new and most important restriction on the right of contract will be imposed.

3. Under Section 59, Contract Act, the debtor has the right to appropriate his payments to eithe principal or interest. If the Bill be passed, it would obviously be to the debtor's interest to appropriate al payments to principal instead of interest, and to prevent this injustice to the creditor, the law would b required to be altered.

4. For a similar reason when making up his account, the creditor should be allowed to apply al recoveries on account of the mortgage debt, e.g. rents and profits against interest from time to time due.

5. Compound interest payable under express contract would fall to be dealt with by the Act.

I understand that the practice in the Bombay High Court is, following English cases, not to allow compound interest, payable only by virtue of the course of dealing between the parties as in a trading account, after the account has ceased to be a mutual account, i.e. after it has become a one-sided account.

If this Bill is to be passed, it would seem well to enact some such provision.

6. The question whether it is necessary to allow the Act to extend to decrees of British Indian Courts against debtors out of British India is one which requires consideration.

If a foreign Court should be bound by no such rule, this fact might induce creditors to prefer to sue in a foreign Court, and further, their debtors might have a cross claim, for which they might in a foreign Court obtain a decree at a higher rate of interest than that allowed in the decrees passed in the British Indian Court.

LETTER from Mr. *T. Hart-Davies*, I.C.S., Acting Judicial Commissioner in Sind, to the Secretary to Government, Judicial Department, Bombay, No. 842, dated 7 March 1895.

WITH reference to Government Resolution, Judicial Department, No. 2334, of the 8th April 1895, I have the honour to report that in my opinion the Bill, though it is no doubt well meant, is hardly adapted to have much practical effect. The Hindu rule of dám dupat is of course well known in this Presidency, and is acted on by the Courts in cases where the parties are Hindus; but I presume the object of this law is to prevent undue exaction in the case of non-Hindus, or where only one party is a Hindu. Now, in the vast majority of cases, I venture to think that this law will be so easily evaded as to be practically useless. Were this Bill passed, the sole result would be that the creditors would insist on a very much larger sum, including interest in advance, being entered in the bond as cash received, and so the last state of the unfortunate creditor would be worse than the first. If this were done, and it is pretty certain that the lender would manage to get it done, it is obvious that the effect of the proposed Act would be neutralised, if the Courts did not go behind the bond to find out exactly what the actual transaction was; and this the Subordinate Courts are always remiss at doing. In such cases, in fact, what is wanted is that Courts should always, if a bond is disputed, go behind the bond and ascertain exactly what the real state of affairs between the parties was. Under the existing law even, there is no reason why they should not go behind the bond. Section 92 of the Evidence Act provides that, though a contract has been reduced to writing, want of consideration may be proved, and "the obligor of a bond is not estopped by a recital therein contained to the effect that the consideration has passed from showing that in fact no consideration was given" (*vide* Field's Law of Evidence, page 402). But, as a matter of fact, the Subordinate Courts, partly from habit and partly from a misapprehension of Section 92 of the Evidence Act, take the bonds as they are and pass decrees on them accordingly. As regards exorbitant interest, though there are conflicting decisions in the various High Courts, the dictum of the Privy Council, I.L.R., XII. Calc., 239, is, I think, the one that our Courts, sitting as Courts of Equity, should follow. Their Lordships said: "It has been laid down in case after case that the Court, whenever there is a dealing of this kind looks at the reasonableness of the bargain, and if it is what is called a hard bargain, sets it aside." In that case the dealing was between a *purdah nishin* woman and her own mukhtiar, but I apprehend that the same principle holds good between parties so grossly disparate in position and intelligence as a sowkar and a rayat. I am aware that the High Courts, both at Calcutta and Bombay, have held diametrically opposite views, and though it is universally admitted that a party can be relieved against, the general current of decisions is to the effect that when a rate of interest has been stipulated between the parties that rate must be enforced by the Courts. I venture to think that in the case of agriculturists this ruling should be modified, and that in every case in which an agriculturist is concerned, for that is the class which the policy of Government especially desires to protect, the Courts should have full equitable jurisdiction to cut down interest at a reasonable figure and also should be bound to go behind the bond to ascertain exactly what has passed between the parties. If a short Act authorising and directing Courts to do this in suits in which agriculturists are concerned were passed, I think the results would be beneficial; but I fail to see much object in a tinkering piece of legislation like the present, though no doubt a provision like the one under consideration might well be inserted in the short Act which I suggest.

LETTER from the Secretary, Bombay Chamber of Commerce, to the Secretary to Government, Judicial Department, Bombay, dated 15 May 1895.

I HAVE the honour to acknowledge the receipt of your letter, No 2339, of 8th April, with accompaniments relating to a "Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts," on which you ask for the opinion of the Chamber.

2. In reply, I am directed to say that after giving the subject most careful consideration the Chamber does not approve of the Bill.

3. The object of the proposed measure has the entire approval of the Chamber as eminently calling for legislation, but the provisions of the Bill do not provide the remedy required, as without infringing them a plaintiff might recover 100 per cent. for one year's interest, a limit which for simple money-debts or mortgage-debts is surely far beyond what an enactment of this character contemplates.

4. On the other hand there are circumstances under which it is quite conceivable very exceptional rates of interest might reasonably be exacted, and in order to avoid affixing unnecessary limits on such cases, while at the same time placing a desirable restriction on usury, it seems to the Chamber that the safest and most advisable course legislation could take would be to expressly invest Civil Courts with power to control the rate of interest to be allowed on borrowed money, which at the same time would necessarily involve power to disallow any rate of interest which in heir opinion would be exorbitant or usurious.

5. So far as the Chamber is aware the Courts at present either have no discretionary power, or if they have, do not exercise it, and it would accordingly be in favour of an Act being passed expressly conferring the power, if need be, within certain defined limits, so as to place the question on a known basis and beyond doubt.

LETTER from MR. *C. H. Jopp*, I.C.S., Special Judge under Act XVII. of 1879, to the Secretary to Government, Judicial Department, Bombay, No. 312, dated 22 May 1895.

I HAVE the honour to submit the report called for in Government Resolution, No. 2334, dated the 8th April 1895, Judicial Department.

The Bill, if it becomes law, could in no way affect suits for simple money-debts or for mortgage-debts brought in the four districts where the defendant is an agriculturist. The award of interest and the taking of the account in such cases are fully provided for by Sections 12 and 13 of the Relief Act.

In suits for simple money-debts against non-agriculturists in the four districts, Section 17, of Act VI. of 1895, empowers the Courts to limit the rate of interest. In such suits, either within or without the four districts, where the defendant is a Hindu, the Bill will affect the parties only inasmuch as it clearly directs that where there has been a reduction of the principal, interest only up to the amount of the principal so reduced is to be awarded. This, though it is apparently opposed to a remark of West and Nanabhai, J.J., in Sitárám *v.* Náná, Printed Judgment for 1882, page 298, that the rule of dám dupat comes into operation only when on finally making up the account the amount due for interest exceeds the original amount of the principal, is, I believe, in accordance with the general practice of the Courts, though that practice has not, as far as I know, been settled by any recorded decision. The Bill will do good by placing the matter beyond doubt. If the defendant is a non-Hindu, the Bill will give him the benefit of the rule of dám dupat, the operation of the rule being, as I have just observed, more clearly defined than hitherto. There would seem to be no objection whatever to this in the case of Mahomedans, who are as a rule uneducated and at the mercy of the money-lenders, and the regulation of interest is not in any way opposed to Mahomedan Law, which objects to usury altogether. The case of Europeans and Pársis is somewhat more doubtful, but their number is so small in the mofussil that they may be left out of consideration. These remarks apply also to suits for mortgage-debts outside the four districts and to such suits inside the four districts where the defendant is not an agriculturist. But the Bill will have a further effect on such suits, which, I think, will be productive of good. It will make the rule of dám dupat applicable in all suits for mortgage-debts, whether an account of the rents and profits is to be taken or not, and will sweep away all the decisions of the Bombay High Court on this point.

I have discussed the Bill as if the words suits for a simple money-debt "or a mortgage-debt" meant "suits for money-debts unsecured by any writing, and suits for mortgage-debts both from defendants personally and by the sale of the mortgaged property." If I am right in this view, it is not apparent why the Bill should not be made applicable to bond suits and to suits for rent on leases, or if suits for a mortgage-debt denotes "suits for a mortgage-debt from the mortgagor personally" only, why suits for mortgage-debts by sales of the mortgaged property should not be included within the scope of the Bill. Further it is not clear why if it is considered that the debtor ought to have the benefit of the rule of dám dupat in suits brought against him for mortgage-debts he should be deprived of it when he sues for redemption.

The Bill will, I think, if it becomes law, be of considerable benefit to the poor and ignorant debtor in the mofussil. As to its effect in the Presidency towns I am of course not competent to give an opinion. In conclusion I have only to add that the author of the Bill has in drafting it apparently overlooked the fact that the rule of dám dupat is in force in the Bombay Presidency.

LETTER from the Chief Judge of the Court of Small Causes, Bombay, to the Secretary to Government, Judicial Department, Bombay, No. 56, dated 18 June, 1895.

IN accordance with Government Resolution, No. 2334 (Judicial Department), dated the 8th April, 1895, I have the honour to submit the following remarks on the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

2. Although in theory it might be highly advisable to curtail extravagant rates of interest and for that purpose to discountenance claims of an exorbitant nature on this account in Courts of law, yet in practice it has been found impossible to do this. The danger of interfering with the agreements which parties to a contract willingly make as to the rates of interest to be charged between them led to the repeal of the usury laws in England and in India; and in order to pass this Bill into law, it would be necessary to repeal or substantially modify the provisions of Act XXVIII. of 1855. I do not understand that this is contemplated, though the provisions of this Bill appear to me to nullify the provisions of Section 2 of that Act.

3. As a matter of fact I have very grave doubts as to whether the passing of the proposed measure would remedy the real evil which it is sought to reach. Indeed, I may say, that in my opinion it would not do so. So long as there are means of evading the statute (and in this case there are many) the astute money-lender will not allow himself to be baulked by its provisions. There are several expedients open to him. Either (1) he would extort a far larger premium from the borrower at the time of the loan than he would at present require, or (2) he would insist on the indigent debtor renewing his bond from time to time and making the interest appear as principal, or (3) he would file the inevitable suit at an earlier date and thus litigation would be considerably increased.

4. The probable course to be adopted would be the second, and it will be easily seen that, so far from reducing the claim for interest or lessening the rate, such a proceeding will have the effect of allowing compound interest at a figure probably far higher than it would otherwise be. It may be said that the debtor can refuse to execute the fresh bond; but anyone with a very slight knowledge of the Indian money-lender and his victims is well aware that that is out of the question. The debtor will do anything to put off the evil day at whatever cost, and in the hope of borrowing a few more rupees will put his signature to any document that is laid before him.

5. The Bill in effect codifies the law or rule of dám dupat now in force among Hindus. So far as my experience of the Courts of this city extend, I can say that as such it is practically unnecessary. It is a curious coincidence, and whether it is done in ignorance or with some object I cannot say; but it is nevertheless the fact that though the rule of dám dupat applies only to Hindu defendants, the Márwári money-lenders almost invariably apply it in cases against defendants who are not Hindus. It cannot be supposed that they willingly incur a loss or rather forego a gain in such cases. This is therefore a strong proof that the Bill if passed into law would not in any way curtail the money-lender's facilities of making large profits by way of interest.

6. As to the statement of the objects and reasons of the Bill I am not aware of any such anomaly of practice as is there mentioned in the Courts of this Presidency. It is true that there is no limit to the amount of interest which may be awarded, but this is in consequence of the provisions of Act XXVIII. of 1855 above referred to. Such a case as that referred to has never come before my notice directly or indirectly, and I think that such cases must be very rare.

7. On the whole, I am of opinion that the Bill if passed into law would not serve any good purpose, and being as I have shown, so easily evaded, would in effect soon become a dead letter.

LETTER from Mr. *S. Tagore*, I.C.S., District Judge of Sátára, to the Secretary to Government, Judicial Department, Bombay, No. 1587, dated 29 June 1895.

WITH reference to Government Resolution, No. 2334, dated 8th April 1895, forwarding the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts for my opinion, I have the honour to submit the following remarks :—

There are two sides of the question. On the one hand it may be urged that the borrower and lender should be left complete liberty of action to regulate the rate of interest in their own dealings, and that it is a mistaken kindness of the law to interfere with the freedom of contract in such cases. As observed by Mill (Political Economy Bk. V, Ch. X, Sec. 2): "In so far as the motive of the restriction may be supposed to be, not public policy, but regard for the interest of the borrower, it would be difficult to point out any case in which such tenderness on the legislator's part is more misplaced. A person of sane mind and of the age at which persons are legally competent to conduct their own concerns must be presumed to be a sufficient guardian of his pecuniary interests. If he may sell an estate or grant a release, or assign away all his property without control from the law, it seems very unnecessary that the only bargain which he cannot make without its intermeddling should be a loan of money."

These observations, however applicable to countries advanced in civilization, are hardly suited to circumstances existing in this country, where the bulk of the inhabitants are agriculturists, improvident, and steeped in ignorance and exposed to the wily tactics of the village Shylock who, dealing with necessitous persons, can take advantage of their necessities and exact conditions limited only by his pleasure. I am decidedly of opinion that the necessity for some measure of protection for the borrower in India is urgent.

It is difficult no doubt to frame a really effective usury law, and the proposed enactment cannot be said to meet all the evils which arise from the present state of things, but I think that it is a step in the right direction.

The rule of Hindu law known as dám dupat is applied by the Bombay High Court in cases in which the parties to the contract are Hindus, but has not been held to apply in the other Presidencies, nor is it acted upon in the case of debtors other than Hindus. The Bill now under discussion would remove the anomaly by making the rule part of the general law of the country, and would, I think, commend itself to the people. It would be no hardship to apply the rule to the Hindus whose old custom it was; it would be no hardship to apply it to the Mahomedans by whose religion the receiving of interest is formally interdicted.

The Bill in itself is only a small and partial measure of relief; it appears to me that the Act of 1855 will have to be amended to make it more effectual. An honest debtor continues to pay interest for years, and it is only when he makes default for a year or two that he is dragged before a Civil Court. The principal and interest claimed in such cases may not look oppressive or offend against the rule of dám dupat; but when the interest already pocketed by the creditor is taken into account, the hardship of the case becomes manifest. I would, therefore, suggest that in applying the rule of dám dupat, the principal from time to time advanced, whether under one bond or under bonds merged in a subsequent bond, should be ascertained separately from the interest, no matter whether or not it was agreed between the parties that interest should be treated as principal. The scope of the measure should be so extended as to meet effectually any cases of hardship that may arise by giving the Courts a discretion in a proper case to disallow interest altogether and to decree the principal only, or to allow interest at a reasonable rate, having due regard to the status and circumstances of the debtor.

I am of opinion that grain transactions should be included. The honourable mover assigns a reason for not controlling the increase on grain. He says: "Grain is lent at a season when it is dearest and becomes payable when it is cheapest;" but when it is claimed in a Court, the increment claimed is often out of proportion to the principal advanced, and instances of hard bargains in grain are by no means rare. The salutary rule of Hindu law as to three times the quantity advanced being claimable (the rule of Kan-tipat, *see* Mandlik's Hindu Law, p. 204, Sec. 39) may be adopted with advantage in the cases of grain dealings.

The word 'mortgage-debt' would require further explanation. In Nathubhai *v.* Mulchand (5 B. H. C. A. C., 196) it was held that the rule does not apply to mortgages when they are accompanied with possession. An honest debtor who parts with the mortgaged property in the interest of the mortgagee is placed in a worse position than the mortgagor, who has not parted with possession, by the rule of dám dupat as interpreted by the Bombay High Court. The mortgage-debt should, in my opinion, be made to include debt due on a mortgage accompanied with possession.

The Bill, should it become law, may have an important effect on the alienation difficulty in certain parts of the country, where not only is the interest exacted often unconscionably high, but in many cases it enables the usurer to obtain actual possession of the soil, ousting the peasant proprietor, whom it is the State's first duty to protect and preserve.

LETTER from Mr. *A. Shewan*, I.C.S., District Judge of Khándesh, to the Secretary to Government, Judicial Department, Bombay, No. 1152, dated 1 July 1895.

I HAVE the honour to report, as directed in Government Resolution, No. 2334, of 8th April last, on the subject of a bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

2. I am opposed to the legislation proposed. Very strong grounds should be made out for the introduction of an usury law, even if only by way of the extension of a principle already embodied in the law which, in this Presidency at least, applies to the great mass of the population. I do not think circumstances exist to justify the conclusion that the relief which the Courts are at present empowered to grant in cases of unconscionable bargains is inadequate.

3. Nor do I think that the object in contemplation would be obtained. Persons of sound credit can always obtain loans on reasonable terms. With those who are in embarrassed circumstances any terms can be made, and any interference between them and the lenders of money will only drive the latter to make still harder bargains, or to protect themselves in other ways. The law would also, I think, tend to increase litigation; creditors will sue as soon as the amount due is approaching the doubled principal. The expense of this litigation would all fall on the class whom it is sought to benefit.

4. Ráo Bahádur Chunilal Maneklal, one of the sub-judges in this district, whom I have consulted, points out that the proposed measure goes much beyond the Hindu law. He says: "Under the Hindu law if interest in arrears is added to the principal and a fresh bond is taken for the aggregate, the latter sum is looked upon as the principal amount for the purposes of dám dupat rate. The Bill in question, however, looks to the original principal. In ascertaining the original principal the work of the Civil Courts would be much hampered. In most cases money-lenders deny keeping regular accounts. Old bonds are alleged to have been returned to the debtors, and it would be very difficult indeed to ascertain original principal in most of the cases."

LETTER from the Registrar, High Court, Appellate Side, Bombay, to the Honourable Mr. *G. W. Vidal*, I.C.S., Acting Chief Secretary to Government, Judicial Department, Bombay, No. 1251, dated 18 June 1895.

I AM directed by the Honourable the Chief Justice and Judges to acknowledge the receipt of your letter, No. 2335, of the 8th April last, forwarding copy of a letter from the Government of India, Legislative Department, No. 586, of the 13th March last, and of a Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

mortgage-debts, together with a statement of objects and reasons, and requesting that Government may be favoured with the opinion of the Honourable the Chief Justice and Judges on the provisions of the Bill before the 1st July next.

2. In reply I am directed to forward the accompanying copies of minutes recorded by the Honourable Mr. Justice Bayley, the Honourable Mr. Justice Parsons, the Honourable Mr. Justice Farran, the Honourable Mr. Justice Candy, and the Honourable Mr. Justice Ránadé on the provisions of the Bill.

MINUTE by the Honourable Mr. Justice *Bayley*, dated 11 April 1895.

I APPROVE of this Bill.

MINUTE by the Honourable Mr. Justice *Parsons*, dated 11 April 1895.

I DISAPPROVE of the Bill. I am not aware that there is any anomaly of practice in the Courts; the only thing is that where the Hindu law of dám dupat applies, the Courts must give effect to it. This Bill proposes to extend that law universally. I fail to see on what principle the proposal is made. If it is that the Courts ought not at one time to award such a large amount of interest, then a better proposition would be to forbid a suit for more than a certain number of years' arrears of interest, in other words apply a Limitation Act. If it is that the Courts ought not to award interest at a very high rate, then the remedy would be to enact that compound interest or interest above a certain rate shall be illegal. Either of these remedies would be logical, but it appears to me that to enact that a Court shall only award a part of a claim merely because the whole is so large is not only illogical but also mischievous, as tending to raise the rate of interest and interfering with freedom of contract. It is also useless, since no creditor would allow interest to run on to such an extent.

MINUTE by the Honourable Mr. Justice *Farran*, dated 13 April 1895.

WITHOUT entering upon the principle of the proposed legislation, of which I do not approve, I would point out that the Bill, as framed, will be found difficult to work. When a bond on mortgage has been renewed and interest has been added to principal, how is it to be known what the original principal was? On a simple money or mortgage-bond is the Court to embark on an inquiry as to the original principal or the original reduced principal? If the "original" principal is only intended to mean the principal sum mentioned in the instrument, it would be advisable to define it, but then the Act will be futile. Creditors will take care to have their bonds renewed before coming into Court. Impecunious debtors are always ready to renew.

The Hindu law of dám dupat seems to accord with Hindu ideas. It might by legislation be made applicable everywhere to all Hindus whether plaintiffs or defendants. The exception which the rulings of the Bombay High Court have introduced in the case of mortgagees in possession seems to be an anomaly which might advantageously be removed if legislation is deemed advisable upon the subject.

MINUTE by the Honourable Mr. Justice *Ránade*.

I THINK there can be no valid objection to the principle of the Bill, at least on this side of India, where the dám dupat rule has been the recognised law all along. It does not affect those who are not subject to the Hindu law and usage in such matters, but these constitute a very small minority; and as this minority itself deals generally with Hindu creditors, the extension of the dám dupat limitation now proposed will be decidedly in their interest. It may be the wording of the draft Bill admits of improvement, but that is a question of detail. I would, myself, suggest that the exception in Section 13, Clause *g*, of Act XVII. of 1879, may be usefully consulted for this purpose. What is proposed is a rule of equitable procedure intended to regulate the action of the Courts in the final award of debt claims. It does not in any way restrict the freedom of private transactions as long as they do not seek the coercion of the law. The principle of the Bill is clearly to restrain the abuses of usurious dealing, by legislation, instead of by conflicting judicial decisions; and to do this by laying down a rule for the guidance of Courts rather than by interference with private transactions. Restrictions of time in regard to claim for arrears will be open to much stronger objections and will be more easily evaded. The same objections apply to the formulation of a maximum rate of interest. The present proposal will not be so easily evaded; it will not raise the rate of interest, and it will have an indirect reflex effect in moderating the abuses of usury.

The word "original" used in the draft Bill is no doubt open to objection, and may be omitted safely. A definition of principal should be added to the definition of "interest" given in the draft Bill.

MINUTE by the Honourable Mr. Justice *Candy*, dated 14 June 1895.

I APPROVE of the principle of the Bill.

In my opinion there is at present an anomaly of practice in our Courts. For instance, it is an anomaly that the rule of dám dupat should apply to persons governed by Hindu law, and not to all persons whether Hindus or not. If it is a good rule it should be universal. It is not founded on any special characteristic of Hindus. It is founded, of course, on certain texts in the Hindu law books; but if those texts enunciate a principle which may reasonably be made of general application, it is an anomaly as long as the rule is limited to a section only of the general community.

I understand that the Bill simply enacts, as applicable to all money-debts, the rule in Hindu law of dám dupat. This appears to me to be far more logical than to pass a law forbidding suits for more than a certain number of years' arrears of interest, or enacting that compound interest or interest above a certain rate should be illegal. I am not aware that the rule of dám dupat has been found amongst Hindus to raise the rate of interest or interfere with freedom of contract.

There is another anomaly which will be corrected by the Bill. I may illustrate this by a reference to the case of Daud Durwesh *v.* Vallabhdas Parshotam, I.L.R., XVIII. Bom., p. 227, in which a Mahomedan mortgagor sued a Hindu mortgagee for redemption of the mortgage, and claimed the benefit of the rule of dám dupat on the ground that the defendant was a Hindu, the charter of the Court providing that "all matters of contract and dealing between party and party shall be determined . . . . where one of the parties shall be a Mahomedan or a gentoo by the law and usages of the defendant." Thus it was argued that, though if the Hindu mortgagee has been suing the Mahomedan mortgagor for sale or foreclosure, the rule of dám dupat would not apply; it must apply when the defendant whether mortgagor or mortgagee is a Hindu. To avoid this anomaly Mr. Justice Starling held that the word defendant in the provision of the Charter above quoted meant debtor. If the rule is made of universal application the anomaly will cease.

Again,

Again, I am glad to see that the Bill is meant to apply to mortgage as well as simple money-debts: and I would suggest that it should be clearly enacted that the rule applies even when an account is taken on both sides. To illustrate my remark I append printed copies of the interlocutory judgment and the judgment of the Full Bench in First Appeal 100 of 1891 of this Court. I may say that the late Chief Justice (Sir Charles Sargent) and Mr. Justice Fulton and myself would have been inclined, had the matter been *res integra*, to follow the views of the late Mr. Justice Telang as to the applicability of the rule of dám dupat in cases of running accounts of mortgage-debts (see pages 640, 641 of I. L. R., 15 Bom.); but we felt that looking at the uniform decisions for 25 years, which ruled that dám dupat does not apply to cases in which an account is taken on both sides, we were bound to adhere to the maxim *stare decisis*, and not by a contrary decision assume the function of the Legislature.

I trust therefore that the Bill will become law, though, no doubt, it will require amendment in its phraseology.

APPEAL No. 100 of 1891 from original decree.

Gopal Ramchandra Limaye (Original Plaintiff) - - - - - - - - - Appellant.

versus

Gangaram Anandaji Shet Marwadi, deceased, by his sons and heirs Panha and Dewa, of whom Panha, deceased, by his brother and heir Dewa, also deceased, by his son and heir Chunilal, minor, by his guardian and administratrix mother Nathibai kom Dewa Gangaram Marwadi (Original Defendants) - - Respondents.

Appeal from the decision of Ráo Bahádur G. A. Mánkar, First Class Subordinate Judge of Thána, in Suit No. 962 of 1885.

The Honourable the Advocate-General with Mr. Mánekshán Jehángirshán for the appellant.

Mr. Inverarity with Mr. M. C. A'pte for the respondent.

Interlocutory Order.—This is an appeal by the assignee of the equity of redemption against the account taken by the Sudordinate Judge in accordance with the directions of this Court to be found at p. 77 of I. L. R., 14 Bombay.

In 1761 (A.D. 1839) two fields were mortgaged for Rs. 125, the profits being received by the mortgagee in lieu of interest.

Both fields were sold off by the mortgagee in 1770 (A.D. 1848), and 1782 (A.D. 1860), for Rs. 330.

In 1776 (A.D. 1844), 60½ bighás and one pánd of the Karkhodakhar were mortgaged for Rs. 250, on condition that the debt was to bear interest at 18 per cent. per annum, and that the rents and profits should be applied towards payment of the interest and principal. This deed necessitates an account of the rents and profits on the one side, and of the principal, interest and other charges on the other.

The subordinate Judge rejected the suit as champertous, but took the whole evidence in the case, and recorded findings on the questions of account. On appeal by the plaintiff this Court held that the suit to redeem would lie, and that

(1.) The accounts of the two mortgages should be taken separately, the mortgagee to be debited with Rs. 330 in taking the account of the mortgage of 1761, (A.D. 1839.)

(2.) A signed account of 1769 (A.D. 1847), in which unsecured debts were included, was a general and not a mortgage account; these items must, therefore, be omitted in taking the account.

(3.) Compound interest should be charged in the account.

The case was, therefore, sent back for the mortgate accounts to be taken afresh, and a new decree to be passed.

The Subordinate Judge has now found that Rs. 1,821-6-10 are due at foot of the mortgage of the Karkhodakhar and that plaintiff is entitled to recover from defendant on account of the mortgage of 1761 (A.D. 1839) the sum of Rs. 205 (*i.e.* Rs. 330 minus Rs. 125).

Plaintiff in his appeal has taken several objections to this account; but a preliminary objection must be noticed, preliminary, though it was only raised at the close of the arguments, and that is, that by the ruling in Shri Ganesh Dharnidhar Mahárájdev *v.* Keshavráv Govind Kulgávkar (1), applying the rule of dámdupat the mortgagee is entitled to have interest added to the principal at the rate stipulated in the mortgage-deed, and to appropriate the rents and profits received by him in or towards satisfaction of such interest; but that after such appropriation, if the amount of interest now due and payable on foot of the mortgage exceeds the amount of the principal, the decree on that part of the claim must be limited to double such principal amount.

(1) I. L. R., 15 Bom., pp. 640, 641.

In the present case, by the mortgage-bond of 1761 (A.D. 1844), the mortgagee in possession was to make up an account of the interest at the end of every twelve months, and was to pay the Government assessment from the produce, and the mortgagor was to be charged interest on the money spent by the mortgagee on repairs and on a sepoy at Rs. 3 a month, which salary was to be debited to the account, the balance of profits after paying assessment, repairs and peon's salary as above, being taken towards the principal and interest. The account taken on those terms was to be signed by the mortgagor every year.

Applying the ruling just quoted, if the mortgagee is entitled to have interest added to the principal (Rs. 250) at 18 per cent. (compound) and to appropriate the rents and profits received by him in or towards satisfaction of assessment and other expenses noted above, and the balance in or towards satisfaction of such interest and principal, the same interest being charged on all unsatisfied arrears of assessment and interest, and if after such appropriation the amount of interest now due exceeds the amount of principal, and if the interest now awardable by the decree must be limited to double the original principal, then it is evident that the account found by the subordinate Judge must be materially amended.

Mr. Apte objected to the application of the rule of dámdupat, first, because he contended the rule as shown by the texts (Stokes, pages 110 to 113) applies only to loans in general, and not to pledges, and, secondly, because the ruling in Shri Ganesh *v.* Keshavráv was given without consideration of a long course of decisions of this Court that the rule of dám dupat does not apply to cases of running account between mortgagor and mortgagee.

We are not inclined to agree with the first contention, for the rule has been continually applied to mortgage-debts, and a reference to the texts shows that it is included in the section "of pledges." Thus the author of the Vyavahara Mayukha closes this section by quoting two texts of Brhaspati and Yájnavalkya. Thus "Brhaspati:—When land or other [immoveable property] has been enjoyed, and more [than the principal debt] has accrued therefrom, then the principal and interest having been realized, the debtor shall obtain his pledge. Yájnavalkya:—Whenever a debt under mortgage has become doubled by interest, then the pledge shall certainly be returned whenever double the sum lent has been received."

As to the other contention, it certainly does appear that the ruling of the Division Bench in Shri Ganesh *v.* Keshavráv conflicts with previous decisions of this Court. It is unnecessary to quote at length the many decisions in which it is shown that the rule of dámdupat does apply to all cases in which the mortgagee has had no possession of the mortgaged property, or in which being in possession he takes the rents and profits in lieu of the whole or part of the interest. In such cases no account is taken on both sides, and, therefore, the rule of dámdupat applies. But

we

we are dealing with a case in which there is an account on both sides. In such a case it has been held the rule of dámdupat is not applicable :—

(2) 9 B. H. C. R., 83. (1) By Westropp, C. J., and West, J., in Náráyen *v.* Satwáji.(2)

(3) P. J., 1876, p. 229. (2) By Westropp, C. J., and Melvill, J., in Rájárám *v.* Gopál.(3)

(4) P. J., 1881, p. 291. (3) By Westropp, C. J., and Kemball, J., in Shankarabáwa *v.* Bábáji.(4)

(5) P. J., 1883, p. 312. (4) By West and Nánábhái, J.J., in Bálamakat *v.* Sitárám.(5)

(6) P. J., 1886, p. 76. (5) By Sargent, C. J., and Birdwood, J., in Rango *v.* Báláji.(6)

It is noteworthy that the decisions in the cases marked above (1) (2) and (5) purport to be founded on the decision of Couch, C. J., and Newton, J., in Nathubhai *v.* Mulchand(7), while the decision in the case marked (3) is based on the decision in the case marked (1), which itself, as just remarked, is based on the case of Nathubhai *v.* Mulchand. On the other hand it is to be remarked that in the judgment in Shri Ganesh *v.* Keshavráv the decision in Nathubhai *v.* Mulchand is equally relied on. But, it is said, the ground of equity upon which the rule, laid down in that case, is rested, does not justify a decree in favour of a mortgagee for more than double the amount actually advanced; it only prevents the rents and profits being deducted from the amount so doubled. So here, assuming that the rents and profits have paid off all charges on account of assessment and other expenses, and all arrears of the same with interest, then the amount payable on foot of the account cannot exceed Rs. 500.

(7) 5 B. H. C. R., 106.

As against the five cases noted above, in which it was held that the rule of dámdupat was inapplicable because they were cases of accounts on both side, reference may be made to the case of Bápuji *v.* Gangádhar(8), in which the District Judge, on the authority of the ruling in Nathubhai *v.* Mulchand held that the rule of dámdupat was inapplicable to a case of running account, but on appeal to the High Court, Melvill and West, JJ., said, "Under the terms of the mortgage there was nothing to prevent the defendants from causing the mortgaged property to be applied to the liquidation of the debt whenever the amount of interest due became equal to the amount of the principal. Under these circumstances we consider that there is no injustice in following the previous rulings of the Court which make the rule of dámdupat applicable to such cases."

(8) P. J., 1877, p. 131.

Such being the various rulings on this important point, we do not think it advisable to express an opinion on the merits of the contention raised before us. We, therefore, adjourn the hearing of this appeal till November, when the Chief Justice, Sir C. Sargent, will be sitting in this Court, and when, if he so directs, the question can be considered by a bench of three Judges.

C. F. Farran.
E. T. Candy.

8 August 1894.

APPEAL No. 100 OF 1891 FROM ORIGINAL DECREE.

Gopal Ramchandra Limaye (Original Plaintiff) - - - - - - - - Appellant.

versus

Gangaram Anandaji Shet Marwadi, deceased, by his sons and heirs Panha and Dewa, of whom Panha, deceased, by his brother and heir Dewa, also deceased, by his son, and heir Chunilal, minor, by his guardian and administratrix mother Nathibhai kom Dewa Gangaram Marwadi (Original Defendants) - - - - Respondents.

Appeal from the decision of Ráo Bahádur G. A. Mánkar, First Class Subordinate Judge of Thana, in Suit No. 962 of 1885.

Mr. Mánekshán Jehángirshán for the appellant.

Mr. M. C. A'pte for the respondents.

Full Bench Judgment.—The leading case as to the application of the Hindu law of dámdupat to mortgages is that of Nathubhái Pánáchand *v.* Mulchand Hiráchand(1). Sir R. Couch, in delivering the judgment of the Court, referred to several cases in which the question had arisen, and came to the conclusion that the law was applicable to mortgages "where there is no account on both sides and no charge for rents and profits, but that it would be inequitable that the interest should cease when it amounts to the same sum as the principal, if the rents and profits continue to be charged." Alluding to the circumstances of the case before him where the mortgagee had been in possession of a shop for several years, Sir R. Couch says, "As the mortgagee is to be charged with rents and profits, it would not be just to stop his interest, and consequently the rule of Hindu law cannot be applied." The exception so enunciated to the application of the law of dámdupat has, we cannot doubt, been always understood as excluding the law whenever an account had to be taken between the parties of interest on the one side and rents and profits on the other. This is clear from a series of cases beginning with Náráyan *v.* Satváji(2), where Sir Michael Westropp, referring to the remarks of Sir R. Couch in the above case, treats that case as deciding that the law is applicable to mortgages "if there was only an account to be taken of principal and interest due on the mortgage and no account of rents and profits on the other side." In Rájárám *v.* Gopál(3), Westropp, C. J., and Melvill, J., say, referring to the above decision of Sir R. Couch in Nathubhái Pánáchand *v.* Mulchand Hiráchand, that the rule of dámdupat would have been applicable if the mortgagee had not been accountable for rents, and the decree passed by the Court shows that the application of the rule was treated as quite independent of the result of the account. The cases—Náráyan *v.* Satváji(4); Bálambhat *v.* Sitárám(5); Rango *v.* Báláji(6)—are further illustrations of the application of the exception so understood to the Hindu law of dámdupat. It is true that in the case of Bápuji *v.* Gangadhar(7) the law of dámdupat was applied in the case of a running account, but the Court (the members of which had all taken part in the decision above cited) relied in that case on a particular term in the mortgage which the Court considered would prevent any injustice in applying the rule, and did not dispute the correctness of the previous rulings.(8) In Shri Ganesh Dharnidhar *v.* Keshavráo(8) the Court for the first time treated the application of the rule enunciated in the case of Nathubái Pánáchand *v.* Mulchand Hiráchand as depending on the state of the account when taken—holding that the equity upon which it was grounded did not justify its application, if after the rents and profits received by the mortgagee were appropriated to the interest there was a balance of interest still due exceeding the principal, and that the decree on that part of the claim must be limited to double the principal amount. We think that this distinction cannot be reconciled with the judgment in the case of Nathubhái Pánáchand *v.* Mulchand Hiráchand, as it has been uniformly understood and acted upon since 1868, and that the long course of decisions requires us to hold that the exclusion of the law of dámdupat in that case of mortgages depends on there being an account current between the parties and not upon the state of the account.

(1) 5 B. H. C. R., 108.

(2) 9 B. H. C. R., 86.

(3) P. J., 1876, p. 229; 5. B. H. C. R., 108.

(4) 9 B. H. C. R., 85.
(5) P. J., 1883, p. 312.
(6) P. J., 1886, p. 76.
(7) P. J., 1877, p. 131.

(8) I. L. R., 15 Bom., 635; 5. B. H. C. R., 108.

5 B. H. C. R., 108.

C. Sargent.
E. T. Candy.
E. M. H. Fulton.

14 March 1895.

LETTER from the Honourable Mr. *H. Batty*, Remembrancer of Legal Affairs, to the *Secretary to Government* Judicial Department, No. 861, dated 29 July 1895.

THE Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts on which Government Resolution No. 2334, dated 8 April 1895, calls for my opinion, appears, I have the honour to submit, to be drafted in a manner fully adapted to the carrying out of the purpose set forth in the Statement of Objects and Reasons of placing a limit upon award of interest.

2. If, however, it is open to me to express any opinion as to the expediency of giving effect to that purpose, I would venture to submit that the policy appears to be somewhat retrograde, and opposed to that advocated and acted on in England ever since the days of Adam Smith, and in India since Act XXVIII. of 1855 (an Act for the repeal of the Usury Laws).

3. My own experience, if I may venture to refer to it, has always been that difficulties placed in the way of money-lenders, limiting their power of recovery, force them, and, by contracting the market, enable them to exact more unfavourable terms from the borrowing class than would either be necessary or possible if the parties were left free to make their own bargain.

4. Evasion of an usury law is generally easy, and the fear of detection only raises the rate of insurance, which the creditor, in one form or another, will always require as a condition of his loan.

5. An instance was recently given me of the immediate effect produced by a rumour that special legislation was contemplated of the nature of an Encumbered Estates Act.

Local money-lenders, who had been perfectly content to receive a moderate annual return on their loans, at once telegraphed instructions to file suits against their debtors, insisting on the full rigour of bonds, which would otherwise have been settled in the more usual way of not altogether unreasonable compromise.

6. If the proposed Bill became law, it would have, I fear, the effect of obliging creditors either to sue earlier than they otherwise would, or to obtain from time to time by threat of suit new agreements for the payment as principal of past interest.

7. How this could be prevented by the Bill does not appear. Nor, as the onus of disproving consideration for an admittedly executed document is on the borrower, would it be easy to prevent the creditor from insisting, as is even now not infrequently the practice, on the insertion in an agreement as principal of a sum otherwise thereafter payable by the debtor as interest.

8. Unless the Courts are in each instance "to go behind the bond" and examine minutely the whole series of transactions between money-lender and borrower, the Bill would, it is to be feared, have an effect the contrary of that apparently anticipated.

No. 255, dated Bankipore, 7 May, 1895.

From *J. Tweedie*, Esq., District Judge of Patna, to the Chief Secretary to the Government of Bengal.

I HAVE the honour to acknowledge receipt of your Judicial No. 2113J., dated the 13th April 1895, with annexures, and to state that, in my opinion, any provision to limit the amount of interest which can be decreed on suits for money will be wholly evaded by a development of the practice already thoroughly understood by which a large fictitious sum is entered on the bond as principal.

2. The only way, as far as my experience enables me to judge, by which we can get unconscionable bargains under any kind of control by the Courts is to have short terms of "limitation," with absolute power to Courts to pass whatever seems an equitable decree, with reference to time running after suit brought—any provision in the bond notwithstanding.

3. If in addition to this we could follow the analogy of English law, and make recitals in registered deeds "conclusive proof" of the truth of what is recited, borrowers would soon drop the present practice of allowing fictitious sums to be set down as the "consideration" of their transaction.

No. 1417, dated Hooghly, 27 May 1895.

From *J. F. Bradbury*, Esq., District Judge of Hooghly, to the Chief Secretary to the Government of Bengal.

THE Bill moved by Mohini Babu embodies a most desirable amendment of the law. No Court should be allowed under any circumstances to award interest double and treble the amount of the principal. I have had to deal with claims for interest far exceeding even that. We have to protect an unthrifty, improvident class. With restraints on the freedom of contract we are all now familiar, and contracting out of the operation of statutes is also being rigorously interdicted. *Ergo* the proposed legislation is unexceptionable on that score.

2. Nor is exorbitant interest an incident of legitimate investment or business. Those who demand it are the lowest and most unscrupulous class of money-lenders, who prey on the ignorant and the poor, and merit no consideration.

3. Now, the mode in which iniquitous claims are made is this:

First, a preposterously high rate of interest is stipulated; and secondly, the interest is allowed to accumulate for a long term. The usury laws were repealed in 1855, and the suggestion of their revival in any form may be premature; but why should interest be allowed to accumulate for three years and even longer?

We permit any rate of interest, however iniquitous, and the accumulation thereof for an absurdly long period, and then we step in and say "You may stipulate and accumulate as you please, but you shall not recover more than 100 per cent." Why sanction accumulation to the extent of 100 per cent.? Why not restrict claims for interest to six months' arrears? The debtor will be all the better for a shock in the shape of a reminder of his obligation, and all temptation to let—nay, the very opportunity of letting—interest accumulate till it equals the principal will be removed.

4. Further amendment of the law is needed before the poor and ignorant will be properly armed against the rapacious; but meanwhile Mohini Babu's Bill is a welcome instalment of reform.

No. 635, dated Noakhali, 27 May 1895.

From *W. H. M. Gun*, Esq., District Judge of Noakhali, to The Chief Secretary to the Government of Bengal.

I HAVE the honour to acknowledge the receipt of your letter No. 2113J., dated the 13th April asking for an expression of my opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, the text of which was forwarded with your letter.

2. The subject is one of interest and importance, and there seems to be a very general feeling that some measures should be taken to protect debtors from the exorbitant claims for interest which under the present state of the law the Courts are obliged frequently to award against them. Only one Munsif in the district is of opinion that no legislation is necessary. All the other gentlemen whom I have consulted agree in thinking that something should be done, but opinions differ as to the expediency and sufficiency of the remedy proposed by Babu Mohini Mohan Roy. The Munsifs of Lakhipur, Babus Har Kumar Das and Surendranath Ghose, the Munsif of Hatia, Babu Latu Bihari Bose, and the Munsifs of Fenny, Babus Debendra Nath Pal and Rajendra Lal Lahiri, consider that the Bill as drafted will, if passed into law, be a great relief to debtors, although its scope is not as wide as it should be. Babu Debendra Nath Pal thinks that there should also be a legislative limit to the rate of interest, which he suggests might be three per cent. a month.

3. Other gentlemen point out that the Bill is defective, that its provisions may be evaded, and that it may be productive of mischief also. It is considered to be defective, inasmuch as it relates only to suits for money and mortgage-debts, and omits other classes of cases in which the remedy is as urgently called for. One of these classes is that of suits for rent on kabuliyats, in which there is very frequently a stipulation for payment of interest on arrears of rent at 37½ per cent. per annum, and sometimes at the rate of 75 per cent. No doubt raiyats are protected against such terms since the Bengal Tenancy Act came into force, but there is a certain proportion of men of this class holding under leases or kabuliyats executed before the passing of the Act, and they are not protected. And in this part of the country talukdars and hawaladars are often men of the cultivating class, and just as careless and improvident and just as apt to agree to such terms without due consideration, and as their interests are permanent, they are not protected by section 67 of the Tenancy Act.

Another class of cases which the Bill will not touch is those which are brought on contracts for the repayment in kind of a debt. A man borrows 100 rupees and gives a bond stipulating to deliver at the due date 100 maunds of rice, or to pay the market value of it. The price of rice might rise greatly before the time for repayment came, and the borrower be required to pay as much as three times the amount he had borrowed. It would be advisable to include such suits within the scope of the Bill.

4. The provisions of the Bill as drafted might also be easily evaded. A creditor might require his debtor to execute fresh bonds for the interest as it accrued due from time to time, which could be taken as the principal of the new bonds. The creditor could then recover the original principal together with fresh interest to the same amount, as well as the amounts of the new bonds and interest thereon. It seems to be the general opinion that in such cases the debtor would agree to give a fresh bond for the interest rather than have a suit brought against him at once on the original bond. In fact it is supposed that a debtor will do almost anything to put off the time when his creditor will sue him.

5. It is also objected to the Bill that its effect will be to increase litigation by leading creditors to sue as soon as the interest due amounts to the same sum as the principal instead of waiting till the latest time allowed him by the law of limitation. In my opinion if this effect was produced it should not be considered a mischievous one. The feeling here is that the longer a man can put off the inevitable, the better it is for him, and that it would be a misfortune for him if his creditor were to sue him before the last moment allowed by the law of limitation. But there can be little doubt that in many cases it would be better for a debtor if his debt was not allowed to run on. If he was sued and compelled to pay the debt before it had reached proportions beyond his means, he might be induced to make an effort to pay it off and be left with some of his property, and with an experience which might make him more cautious in contracting loans in future. It is no benefit to such a man to let him remain in fancied security while the interest on his debt is accumulating to such a sum that all he owns is insufficient to satisfy his creditor. The crash must come sooner or later, and when it comes later the debtor is generally completely ruined. This consideration does not, however, affect the objection put forward in the last preceding paragraph, that creditors would probably take fresh bonds for the interest from time to time.

6. Another mischief which it seems to me may arise from the proposed change in the law is, that the amount borrowed may be overstated in the bond, so as to enable the creditor to recover the interest which he would have got if there were no restriction on the amount. One Munsif, Babu Lal Sing, says that he does not think there is any fear of this, as it would be opposed to the morality of the money-lenders. They have a sort of morality of course, and a regular trader and money-lender might have scruples of conscience as to stating in his bonds a larger sum than he advanced, but it would be as well not to expose them to the temptation of doing so. And a great many loans are taken from persons who are not regular "mahajans" and who are more unscrupulous as a rule than these are, and in their case I think there is little doubt that the sum advanced would be overstated.

7. One consequence of the amount being overstated in some cases would be that in a great many cases debtors would allege when they were sued that they had not received the whole amount set out in the bond, and false pleas of the kind would multiply infinitely, just as false pleas of payment in rent suits have been multiplied by the provisions of sections 149 and 150 of the Bengal Tenancy Act. By the latter section a defendant is not entitled to be heard at all unless he pays into Court any rent which he may admit to be due. Tenants when they have been sued generally object to paying anything before they are compelled to do it, and so they plead that no rent is due, all the arrears claimed having been paid up. This is often done even when it is not intended to attempt to prove the alleged payment.

8. In my opinion the Bill proposed is too limited in its scope, is such that its operation can be evaded with great ease, and is likely to lead to further mischiefs, such as those set out in paragraphs 6 and 7 of this letter. And the explanation annexed to it is most mischievous, for it gives a premium to the debtor who omits to meet his obligations. According to this explanation "interest" in the Bill means the interest due at the date of the suit exclusive of payments previously made; that is to say, an honest debtor who tries to pay the interest as it accrues due, and does so to some extent, is not to get any credit for such payments if in consequence of the high rate the interest is equal to the principal when the suit is brought, and put on the same footing as a debtor who has never paid a rupee of interest.

9. There are, it seems to me, only three modes of relieving debtors against usurious contracts. One is by regulating the rate of interest which may be legally recovered, as was done by the usury laws. Another is by limiting the aggregate sum that may be legally recovered, as is proposed in the Bill under discussion. The third is by allowing the Courts a wider discretion in awarding interest than they possess under the present law. The first method may be evaded without much difficulty, and is generally condemned in civilised communities. I am not certain that they are altogether out of place in parts of India, and in default of some more effectual remedy I should not be sorry to see the law reintroduced here. But in my opinion the best and safest remedy is the last—that of giving a wider discretion to the Courts. The Courts in India have even now a certain discretion in cases where there is any unfairness, or advantage has been taken of the borrower, but it is very limited, and most of the hard

cases which come before them are not of such a nature that this discretion can be exercised. I think a Court should be authorised, whenever it considered that the interest sued for was exorbitant, to reduce it to a reasonable amount, provided that it did not reduce the interest below a certain rate, say 12 per cent. per annum. This is a rate which is an ample return for money lent, but of course if the Court considered that in the circumstances the plaintiff was fairly entitled to a higher rate, it would give him interest at that rate. And where the defendant was a person who was capable of meeting the plaintiff on equal terms, the full rate might be awarded, no matter how high it might be. I think that, in Bengal at least, this extended discretion might be given to the Courts, especially as there is the power of appeal in all cases in which the amount at stake is of any consequence.

Dated Calcutta, 29 May 1895.

From *Rai Raj Kumar Sarvadhikari Bahadur*, Secretary, British Indian Association, to The Under-Secretary to the Government of Bengal, Judicial Department.

I HAVE the honour to acknowledge the receipt of your letter No.2114J., dated the 13th ultimo, with annexures, and to submit below the opinion of the Managing Committee of the British Indian Association on the "Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts."

2. The first attempt made to restrict the award of interest in money suits, since the repeal of the Usury Law in 1855, was in 1873, when, at the instance of the Secretary of State for India, the Government of India consulted several public bodies and a large number of judicial and executive officers, with a view to decide whether any legislative measure could be passed on the lines suggested by the Secretary of State. The decision come to by Government is well known. It was deemed undesirable to interfere, even to a small extent, with the provisions of Act XXVIII. of 1855, and to re-enact what could not but be regarded a Usury Law.

3. On that occasion the Committee of the Association, having regard to the different circumstances of England and India, stated that they "are of opinion that the interest after decree till the date of payment of the debt should ordinarily be calculated at the rate originally stipulated, except in such cases in which the court may find that the creditor has not exercised reasonable diligence to enforce his claim, or has wilfully evaded receipt of payment. It is observable that there cannot be much room for presumption against the creditor, when it is always in the power of the debtor to satisfy his debt, and thus be done with it."

4. The Committee consider it highly undesirable that for the purpose of preventing a few rare cases of hardship, the provisions of section 2 of Act XXVIII. of 1855, should be in any way modified. If engagements made with regard to the rates and payments of interest be not fully given effect to it, all the objectionable results of the old Usury Laws would repeat themselves. Instead of benefiting intending borrowers, further difficulties would be placed in their way, trades and industries would suffer, money-lenders would be forced to resort to objectionable devices for the purpose of defeating the law, and a new cause for the demoralisation of the trading community would be introduced.

No. 912, dated Suri, 4 June 1895.

From *G. Gordon*, Esq., Officiating District Judge, Birbhum, to The Chief Secretary to the Government of Bengal.

IN reply to your letter, Judicial, No. 2113J., dated the 13th April 1895, I have the honour to state that I have called for an expression of opinion on the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts from the Subordinate Judge and the Munsifs in this district, and I have consulted other gentlemen of business experience and capacity, with the following result.

2. I am informed that it is by no means uncommon for loans to be contracted at most extortionate rates of interest in cases where Government demands have to be met, or where there is other similar immediate and pressing urgency. The money-lenders having the monopoly of the trade are able to exact the most extravagant terms, and interest at 100 or 120 per cent. is sometimes stipulated for. In one instance, given by the Munsif of Rampur Hat, a decree was given for a sum of 749-15 Rupees upon a bond, executed only three years and three months previously, in which the total consideration was the trifling sum of 50 Rupees. The Munsif does not give the details as to the rate of interest charged, but it was probably compound interest, calculated monthly, or a very high daily interest, which is not infrequent. I have had personal experience of a case of daily interest which came to, as far as I remember, 175 per cent. per annum.

3 The officers above mentioned seem to be generally in favour of the Bill; but as they do not give any sound logical reasons, it is hardly worth while to quote from their opinions Some of them seem to comprehend what the immediate result of such an Act would be, *i.e.*, to put a stop to a system, under which an apathetic or indifferent debtor can allow a debt that he has contracted to swell to an inordinate amount, and to compel the creditor to either a renewal of the contract or a resort to legal steps to recovery; but they have none of them grasped the principle which underlies the proposal of the extreme ingenuity of which I can only speak with the greatest admiration.

One of my Munsifs has thought that the result of the Act would be to increase the liability of the debtor rather than to reduce it. He supposes that it would introduce a continuous system of renewals, in which the principal and interest will be continually added, and so the claim would be swelled by compound interest of simple interest. He fails to see that the position of the parties is necessarily different at the time of these renewals from what it was at the date of the original loan, and it by no means follows that because, in order to save his patrimonial estates or for other urgent reasons, a man was willing to bind himself to pay 100 Rupees or 120 per cent. interest, he will be equally under the necessity to do so when the imminency of the danger has passed. It may be laid down as more or less obvious that he will be able to obtain better terms.

The important factor of the measure in which the cleverness of the device is so artfully concealed is the not mere alteration, but the actual reversal of the position of the creditor and debter after the interest has reached what may then be aptly termed its legal limits. It will be the creditor and not the debtor who will be forced to move, and whereas it was the latter who before was anxious to accept any terms to get the money that he required, it will be the former now who will be called upon to exert himself to get the money back. The creditor knows that, if he takes the claim into Court, he will get nothing but a decree for the sum claimed, with a nominal rate of 6 per cent. interest, and that it may be difficult for him to realise the amount so due, for the execution of a decree is sometimes an exceedingly troublesome matter. If he finds that the debtor is unable to pay, he will accept any terms of renewal rather than proceed to such extremities. In any case, anything is better than the present system, where it is in the interest of the creditor to postpone proceedings until the last day within which he can file his suit. Every day that he lingers adds more to his ultimate profits, which is the most iniquitous state of affairs that can be conceived.

4. One consideration remains, and that is whether the law, as so framed, would lend itself to evasions, and so would become inoperative. I do not think so. The idea is essentially different from that of a minimum of interest legally chargeable, a restriction of which the methods of evasion are so simple and so numerous as to require no explanation. It is not easy to see how a money-lender, even if he desire to do so, can escape the confines so put upon his claim. No doubt, by the insertion in the bond of a higher sum than the consideration

consideration money, the creditor can recover more than double the amount actually advanced, but that is not a matter of importance, for it is not easy to see why a man should not stipulate to repay more than he actually borrowed. In any case it is not conceivable that the difference between the money actually advanced and that noted in the bond could be so great as to make the claim so entirely disproportionate to the advance as now frequently happens.

I have therefore every reason to anticipate that the measure will prove a success.

No. 881, dated Midnapore, 7 June 1895.

From *H. R. H. Coxe*, Esq., Officiating District Judge of Midnapore, to The Under-Secretary to the Government of Bengal, Judicial Department.

I have the honour to submit the following reply to your letter No 2113J., dated the 13th April 1895.

2. I have availed myself of the advice of the judicial officers subordinate to me, and find in their opinions a preponderance in favour of the Bill to regulate the award of interest in certain suits. The two Subordinate Judges and eight of the Munsifs are in favour of the Bill. Their approval is based chiefly on the ground that the existing practice of permitting unlimited interest has caused widespread distress. In particular, the Munsif of Garhbeta has informed me that the Sonthals within his jurisdiction have been greatly impoverished in past years by falling into the hands of usurers, and that the well-to-do class of Sonthals is rapidly disappearing. On the other hand, five Munsifs are opposed to the Bill, and one of them, the 1st Munsif of Tamluk, expresses an opinion that 90 per cent. of debts of the kind dealt with by the Bill are settled before the interest amounts to the principal, and that in the remaining 10 per centum a portion at any rate of the debtors owe their embarrassments more to their own dishonesty than their misfortunes.

3. For my part I am inclined to think that little reliance can be placed on the opinions of officers on the comparative distress that the present practice causes. We know little of the dealings that do not come into court, and can only conjecture what proportion they bear to the dealings which end in civil suits. This much, however, may be safely said, that a large amount of distress is caused by the accumulation of interest, though it is beyond our power to say if that distress is important or insignificant in comparison with the amount of money-lenders' business that results in mutual advantage. I think the evil that is known to be caused is sufficient to justify the introduction of the proposed Bill.

4. Several objections have been raised to the proposed measure. It is said that the Legislature cannot regulate a matter that depends on the demand and supply of money, that sometimes borrowing is an absolute necessity, and that if the state of the law prevents creditors from lending money as they wish, lenders will combine with them to circumvent the law. These and similar objections appear to me to be more relevant to proposals to interfere with the rate of interest than to the Bill now under consideration. The great evil of the existing system is that, provided a creditor can periodically squeeze out a few rupees from his debtor in part payment of the account, there is no limitation in time to the presentation of a suit to recover a loan. Thereby the principal rolls along like a snowball in its own interest till its original proportions are quite forgotten. The debtor abandons all thought of paying it, and sinks into a mere dependent of the creditor. Probably, in most cases the creditor is satisfied with this, keeps the man from entire ruin, and even in his own way treats him well, provided that the victim pays all he can spare beyond a mere subsistence, and makes no attempt at insubordination. It is only when the victim rebels that the case comes into court; but probably such a case is rare in comparison with the numbers of cases in which the victim is leading a life not of misery, perhaps, but of dependence unfit for a human being.

5. No certain remedy can be seen for this state of things, but an experiment might, and should, be made of the effect of a strict limitation of the period that a debt can run. It is because I think that the present Bill supplies this limitation in a peculiarly advantageous form that I support it. Under the Bill, the higher the rate of interest, the sooner must the creditor sue to avoid loss; and as there is no reason why the Bill should increase the desire of creditors for prompt payment, it will probably have little or no effect on the rate of interest.

6. There seem to me to be three great defects in the Bill. The first is the exclusion from consideration of payments of interest out of court. This permits, though to a modified extent, of the existence of those debts that run on for ever without any hope to the debtor of extricating himself. Many such debtors must, and do, pay all they can spare beyond the bare necessities of life without making any impression on the principal. I would certainly include all payments of interests, whether made in court or not, within the purview of the Act, if the Bill is enacted at all.

7. The second defect is the absence of guidance to courts respecting renewals. If creditors are able to take fresh bonds from their debtors when the interest on the original bond equals the principal, and the courts are only concerned with the fresh bonds, it is clear that the whole object of the Bill will be defeated. If such renewals are permitted at all and can be sued upon, they should be only permissible on registered instruments, so that the debtor should be compelled to have full knowledge of what he is doing. But I am of opinion that it would be better not to permit renewal at all, or rather to direct that the court should have regard to the original loan only.

8. The third defect is the exclusion of grain dealing from the Act. In this business there is quite as much extortion as in money lending, and debtors need quite as much protection. Moreover, the exclusion of grain dealing affords lenders and borrowers an easy means of contracting out of the Act.

9. On the whole, I think the Bill should, with some alterations, be passed into law. No extravagant hopes should be entertained of its effects, but it is not impossible that it will be a greater boon to the poorer classes, and it is fully worth trial as an experiment.

No. 5461. V., dated Chittagong, 7 June 1895.

From *C. P. Caspersz*, Esq., District Judge, Chittagong, to the Chief Secretary to the Government of Bengal.

In reply to Government letter, No. 2113J., dated the 13th April 1895, I have the honour to submit the following expression of my opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

2. Much as I sympathise with the object of the Bill, I do not think that it should be passed into law. Whether a complete Act on the subject of usury is desirable or practicable is a larger question, upon which, I believe, no opinion is invited. But the present Bill is open to criticism of various kinds, as for instance:—

(*a*) It does not meet the case of paddy bonds, that is, the case of Muhammadan money-lenders who are forbidden by their religion to take interest *eo nomine*.

(*b*) Such an act will increase litigation or lead to frequent renewals of bonds.

(*c*) Creditors could evade the provisions of the Act by deducting interest in advance from the principal amount lent.

(*d*) The Bill is apparently based on a misconception of the rule of dandapat, which does not forbid the realisation of interest in excess of the principal, but merely the realisation at any one time of arrears of interest when such arrears exceed the principal sum, *i.e.*, it forbids the accumulation of interest beyond the principal.

(*e*) It will tend to convert simple interest into compound interest (*cf. b*)

(*f*) The word exclusive (not inclusive) in the explanation to the Bill seems to nullify the principle sought to be enforced by law.

(*g*) The Bill draws no distinction between borrowers who deserve protection and those who borrow for business purposes to make a profit.

3. These weighty considerations induce me to pronounce an opinion entirely adverse to the measure introduced by Babu Mohini Mohun Roy.

No. 986, dated Alipore, 8 June 1895.

From *J. Pratt*, Esq., District Judge of 24 Parganas, to The Chief Secretary to the Government of Bengal.

WITH reference to your No. 2113J. of the 13th April last, calling for an expression of my opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I have the honour to submit as follows :—

2. The primary object of the Bill is to introduce the old law of dandapat under which no interest exceeding the principal is recoverable by the creditor. The question is not altogether free from difficulty, but the best solution will probably be found in a review of the statutory enactments and judicial interpretations bearing on it.

3. The first enactment which is deserving of notice is Act XXXII. of 1839, by which the provisions of the Statute 3rd and 4th Will. IV., c. 42, s. 28, concerning the allowance of interest in certain cases, was extended to the territories under the Government of the East India Company, as well as within the jurisdiction of Her Majesty's Courts as elsewhere. The Act gave the Court power to allow interest at the current rate on all debts and sums certain from the due date of repayment, if fixed by a written instrument, or, if otherwise, from time of demand of payment and notice to the debtor that interest will be claimed from such date. The question as to whether interest exceeding the principal, which is due under any agreement, should be allowed, or how long interest should run, or down to what period it should be calculated by the Court, does not appear to have been touched by the Act.

4. The year 1885 saw the repeal of the Usury Laws which were principally contained in 13 Geo. III., c. 63, s. 3, and Regulation XV., Bengal Code, by Act No. XXVIII. passed in that year. The Usury Laws did not similarly contain any provisions as to how long interest should run, or down to what period it should be calculated by the Court. The rate of interest only is dealt with by the Act, which, however, is silent as to the questions, the absence of which are noticeable in Act XXXII. of 1839 or in the Usury Laws.

5. Section 193 of Act VIII. of 1859, Section 10 of Act XXIII. of 1861, and Section 209 of Act X. of 1877, all dealt with the question of interest which the Court might adjudge after the date of suit. These sections are repealed, and a similar provision is contained in Section 209 of Act XIV. of 1882, which is the Civil Procedure Code now in force. It is settled by the Full Bench case of Mangin Ram Marwari *v.* Dhontol Roy and others (Indian Law Reports 12, Calcutta, page 569) that in a suit for non-mortgage debt the award of interest after the date of suit is, under Section 209 of Act XIV. of 1882, entirely discretionary with the Court, whether there exists a contract for the payment of a fixed rate of interest till realisation or not.

6. In cases which are not regulated by any contracts, the award of interest seems to be a question of easy solution, for it is either regulated by the existing law or precedents, or if such law or precedents do not exist, by the discretion of the Court. In the latter case the interest, to speak more correctly, is allowed more in the shape of damage than as interest strictly so called. In cases which are governed by any contracts, a question is not infrequently raised whether the Court should not have the power of reducing the interest to any extent if, under the circumstances disclosed in them, it thinks it fit to do so.

7. Under Section 10 of Act IX. of 1872, all agreements are contracts if they are made by the free consent of parties competent to contract for a lawful consideration, and with a lawful object, and are not under the Act expressly declared to be void. This is a provision which is founded upon the fundamental principles of the English law of contract, and has not been repealed by any legislative enactment or by the Bill in question. In the Statement of Objects and Reasons for the Bill is cited a case in which the Calcutta High Court adjudged interest which was on an average 175 per cent. of the principal per annum. There are other reported cases in which interest at an inordinate or unusual rate has similarly been awarded. The principle which underlies these cases is that the debtor is bound by the contract which he himself has entered into. It will be sufficient for the present purpose to cite the case of Mackintosh *v.* Wingrove reported in Indian Law Reports, Calcutta, page 137. In that case Sir Richard Garth, C.J., observed that it was only the concurrence of two elements—(1) an inequitable bargain, and (2) ignorance of the unfair nature of the transaction on the part of the debtor—which justified the Court in modifying the stipulated interest. It was a case in which the bargain was extortionate and the rate of interest grossly exorbitant, and yet the contract was fully enforced. "If," as the Chief Justice observed, "people with their eyes open choose wilfully and knowingly to enter into unconscionable bargains, the law has no right to protect them."

8. The only exception to the general principle is to be found in the case of Presidency towns, in which the law of dandapat is applicable. This law is founded upon the text of Manu, which is to the following effect :—

> "Interest on money received at once, not year by year, month by month, or day by day, as it ought, must never be more than enough to double the debt, *i.e.*, more than the amount of the principal paid at the same time.'

9. The 17th section of the Parliament of 1781, among other things provides that all the matters of contract and dealing between party and party should be determined in the case of Muhammadans by the laws and usages of Muhammadans, and in the case of Gentoos by the laws and usages of Gentoos, and where only one of the parties is a Muhammadan or Gentoo, by the laws and usages of the defendant. This law has not been repealed, and therefore in cases in which the parties are Hindus, or where the defendant is a Hindu, the law of dandapat is applicable to the Presidency towns. This has been settled by a great number of authorities, out of which Ram Kumar Adicari *v.* Jhahar Lall Dutt (Indian Law Reports 5, Calcutta, page 867) may be referred to as a leading case.

10. It is an anomaly that the law of dandapat is not applicable to cases arising beyond the limit of the Presidency towns, and that even in cases arising within the limits of the Presidency towns the jurisdiction of the High Court is confined only to a limited class of suits, viz., those in which both the parties are Hindus, or where the defendant is a Hindu

11. The

11. The prohibition of interest exceeding the principal would certainly interfere with the terms of a contract which has been entered into between the creditor and debtor. Section 10 of the Contract Act, as has been said, is unrepealed, and the binding nature of contracts which are not otherwise bad in law has been upheld by the highest tribunals and eminent Judges presiding over them. The Bill, which seeks to unconditionally introduce such a radical alteration in a well-recognised principle of law should not therefore be supported. Cases may well be conceived in which the postponement of a suit is not prejudicial but advantageous to the interests of the debtor; indeed, it would in some cases operate as a hardship to the debtor if the creditor, in consequence of the law which it is proposed to enact, be obliged to seek redress in Court earlier for fear of losing the interest exceeding the principal. Instead, therefore, of prohibiting interest in excess of the principal generally, as is sought to be done by the Bill, I would suggest that it might be left discretionary with the Court either to allow or to refuse interest above the principal according to the circumstances of each case. The discretion of the Court should, of course, be exercised in a judicial and not in an arbitrary manner. The amendment of the law of interest upon the lines thus indicated by me would not only remove the anomaly, but generally maintain the binding character of contracts.

These observations, which relate to cases of non-mortgage-debts, are also generally applicable to those of mortgage-debts.

12. Suits relating to mortgages which are those for foreclosure, sale or redemption are now brought under Act IV. of 1882. Under Section 86 of the Act, account is taken of what is due to the mortgagee for principal and interest on the mortgage and for his costs of the suit; a similar provision is contained in Section 92 of the Act. In Surja Narayan Singh *v.* Jogendra Narain Roy Chowdhury and others (Indian Law Reports 20, Calcutta, page 361), it has been held that Section 86 excludes the discretion vested in the Court by Section 209 of the Civil Procedure Code, and that when there is a stipulation for the payment of interest at a certain rate till realisation, that stipulation should be given effect to for the period of grace, as contemplated by Section 86. In that case not only was the stipulated rate of interest allowed, but the contract as to the payment of compound interest was given effect to for the period of grace. Section 86 is unrepealed, and the Bill does not contain any provision superseding it. For reasons which need not be repeated, the law of interest in cases of mortgage-debts should be similarly modified, it being left discretionary with the Court to allow or to refuse interest exceeding the principal, according to the circumstances of each case. Section 209 of the Civil Procedure Code, as has been said, gives the Court a discretion in the matter of the award of interest in cases of non-mortgage-debts after the date of suit, and a similar provision may, in the case of mortgage-debts, be introduced in the Bill, the Court being given the power to allow or to refuse interest after the date of suit according to the circumstances of each case.

13. Briefly stated, my suggestions are these :—

(1) That it may enacted in the proposed law that in suits both for simple money-debts and mortgage-debts, the Court may, in the exercise of its judicial discretion, allow or refuse interest in excess of the principal according to the circumstances of each case;

(2) That a provision similar to that contained in Section 209 of the Civil Procedure Code may, in cases of mortgage-debts, be enacted in the proposed law, the Court being vested with the power to allow or to refuse interest after the date of suit according to the circumstances of each case; and

(3) That Sections 86 and 92 of the Transfer of Property Act, so far as they contemplate the award of stipulated interest till the period of grace, be modified.

Dated Calcutta, 12 June 1895.

From *Babu Sita Nath Roy*, Honorary Secretary, Bengal National Chamber of Commerce, to The Under-Secretary to the Government of Bengal, Judicial Department.

I HAVE the honour to acknowledge the receipt of your letter No. 2114J., dated the 13th April last, forwarding copy of a Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

2. In reply, I am desired by the Committee of the Bengal National Chamber of Commerce to observe that while the Government and the public have all along deprecated the idea of interfering, even to a small extent, with the provisions of Act XXIII. of 1855, the introduction of the present Bill, with no higher justification and no other reason than that of removing a supposed anomaly of practice in our Courts, seems to be inexpedient. The measure appears to be a covert attempt to re-enact the Usury Laws in a different form, and is an indirect menace on the liberties of the people with respect to a particular class of contracts, namely, mortgage contracts.

3. While parties are left free to enter into all other sorts of contracts, whether conscionable or unconscionable, the validity of which is left for decision to the discretion of the Courts of law, it is somewhat of an anomaly that it is in loan contracts alone, however otherwise fair they may be, the law should step in and impose fetters on the discretion of judicial officers in the matter of award of interest.

4. True it is that the hon'ble mover of the Bill has been able to find out and cite a few isolated cases of hard bargains from the records of different High Courts, but the British Courts of law being guided by the principles of justice, equity, and good conscience, there is always the inherent power in them to set aside or modify such hard bargains; and even if such power was doubted for a few isolated cases of hardship here and there, happening after long intervals, there would be no justification for the enactment of a special law on the subject.

5. Forbearance on the part of a creditor to sue is often exercised at the earnest solicitation of a debtor or of his friends, and not from any motive of self-interest, but the consequence of the enactment of the present Bill would be that no more indulgence would be shown to a debtor in temporary embarrassment, and as soon as the amount of interest due on a debt would show a tendency to come up to the principal, the debtor would be dragged into Court and saddled with unnecessary costs, or he would be obliged to raise money at a higher rate of interest for repaying his former debt. This would be especially harassing to poor peasants in times of scarcity and famine.

6. Under all these circumstances it would be desirable, in the interest of all parties concerned, to drop the Bill and let them alone; otherwise, all the evils of the old Usury Laws would revive; petty traders and peasants would be confronted with new difficulties, and they as well as money-lenders would not hesitate to resort to new devices and shifts to get rid of the Usury Laws.

7. Laws limiting the rate or amount of interest have in all countries been systematically evaded in a multitude of ways, and it is no light work for the Legislature to devise means by which they can be enforced where the borrower and the lender combine to defeat them.

No. 864, dated Dacca, 25 June 1895.

From *Kumar Gopendra Krishna Deb*, District Judge of Dacca, to The Under Secretary to the Government of Bengal, Judicial Department.

WITH reference to your letter No. 2113J., dated the 13th April last, and its enclosures, I have the honour to say that the Judicial officers and the members of the Bar Library, whom I consulted, are unanimous in thinking that the time has arrived when the Legislature sh uld enact some law to prevent money-lenders from recovering a high rate

rate of interest from their debtors, but that the provisions of the present Bill are not likely to attain that object for two reasons, viz. :—

(1) To defeat the object of the Bill, the money-lenders will compel their debtors to renew the bonds, consolidating the original sum lent and the interest when the latter amount equals or exceeds the principal.

(2) The money-lenders will bring a suit for recovery of every instalment of interest due whenever a default is made in paying it, so that the debtors, instead of being benefited by the proposed enactment, will be harassed by numerous suits.

2. The existing evil cannot be effectually dealt with unless the Legislature is prepared to interfere with freedom of contracts to some extent. It is of course impossible to try to save a man who contracts debts recklessly, but I think some step ought to be taken for the protection of honest debtors, and especially the vast body of ignorant and poor raiyats who are now entirely at the mercy of their creditors.

3. I would, therefore, propose that (1) the maximum rate of interest in all cases be fixed at 12 per cent. per annum ; (2) that stipulation for payment of compound interest be considered void. In case, however, it is deemed inexpedient to put a limit on the rate of interest, the Bill should provide that "interest means not the amount found due under the renewed bond at the time of suit, but the amount claimable as such under the original bond."

4. There is also another way of dealing with the evil effectually, viz., giving the Civil Courts absolute discretion to award interest at any rate which, under the circumstances of each particular case, they may consider fair, both to the creditors and the debtors, irrespective of the rate stipulated for in the simple or mortgage bonds.

5. I also consider that any enactment which does not deal with repayment of interest in kind on paddy loans will be imperfect as failing to deal with a class of debtors who are perfectly helpless, and who are now most in need of protection at the hands of Government.

No. 373G.C., dated Chittagong, 1 July 1895.

From *W. B. Oldham*, Esq., C.I.E., Commissioner of the Chittagong Division, to The Chief Secretary to the Government of Bengal.

In reply to your No. 2113J., dated 13th April 1895, I have the honour to say that the draft Bill therewith forwarded would, if enacted, defeat its own objects. It would be easy to evade, and in a way which would make the state of the debtor worse than it was before the new law was passed. This is the opinion of almost every one whom I have consulted, and it of course rests on the Regulation law that a bond, the due execution of which is proved, may not be unripped. In the non-regulation tracts (the Sonthal Parganas, the Chittagong Hill Tracts, &c.) there is no difficulty in carrying out Usury Laws or rules, because the Courts can go behind the bonds.

2. I think the object sought would be best attained by giving Courts a discretion as regards the award of interest. Evasion, which is easy to practice when it is known what a Court must do, would not be easy or attractive when it was unknown what the Court might do.

No. 479, dated Gaya, 2 July 1895.

From *H. Holmwood*, Esq., District Judge of Gaya, to the Officiating Under-Secretary to the Government of Bengal, Judicial Department.

With reference to your letter No. 2113J., dated 13th April 1895, enclosing a letter from the Government of India, No. 537, dated 13 March 1895, and its enclosures, and requesting me to report before the 1st August 1895, I have the honour to report as follows :—

2. I have consulted the two Subordinate Judges, three Munsifs at head-quarters, the Government pleader, and Mr. Howard, barrister-at-law and leader of the bar at this place.

3. The First Sub-Judge fully agrees with the principle of the measure, and thinks it is urgently required in this district, but he fears that it will be evaded by fresh bonds being taken for a new principal whenever the interest equals the principal. This periodical renewal without reference to previous bonds would entirely defeat the object of the Bill. To obviate this the Sub-Judge proposes to amend the explanation of "interest" so that it should include payments previously made.

4. The Second Sub-Judge also approves of the Bill, and cites two cases decided by him on 28th February last, in one of which, suit No. 188 of 1893, the debtor had to pay on a principal of Rs. 800 only, Rs. 13,945 odd on decree, and in the other, suit No. 189 of 1893, on a principal of Rs. 1,000, the decree was for Rs. 15,751 odd. These cases speak for themselves. The First Munsif says the object of the Bill is a very desirable one, but he doubts whether in its present form it will attain its object. He apprehends that when the limit of interest is reached, the creditor, by threats of a suit, will induce the debtor to pay up the interest, leaving the principal untouched for the accumulation of further interest. He also apprehends that foolish people will borrow money for a month at cent. per cent. interest rather than not get it. He would therefore, instead of the principle of damdupat, enact that the courts will not decree interest at any higher rate than 12 per cent. per annum.

5. The Second Munsif has carefully collated the older and more recent ruling of the Calcutta and Allahabad High Courts on the subject, and I subjoin his digest of those rulings here :—

"As observed by the Honourable Babu Mohini Mohan Roy while introducing the Bill in the Legislative Council, there is at present undoubtedly a great anomaly in the matter of awarding interest in the Civil Courts. The decisions of the several High Courts on this point are not at all uniform. Since the repeal of the Usury Laws by Act XXVIII. of 1855, the tendency of the modern rulings has been that there is no legal restriction to the rate of interest contracted by the parties. The case of Ananda Mai Gupta *v.* Ambica Charan Guha, mentioned in the Statement of Objects and Reasons of the Bill, in which compound interest at the rate of 33 per cent. amounted in 10 years to 17½ times the principal, is a case in point. It may be convenient, for purposes of easy reference, to state here briefly the case law on the subject, in order to show at a glance the diversity of opinions in the matter, as expressed by the Honourable Judges of the several High Courts.

Case law on the subject.

"In the case of Umda Khanum *v.* Brajendra Coomer Roy, 12 B. L. R., 451, plaintiff demanded interest at the higher stipulated rate of 75 per cent. The Judges differed in opinion, the Honourable Mr. Justice Birch holding that the interest was inequitable and oppressive, while the Honourable Mr. Justice Markby was of opinion that the parties were bound by the terms of their contract. It was held on appeal under the Letters Patent that the higher rate of interest charged was not in the nature of a penalty.

Old Calcutta High Court rulings.

(1) Umda Khanum *v.* Brajendra Coomer Roy, 12 B. L. R., 451.
(2) Bichhook Nath Panday *v.* Ramlochan Singh, 11 B. L. R. 135.
(3) Pitamber Chatterjee *v.* Kali Charan Roy, 11 B. L. R., 137 note.
(4) Sahodra Bibi *v.* Dindayal Lal, 11 B. L. R., 138, note.
(5) Braja Kishore Roy *v.* Madhab Pershad, 12 B. L. R., 456, note.
(6) Harballabh Narain Singh *v.* Genda Maharaj.

"In

"In the case of Bichhook Nath Panday *v.* Ramlochan Singh, 11 B. L. R., 135, interest at the higher rate of 48 per cent. was claimed from the date of the bond. It was held that this rate was in the nature of a penalty. But in the case of Pitamber Chatterjee *v.* Kali Charan Roy, 11 B. L. R., 137, note, the higher rate of interest claimed was not held to be in the nature of a penalty. Similarly, in the cases of Sahodra Bibi *v.* Dindayal Lal, 11 B. L. R., 138, note, and Braja Kishore Roy *v.* Madhab Pershad Missir, 12 B. L. R., 456, note, the higher rate of interest, namely, at the rate of 60 per cent., was allowed. But in the case Harballabh Narain Singh *v.* Genda Maharaj, 12 B. L. R., 473, note, the stipulation to pay half as much again, *i.e.*, interest at 50 per cent., was considered to be in the nature of a penalty.

"In the cases of Bansidhar *v.* Buali Kahn, I. L. R., 3 Allahabad, 260; Kharram Singh *v.* Bhawani Baksh, I. L. R., 3 Allahabad, 440; Kharag Singh *v.* Bholanath, I. L. R., 4 Allahabad, 8, the rates of interest claimed were all held to be in the nature of penalties. Only reasonable compensations were allowed in those cases. Similarly, in the case of Narain Das *v.* Chait Ram, I. L. R., 6 Allahabad, 179, the Honourable Chief Justice Stuart was of opinion that the stipulation to pay the higher rate of interest, in case of non-payment of interest at the lower rate, was in the nature of a penalty.

Allahabad High Court rulings.

(1) Bansidhar *v.* Buali Khan, I. L. R., 3 Allahabad, 260.
(2) Kharram Singh *v.* Bhawani Baksh, I. L. R. 3, Allahabad, 440.
(3) Kharag Singh *v.* Bholanath, I. L. R. 4, Allahabad, 8.
(4) Narain Das *v.* Chait Ram, I. L. R., 6 Allahabad, 179.

"In the case of Mathura Pershad Singh *v.* Lagan Koer, I. L. R., 9 Calcutta, 615, the stipulation to pay the increased rate of interest was construed to be in the nature of a penal clause. In the case of Mackintosh *v.* Hunt, I. L. R., 2 Calcutta, 202, the stipulation to pay interest at the "defaulting rate," namely, at the rate of 10 per cent. per mensem, was not considered to be in the nature of a penalty, but it was held to be exorbitant, and so was not allowed to be enforced. The principle of this ruling was followed in the case of Mackintosh *v.* Craw, I. L. R., 9 Calcutta, 689, where it was held that the stipulation to pay a higher rate of interest from the date of default was not a penalty. In the case of Sungut Lal *v.* Baijnath Roy, I. L. R., 13 Calcutta, 164, it was held that the increased rate of interest having been made payable from the date of the bond, was in the nature of a penalty. This was also the view taken in the cases of Munjappa *v.* Nanjappa, I. L. R., 12 Madras, 161, and Sajuji Panhaji *v.* Mavati, I. L. R., 14 Bombay, 274. In the cases of Arjon Bibi *v.* Asgar Ali Chawdhri, I. L. R., 13 Calcutta, 200, and Baijnath Singh *v.* Shah Ali Husain, I. L. R., 14 Calcutta, 248, the Honourable Judges were, however, of opinion that the increased rates of interest, 2 annas per rupee per month in the former case and 48 per cent. in the latter case, were stipulation within the meaning of Section 2 of Act XXVIII. of 1855, and so could be enforced from the dates of the bonds. This unsettled state of law came for consideration before a full bench in the case of Kalachand Kyal *v.* Shib Chandra Roy, I. L. R., 19 Calcutta, 392, where it was held that a provision in the bond to the effect that the principal should be repaid with interest on the due date and that, on failure thereof, interest should be paid at an increased rate from the date of the bond, amounted to a provision for a penalty. The principle in the case of Mackintosh *v.* Craw, I. L. R., 9 Calcutta, 689, where it was held that the higher rate of interest from the date of default of payment of the principal and interest agreed upon originally could be recovered in its entirety, was, however, approved in this Full Bench.

Conflicting rulings on the Doctrine of Penalty in the several High Courts.

(1) Mathura Pershad Singh *v.* Lagan Koer, I. L. R., 9 Calcutta, 615.
(2) Mackintosh *v.* Hunt, I. L. R., 2 Calcutta, 202.
(3) Mackintosh *v.* Craw, I. L. R., 9 Calcutta, 689.
(4) Sungut Lal *v.* Baijnath Roy, I. L. R., 13 Calcutta, 164.
(5) Munjappa *v.* Nanjappa, I. L. R., 12 Madras, 161.
(6) Sajuji Panhaji *v.* Mavati, I. L. R. 14 Bombay, 274.
(7) Arjon Bibi *v.* Asgar Ali, I. L. R., 13 Calcutta, 200.
(8) Baijnath Singh *v.* Shah Ali Husain, I. L. R., 14 Calcutta, 248.

Recent Calcutta High Court Full Bench ruling on the point.

Kalachand Kyal *v.* Shib Chandra Roy, I. L. R., 19 Calcutta, 392.

"The Honourable Babu Mohini Mohan Roy has, in his speech in the Council, referred to the Privy Council case of Kamini Sundari Chowdhrain *v.* Kali Prasanna Ghosh, reported in I. L. R., 12 Calcutta, 225, where it has been held that the Courts should not give effect to hard and unconscionable bargains. He has also mentioned the facts that in accordance with the above ruling, the High Court of Allahabad considerately reduced the amount of interest claimed on a mortgage bond in the case of Madhu Singh *v.* Kasi Ram, reported in I. L. R., 9 Allahabad, 228. But I do not see that any mention has been made by him of the case of Chunni Koer *v.* Rup Singh, reported at 11 I. L. R., Allahabad, 57, in which a rather limited construction has been put upon the Privy Council ruling referred to above. Their Lordships (the Honourable Sir John Edge, Chief Justice, and the Honourable Justice Tyrrell) observe (please see page 71) as follows on the point:—

Doctrine of hard and unconscionable bargain as laid down in the Privy Council case of Kamini Sundari *v.* Kali Prasanna Ghosh, I. L. R., 12 Cal., 225.

Construction put upon the ruling by the Allahabad High Court, Chunni Koer *v.* Rup Singh, I. L. R., 11 All. 57.

"'We do not gather from the judgments of their Lordships of the Privy Council in Srimati Kamini Sundari Chowdrain *v.* Kali Prasanna Ghosh, that the doctrine which the Courts of Equity in England have applied to cases of snatching bargains with expectant heirs, reversioners, or remainder men, is to be applied in India to cases, except where it would have been applied in England, or except where the case in some way analogous to a case of snatching a bargain with an expectant heir, reversioner, or remainder man, or except there is some fiduciary relationship between the lender and borrower, although there may be no fraud or undue influence, or except there is incapacity, such as ignorance on the part of the borrower to appreciate the true effect of his or her bargains. To apply it to all cases where the contracted return was exceptionally large, or the rate of interest was high, would be for the Judges to make contracts for the parties which they never intended to make for themselves. It is, I believe, on account of this limited construction put upon the doctrine of equity on the subject of hard and unconscionable bargains, as laid down by their Lordships of the Privy Council, that there is at present practically no limit to the amount up to which interest may be awarded.'"

6. He then follows Sir Alexander Miller in his expression of apprehension that provisions in restraint of money, unless very carefully worded, always tend to the injury of the debtor. He therefore recommends that the words "original principal" be very strictly defined so as to exclude the possibility of the renewals contemplated by the First Sub-Judge. This, he thinks, will result in suits being rigidly brought on the very date when the limit of interest is reached, and this will result in hardship to the debtor, who, in this country, is seldom able to pay up any demand on a given date, and will again lead to an increase in the already almost insuperable difficulties placed in the creditor's way in getting execution. The remedies he suggests are as follows:—

1. That compound interest should be rendered penal.
2. That it should be left to the Courts to decide what are hard and unconscionable bargains in each case.

7. He instances the case of a man who is suddenly called upon to give security to keep the peace, or to be of good behaviour. Having no ready money, and being a suspicious character, he can only borrow at a high rate of interest. This he omits to pay, and when at last sued, denies the bond altogether, and has quite an even chance of escaping his liabilities in the Law Courts, and this chance is ever increasing the more years the debt is allowed to run, as the witnesses and persons who were acquainted with the original circumstances die or cannot be found. I agree with this Munsif that these cases represent a very large proportion of the litigation on bonds that come before the Courts in the mufassal, and the long terms and accumulation of interest is much more often the deliberate choice of the debtor than of the creditor. The Indian mahajan is not really so black as he is painted. In times of scarcity he will lend money to the most hopeless debtors as long as they are old clients of his, and every device of cajolery and chicanery is resorted to by the debtor to escape paying his just dues.

8. The

8. The Third Munsif thinks that the rule of damdupat is itself an anomaly in this commercial age, and that to impose it universally would be to extend an anomaly, and, at the same time, to fetter the hands of the Court so as to compel them to give effect to unconscionable bargains where the interest did not exceed the limit of damdupat.

In few cases now is the limit of damdupat exceeded, and in those cases it is my opinion that the Court should have a discretion to apply the rule. But in numerous cases excessive interest is sued for long before the rule of damdupat can be applied, and in these it seems to me the Courts should have equal discretion. In this I agree with the Second and Third Munsifs.

9. The Government Pleader, who says he has consulted other pleaders and intelligent persons, apprehends that the Bill, as drafted, will do more harm than good to debtors. Suits will be more frequent, and, as a necessary consequence, the debtor who is unable to pay one creditor with interest will have to borrow the whole amount, principal plus interest, from another person at probably a higher rate of interest, and this, owing to the rigid limitation fixed by the Bill, will be a constantly recurring thing. He would, therefore, recommend the abolition of compound interest and a limitation to the rate of interest.

10. Mr. Howard approves of the principle of the Bill, but would not apply it to any case where the original rate of interest agreed upon between the parties does not exceed 8 per cent. per annum.

This is, of course, only another way of putting the general objection to the Bill as drafted, that it is hard both on debtor and creditor.

A banker who lends Rs.100 at eight per cent. and is not paid for 20 years is met by the same rule as a usurer who lends Rs.100 for a month at cent. per cent. Each, on coming into court, gets Rs.200 only. Yet the one man is robbed and the other is a robber. From my experience of civil justice in this country, I am convinced that any rule limiting interest among the parties to a contract must fail, as there are such innumerable ways of evading it. Further, the classes of cases which come before a Court are as opposite in principle as the two examples I have just cited, and there is no possible means of adjusting the scale mechanically.

Abolish compound interest, and leave each bargain as it stands to the equitable adjudication of the Courts, and we shall get rid of all the evils now complained of without interference with the freedom of contract, when exercised by persons who are fit to exercise it. The fact is lost sight of that besides minors, females, idiots and others legally incapable of making contracts, except under certain safeguards, there are millions of illiterate persons in this country who are quite as incapable mentally and morally, and ought to be equally incapacitated by law.

11. An equitable jurisdiction given to the Courts to treat each case on its merits would raise up an all-powerfu protector for those who most need protection, and would, at the same time, prevent the professional debtor from escaping his first dues. Compound interest I would abolish, because there can be nothing advanced in its favour, morally or economically, and all classes without exception, even the mahajans themselves, would, I believe, be glad to see the last of it.

12. I see that the Judges of the Allahabad High Court have taken up the question of the alienation of landed property for debt in this connection. I have always considered that the two questions are so intimately connected that it is impossible to keep them separate. Were the alienation of land for debt altogether prohibited, however, borrowing and lending would practically cease, as in this country there is little or no personal property, except plough bullocks and cows, the alienation of which would be even a greater evil than that of landed property. I would, however, insist on landed property which is to be alienated being pledged by way of security in the bond, and would not allow any landed property beyond that so pledged to be sold. In each bond it should be certified by the creditor that the land is the equivalent in value of the money advanced with interest up to a certain date, and he then could not complain if he did not get his value for his money at the auction sale. This would also act as an automatic limitation to the accumulation of interest, as he would be bound to sue as soon as the value of his mortgage was reached.

13. I am convinced that far greater evils arise from the fact that land is sold for sums far less than its value in every rent, money, and title suit than from the excessive rate of interest. It is the organised system of land jobbing which goes on at every Civil Court in this country which ruins the borrower, and to strike at that alone will be strike at the root of the evil.

14. Land is the only commodity in the mufassal, and a ring of sharks are generally the only bidders at an auction sale at the Civil Courts. The consequence is land never sells for its true value, and the difference between Civil Court sales and revenue sales is ascribed solely to the avoidance of incumbrances by the latter. This is, no doubt, part of the reason, but it is only part. The evil is so bad here that I have made it a rule never to confirm a sale at a sum below the market value of the property unless the bid list shows that the sale has been fairly attended by *bonâ fide* landholders and capitalists. To recapitulate, therefore, my opinion on the draft Bill is that the principle aimed at is sound, but the means suggested useless, if not worse than useless. In lieu thereof, I would suggest three reforms :—

1. The abolition of compound interest.

2. The vesting of an equitable jurisdiction in all Civil Courts to reduce hard and unconscionable bargains, of whatever nature, to fair and equitable limits, 12 per cent. per annum being the standard where there are no other grounds for making it more or less.

3. The abolition of sale of immoveable property for debt, except where immoveable property of the declared value of the debt with interest is hypothecated, and the limitation of the sale of immoveable property under the decree to the property hypothecated.

No. 3262G., dated Jessore, 17 July 1895.

From *S. N. Huda*, Esq., Officiating District Judge, Jessore, to the Chief Secretary to the Government of Bengal.

I HAVE the honour to acknowledge the receipt of your letter, No. 2113J., dated the 13th April last, and its enclosures, and in reply to submit that the principle of the Bill has been generally affirmed by the subordinate judicial officers, among whom it was circulated for opinion. It has also my approval. I think it is wanted to prevent creditors from taking undue advantage of their position. From various causes, debtors in this country are more or less dependent on their creditors, and cannot contract on equal terms with them. There exists a real necessity for the interference of the State to prevent undue advantage being taken by them. It has been suggested that the country will be deluged with litigation if the Bill is allowed to become law, as mahajans, who look only to the interest, will institute suits when they see they cannot get any more interest; but in my opinion, there is no real ground for this apprehension, as those debtors who can pay, pay up within a reasonable time, and it is only the impecunious who allow the interest to accumulate; and these persons are almost always sued in the Courts.

2. Probably the proposed legislation may give rise to attempt to evade it, but I do not think the attempt at evasion will or can be made to any appreciable extent. It is apprehended that the principal sum may be put at a higher figure, and that the creditors will insist upon short dates of repayment with higher rates of interest. The apprehension does not appear to me to be well grounded, as debtors now-a-days are not so helpless as the suggestion would imply.

3. The

3. The words "original principal" sum, however, are calculated to produce some confusion. It obviously means the principal sum lent, and not the sum which under any agreement for payment of compound interest is added to the principal. But it may be thought by some that it extends to cases of novation of debts. I do not think it has that meaning, as it is not proper to interfere where a person voluntarily incurs a liability. I would, therefore, suggest that it be explained that the law does not apply to novation of debts.

4. I think the Bill, as it stands, is open to the objection of being unfair to the honest debtors. A man who has striven to pay his liabilities would, under the Bill as it now stands, have to pay more than a man who has entirely failed to pay; and when a man learns that by omitting to pay at all he will eventually have to pay a lesser sum, we may be sure he will prefer not to pay. There will be thus an inducement not to settle debts amicably—a state of things which is not desirable.

5. The Bill, as framed, applies only to money debts. Debts of grain or other produce are often incurred by the agricultural community. I think the Bill may with advantage be extended to these debts.

No. 419, dated Arrah, 17 July 1895.

From *F. H. Harding*, Esq., District Judge of Arrah, to the Chief Secretary to the Government of Bengal.

In reply to your office letter, No. 2113J., dated the 13th April 1895, I have the honour to submit the following report on the provisions of the Bill, to regulate the award of interest in suits for simple money-debts and mortgage-debts.

On receipt of the letter in reply, I called for reports in expression of opinion from the Bar Association of Arrah, the Subordinate Judges and Munsifs.

The members of the local Bar are against legislative action being taken in the matter, on the following grounds:—

1. The proposed Bill will defeat its own end by inducing creditors to take large amounts as salami or nazarana from debtors, who will be obliged to submit to their terms, however hard.

2. Creditors will fix short terms for repayment of debts and charge usurious rate of interest, and the debtors will suffer in consequence of the speedy institution of suits.

3. Creditors will have greater opportunity than they now possess of dictating hard terms, and debtors will, in consequence, be situated much more disadvantageously than they are at present.

4. The freedom of contract, which at present exists, is a much safer guarantee against extortionate and dishonest proceedings on the part of creditors, than any statutory limitation of the rate of interest is likely to afford.

5. The anomaly of practice noticed by the mover of the Bill does not appear to be a greater evil than the consequences which are likely to result from passing the Bill.

The first Subordinate Judge, Babu Madhub Chunder Chukervarti, is of opinion that it is highly desirable that there should be some such enactment as is proposed to regulate the award of interest, but that the provisions of such a Bill are likely to be evaded in ways beyond the power of the Courts to grant relief, and to augment usury.

The Second Subordinate judge, Babu Bhugwan Chunder Chatterjee, has no hesitation in recommending the Bill as framed, and believes that the Bill is very necessary and calculated to do good.

Babu Mohim Chunder Sircar, Munsif of Arrah, First Court, is of opinion that in the unsettled state of the law with regard to the award of interest, and on account of the conflicting decisions of the High Courts with reference to the interpretation of the term "penalty," it is desirable that some positive enactment should be passed, in order to do away with the existing anomaly of practice. He is of opinion that the proposed Bill will serve this purpose, and is unobjectionable.

Babu Chundra Cumar Rai, Munsif, Second Court, Arrah, is of opinion that the Bill is likely to interfere unduly with freedom of contract, and that a sufficient case is not made out for the passing of such a Bill. He is of opinion that the Bill, if it becomes law, is likely to place debtors in a worse position than they are at present. Creditors will press for payment of interest, and in default will compel debtors to renew bonds, including the unpaid interest on the principal amount, or take them at once to court. He suggests that if the Government really considers it to be necessary to place a limit upon the rate of interest, it should be empowered to declare from time to time what is the general rate of interest prevalent in each district or particular tract of country, and that the Courts should be precluded frem decreeing interest at a higher rate.

Babu Sripati Chatterjee, Munsif of Third Court, Arrah, regards the Bill as a move in the right direction, although he does not approve of the principle of regulating by law the amount of interest to be awarded by Courts, instead of the rate of interest which may be contracted for between debtors and creditors. He suggests that it is preferable for Goverment to fix the maximum rate of interest which may be contracted for. The result of the Bill will be to deter debtors from paying their debts amicably, and to increase litigation. At present a creditor frequently defers instituting a suit at the request of the debtor.

Babu Nand Lal De, Munsif of Buxar, First Court, is in favour of the Bill.

Babu Lalit Kumar Bose, Munsif of Buxar, Second Court, is also in favour of the Bill, so far as simple money-debts are concerned. He points out, however, that mortgage debts stand on an altogether different footing. Mortgage bonds are not as a rule written hurriedly, and in the majority of instances the rate of interest is reasonable. The law allows a mortgagee 12 years to enforce his mortgage, and if the Bill be extended to mortgage debts, creditors will be obliged to sue before the expiration of this period, frequently to the very great disadvantage of the debtors, who will have to borrow from other persons in order to satisfy the mortgage.

Babu Ram Narayan Sircar, Munsif of Sasaram, is in favour of the Bill, as also is Maulvi Sheikh Abdullah Khan, Subdivisional Officer of Bhabua, with powers of a Munsif.

It will be seen from the above that the opinions expressed vary very much.

My own opinion is as follows. There can be no doubt that it is necessary to take some step for the protection of debtors, more particularly those of the lower and more ignorant classes, from extortion on the part of creditors. I am very doubtful, however, whether this end is likely to be secured by the proposed Bill. It is now generally admitted that the operations of the Usury Laws which were introduced into England from time to time for the purpose of restricting the maximum rate of interest to be paid, tended only to raise the real rate of interest, by driving men in distress to adopt extravagant methods of raising money, the bonuses thus paid being really and in effect an addition to the nominal interest.

I would suggest that instead of making a hard-and-fast rule such as that contained in the Bill, prohibiting the award of interest exceeding in amount the principal, the courts should be authorised to apply the doctrine which the Courts of Equity in England have applied to cases of snatching bargains with expectant heirs, reversioners, and remainder men, if not to all cases between lenders and borrowers, at least to all cases in which there is incapacity, such as ignorance on the part of the borrower to appreciate the true effect of his or her bargain, or in which there is a fiduciary relation between the lender and the borrower, although there may be no fraud or undue influence.

It should be declared that a presumption of fraud may arise from the circumstances or conditions of the parties contracting—weakness on one side, usury on the other, or extortion or advantage taken of that weakness. As was

observed by Lord Selborne, L.C., in Aylesford *v.* Morris, 8 Ch. App., 484, "fraud does not here mean deceit or circumvention; it means an unconscientious use of the power arising out of the circumstances or conditions."

When the relative position of the parties is such as *primâ facie* raises the presumption above named, the transaction should not be allowed to stand, unless the person claiming the benefit of it is able to repel the presumption by contrary evidence, showing it to have been, in point of fact, fair, just, and reasonable.

The Government might, after due inquiry made, ascertain and declare what appears to be a fair rate of interest in each district for simple money-debts and mortgage-bonds as a guide to the Courts, and in the event of the rate of interest in any case exceeding this rate, and the circumstances being such as to raise a presumption of fraud as above described, the Courts should be authorised and directed to give equitable relief. It would be possible, I think, to effect the change which I propose by adding a proviso to Section 2 of the Interest Act, XXVIII. of 1855, to the effect that when the relative position of the parties is such as *primâ facie* to raise a presumption of fraud (as above defined), the Court can set aside the stipulation for interest, unless the obligor is able to repel the presumption by contrary evidence, proving the agreement to have been fair, just and reasonable, and by adding a Clause to Section 3 of the Indian Evidence Act, to the effect that in a case under the proviso above referred to the burden of proof shall lie on the obligee. It might also be necessary to add to the definition of fraud in Section 17 of the Contract Act, the definition by Lord Selborne above quoted. I am, of course, aware that very able English judges have frequently declared it to be of the greatest importance, as regards contracts between adult persons not under disability and at arm's length, that the Courts of law should maintain the performance of the contracts according to the intention of the parties. As, however, Sir George Jessel, in the case of Wallis *v.* Smith, L. R., 21 Ch. D., 243, after expressing an opinion to the above effect, observed:—

"There are exceptions, but they are exceptions of a legislative character."

I think that the circumstances of the greater part of the borrowing classes of the country are so exceptional and peculiar as to justify interference on the part of the Legislature, in the mode indicated above, for their protection.

No. 629, dated Dinajpur, 17 July 1895.

From *R. R. Pope*, Esq., District Judge of Dinajpur, to The Chief Secretary to the Government of Bengal.

WITH reference to the Government letter No. 2113J. of the 13th April last, and its enclosures, calling for an expression of my opinion upon the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts now before the Government, I have the honour to state as follows:—

2. The object of the Bill, as it appears from the Statement of its Objects and Reasons, is to place a limit upon the award of interest, and it is proposed to enact thereby that in no case shall the Court award an amount of interest in excess of the original principal, or, where there has been payment in reduction of the principal, in excess of the reduced principal. This I understand to mean that the interest to be awarded by the Court shall not exceed the amount of the principal due to the creditor at the time of the suit, and actually sued for.

3. This object, I have no doubt, is a very good one. Cases often occur in which the amount of interest claimed by the creditor accumulates to a sum in excess by several times of the amount of the principal, and it is desirable that an effective check should be put to such exorbitant claims.

4. Act XXVIII. of 1855 is still in force, and by Section 2 thereof it is provided that in any suit in which interest is recoverable the amount shall be adjudged or decreed by the Court at the rate (if any) agreed by the parties. The amount of interest found due to the plaintiff according to the rate agreed between the parties must, therefore, be decreed by the Court, and it has no discretion in the matter. To make the Bill effective, it is therefore necessary to repeal this enactment; for otherwise the two enactments will militate against each other.

5. The Bill, however, will be only a partial measure in itself. For there is nothing in it to regulate the rate of interest to be fixed between the money-lender and the debtor, and therefore even if Section 2 of Act XXVIII. of 1855 be repealed, there will be nothing to prevent the parties from contracting for any rate of interest that they like. The money-lender has a perfect right to propose his own terms, and to refuse a loan unless the debtor agrees to them. The parties have a freedom of contract in that respect with which, in my opinion, neither the Legislature nor the Courts would be justified in interfering. The Act of the Court in refusing to allow the interest payable to the money-lender under the contract would be regarded by the public as an arbitrary and unjustifiable interference on the part of the Court, and the creation of a public opinion like this is far from being desirable. I do not see how this unpleasantness can be avoided concurrently with the enactment of the proposed Bill into law.

6. The Bill would not be a complete law in itself unless the rate of interest to be fixed for loans of money be also regulated by it, but any attempt in that direction would savour of unjustifiable restriction of the liberty of contract, which is opposed to the policy of the law.

7. Moreover, to leave to the parties their freedom of contract, and to vest in the Courts a power to interfere with the same in every case, would be an anomaly beyond the possibility of reconcilement.

8. The amount of the accumulated interest varies according to the length of time that the debtor withholds payment of the debt due from him, and the longer the period that the money is kept back, the larger becomes the amount of the interest payable for it. The debtor, therefore, is himself primarily responsible for the large accumulation of the interest, the weight of which he could get rid of by punctual payment. It would, therefore, be an undue hardship on the innocent creditor to make him suffer for the default, often wilfully made, on the part of the debtor.

9. The passing of the proposed Bill into law would probably lead to an increase of litigation. The money-lenders would naturally institute suits for recovery of their money as soon as the amount of the interest approached that of the principal, and so the number of suits in the Civil Courts would necessarily increase.

10. To avoid the possibility of such suits, the debtors will have to come to terms with their creditors, and the result will inevitably be that the debtors will have to give renewed bonds for the consolidated sum of principal and interest treated as principal with interest running on the total amount. The result of this will be to throw upon the debtors a liability for the payment of compound interest, which instead of being advantageous will rather be prejudicial to them. Thus the Bill, instead of being a relief to the debtors, will prove to them a greater evil.

11. I think the object aimed at by the Bill might be better attained by the extension of the provisions of Section 74 of the Contract Act, so as to include therein a contract for the payment of interest, and by the concurrent repeal of Section 2 of Act XXVIII. of 1855. For, as a matter of fact, the large accumulation of interest is due to the detention of the money after the due date of the loan. A contract for loan of money is broken when the money is not repaid on the due date, and therefore if the interest for the subsequent period until the date of suit be treated as the compensation to be awarded to the creditor for breach of the contract, and the Court be left to adjudge the same in the exercise of its discretion according to the facts and circumstances of each individual case, the existing evil might be removed without the necessity for legislation; such a measure is more likely to prove successful than the proposed Bill which contains a hard-and-fast rule to be applied to all cases alike, without any regard to the special circumstances of each.

No. 850, dated Berhampore, 17 July 1895.

From *F. B. Taylor*, Esq., B.A., District Judge of Murshidabad, to The Chief Secretary to the Government of Bengal.

WITH reference to your letter No. 2113J., dated the 13th April last, asking for an expression of opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I have the honour to report as follows:—

I have consulted the judicial officers (civil) in this district.

2. The consensus of opinion is that something should be done, but while some think that the law proposed will provide partial relief, others think that the law will result in worse difficulties for the debtor.

3. Several suggest that the proposed Act should be modified, so as to include advances of grain, in which the ordinary rate of interest is 50 per cent. for the season.

4. It is also suggested that 12 per cent. should be the utmost legal interest exigible by suit, and that compound interest should be forbidden.

5. The first is a reasonable suggestion; the second overlooks the fact that such interest in many cases would not be a fair return for the advance, when the security offered or the difficulty of realization is considered. If adopted, such a rule would defeat its own ends by introducing worse evils arising out of attempts to circumvent it.

6. I think the introduction of the rule of damdupat is desirable The objection to it suggested is that money-lenders would be incited by it to harsher dealings with their clients, and would attempt to enforce more punctual payments and more speedy realization of their dues, and that it would lead to constant renewals of advances at high compound interest.

7. The present law of evidence is, however, sufficient to enable the Court to enquire whether the history of the case points to an evasion of the rule proposed.

8. Of course the rule might be evaded if a ring of lenders were formed, who kept their clients moving from one to the other, and insisted that money should be borrowed from B to pay A's debt and from A to C to repay B. It would be difficult to prove a connection between them, and several harpies would then have to be satisfied instead of one. But it is impossible to protect people against every consequence of their folly, and the proposed rule would give relief in many cases.

9. At the same time, I think it would be necessary to recognize and act upon the equitable rule against unconscionable and hard bargains, by enacting as proposed by the Allahabad High Court, that when the interest covenanted exceeded a certain sum, the burden of proving the bargain a fair and reasonable one should be on the lender, or that the Judge should be vested with the discretion of requiring such proof whether the borrower has raised the question or not.

10. The opportunity might be taken of clearly laying down which of the various interpretations of section 74, Act IX. of 1872, Contract Act, is approved by the legislature.

No. 422, dated Barisal, 18 July 1895.

From *B. L. Gupta*, Esq., District Judge of Backergunge, to the Chief Secretary to the Government of Bengal.

I HAVE the honour to acknowledge the receipt of your letter No. 2113J., dated the 13th April 1895, with enclosures, calling for an expression of my opinion on the provisions of a draft Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

2. In reply I have the honour to state that the principle of the Bill has my entire approval, but I consider that the object in view will not be attained unless civil courts are vested with a wider discretion in matters of award of interest. As the law now stands, a civil court is bound to decree the plaintiff's claim at the stipulated rate of interest. The present practice is based on the principle that the defendant is bound by "the bargain which he had entered into." The principle is sound in the abstract, and just only on the supposition that the contracting parties stand in relation to each other on an equal footing. To those, however, conversant with the habits and customs of the people, it must be abundantly clear that the borrower is not unusually placed at a great disadvantage in relation to the lender; and that once a debt is contracted by a needy man at a high rate of interest, he gets often more and more entangled in his efforts to extricate himself from the meshes of indebtedness. Bond after bond is executed in which the accumulated interest is added to the original principal, until the debtor finds himself completely at the mercy of the creditor.

3. The proposed revival of the damdoput rule would afford only partial relief. It is sure to be evaded in many cases by various devices, in which the improvident or hard-pressed debtor will blindly play into the hands of his creditor. The subordinate judicial officers of this district whom I consulted, and among whom are officers of great experience, are almost unanimous in thinking that the proposed Bill is a halting half-measure that would result but in a very small balance of good. The interest of justice and the public good demand that in the award of interest on debts, as in other matters, the courts should be vested with a discretion within proper limits.

4. I therefore beg to express my cordial approval, and earnestly to commend to the consideration of Government, the following suggestion of the Judges of the Allahabad High Court:—

"The Judges are unanimously of opinion that where the interest is compound or exceeds 12 per cent. per annum, either the law should make it incumbent on the lender to prove that the transaction was fair and reasonable, or the discretion of requiring such proof should be vested in the Judge, whether the borrower has raised the question or not."

5. There is, in my humble opinion, no valid reason whatever why this salutary principle of justice should not be adopted and acted upon in a country where borrowers are notoriously improvident and reckless, and often at the mercy of lenders.

No. 264, dated Cuttack, 17 July 1895.

From *F. E. Pargiter*, Esq., District Judge of Cuttack, to the Under-Secretary to the Government of Bengal, Judicial, Political, and Appointment Departments.

IN reply to your circular letter (Judicial) No. 2113J., dated 13th April last, I have the honour to submit my opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

2. The object of the Bill is one of which every humane man must approve, viz., to safeguard ignorant and helpless debtors from the greed and oppression of unscrupulous creditors, and by putting some check on money-lenders to compel them to exercise more caution in giving loans. Cases in which the interest exceeds the principal are not few, especially in Orissa, for the general rate is high here, because, no doubt, of its remote and backward condition; and the Bill will tend to satisfy an unquestionable need. No objection, moreover, can be taken to its provisions on the allegation that it interferes with any one's religious tenets.

3. The object of the Bill being excellent, the main question, it seems to me, is whether the Bill will secure that object. The Subordinate Judge and Munsifs in this province are far from unanimous on this question, and it appears to me the Bill will not prevent evasions, nor is it easy to amend it so as to make it successful against persons who are determined to evade its provisions, for there can be no doubt whatever that money-lenders will not quietly submit to so great a curtailment of their gains, and will seek every means of defeating them. It is difficult for those who have not had large experience in these matters to form an idea of all the various devices which may be resorted to for that end. Gross cases come to light now and then, and abuses may probably be studied better in the Small Cause Courts than in ordinary tribunals. I should imagine a report from the Calcutta Small Cause Court would throw more light on the ways of money-lenders and debtors than reports from the mufassal, for the village mahajan, though hard and exacting, cannot well be indifferent to the sentiments of his neighbours in so small a place, nor beyond the influence of village public opinion.

4. Two certain results of the Bill would be (1) to compel creditors to sue as soon as the interest threatened to exceed the principal, instead of granting debtors time as at present; and (2) to induce debtors to renew bonds, making the aggregate principal and interest of the old bond the principal in the new bond. Such renewals are, however, I take it, guarded against in the Bill by the use of the words "original principal," and if so, the first result would not be undesirable on general grounds; for, besides keeping transactions within moderate bounds, it would compel money-lenders to be more careful than at present. Other results may be conjectured, but it is unnecessary to enter into an elaborate discussion.

5. I venture, however, to express the opinion strongly that the mere provision that interest shall not be awarded exceeding the principal will not secure the object desired; and my grounds for this are founded on general experience rather than on particular instances of oppression. It is not easy to specify a large number of the devices which would defeat that provision, because hitherto money-lenders have had no reasons for seeking out such devious ways, but the utmost ingenuity will be devoted to this problem in future, as certainly as methods are now being thought out in England to escape the heavy death duties lately imposed. As an illustration, it seems to me the meaning of the word "principal" may be played with. Unscrupulous money-lenders sometimes enter a certain sum in the bond as the sum lent, but deduct a portion under the name of "interest" or "discount," and actually hand over to the borrower the reduced sum. Which of these sums should be taken as the "principal" for the purposes of this Bill? See two atrocious cases—Mackintosh *v.* Hunt (I. L. R. 2, Cal., 202) and Mackintosh *v.* Wingrove (I. L. R. 4, Cal., 137). The special hardship to debtors would very probably consist in this, that if the bond gave no details of the way in which the principal was manipulated, or of the other details in which the real facts varied from the contents of the bond, debtors might be precluded by Section 92, Evidence Act, from showing the real particulars of the transaction.

6. It seems to me, then, that if the object of the Bill is to be really attained, it can be attained only by adding, a clause giving civil courts power to decree interest according to their discretion; nothing short of that will suffice to meet the extreme cases in which attempts will be made to defeat the object of the Bill. This of course is a very strong measure, and constitutes a grave infringement of the principle of freedom of contract; but the Bill proposes to restrict that principle, and it only remains to be decided whether the Legislature means to make the Bill secure the object desired. The addition might run thus: "Nor in any such suit shall interest be decreed which is, in the opinion of the court, exorbitant."

7. The Munsifs of Balasore and Jajpur suggest that paddy-debts and grain loans should be included, and this seems very reasonable, as loans are often made in kind in the mufassal. An explanation, therefore, might be added. "The expression 'money-debt' includes the money value of a debt due or loan made in the shape of agricultural produce." Also after the word "payable" in the explanation regarding "interest," the words "in money or in kind" might be inserted.

8. The Bill as framed does not make any distinction between interest before and after decree. The prohibition in it seems intended to apply only to interest which has accrued prior to the date of suit, and does not, I presume, prevent a court granting moderate interest on the total amount decreed till the date of realization. This matter might be rendered a little clearer.

No. 367, dated Muzaffarpur, 17 July 1895.

From *A. W. Mackie*, Esq., District Judge of Tirhut to the Under-Secretary to the Government of Bengal, Judicial Department.

WITH reference to your No. 2113J., of the 13th April, and subsequent reminder, No. 3764J., dated the 10th July 1895, I have the honour to state that I find a unanimous opinion among the sub-judges and munsifs of this district in favour of the proposed Bill. On the whole, I am inclined to agree with them, as it would be possible to afford relief in, for example, a case where the creditor deliberately waited till limitation was about to take effect. At the same time I entertain considerable doubts whether the money-lending class will not be able to defeat the object of the Bill by deducting part of the principal, or by getting the original bond renewed with a new principal, including accrued interest. In both cases difficult and I am afraid frequently insoluble questions of fact would arise. The people of this country must have money on certain occasions, such as marriages and sradhs, when according to their ideas of honour money must be freely spent, and are then ready to sign anything, provided they get what they want. In this way they would not hesitate to sign a bond for a larger sum than they had received, but they would find considerable difficulty in proving they got a smaller sum. I may add in this connection that when Deputy Commissioner of Lohardoga, I was informed on more than one occasion of cases where landlords whose estates were being managed by the Encumbered Estates Department, and who under the Act were incapable of entering into any contract, obtained large sums on execution of post-dated bonds, so that while their debts were being paid off on the one hand, they were secretly incurring heavier liabilities on the other.

No. 701, dated Ranchi, 18 July 1895

From *F. Cowley*, Esq., Judicial Commissioner of Chota Nagpur, to the Chief Secretary to the Government of Bengal.

I HAVE the honour to reply to your letter, No. 2113J., of the 13th April 1895.

2. I have consulted the nine munsifs and the two special subordinate judges in this division.

3 All the munsifs and one subordinate judge approve of the principle of the Bill, but the latter and four of the munsifs think the law should be so modified as to give the Courts a discretion in all cases in regard to the amount of interest to be awarded.

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4. One subordinate judge, Babu Kedar Nath Mazumdar, is opposed to the principle of the Bill. He thinks it is useless to try to intervene between a person pressed for money and the man who is willing to lend money, unless we can deal with the causes which force men to borrow. A man urgently in need of money will always be ready to combine with the person who has money to lend in order to evade a law which stands in the way of obtaining the desired loan. He thinks the proposed Bill will, by throwing difficulties in the way, only render the terms on which money is lent the more onerous.

5. There is, I think, considerable force in this last view, but still there are undoubtedly many cases in which a court of equity might reasonably interfere as, for instance, where the interest paid has already been equal in amount to the original loan, and there are still assets from which that loan can be realised.

6. The Bill as it stands seems to me to be too absolute. There would be fewer attempts to evade it if some discretion in the matter were left to the courts. It would probably be sufficient were courts empowered to refuse to award interest exceeding in amount the original principal, or to award interest at other than current rates, where the interest already paid has exceeded in amount the original principle.

7. The explanation at the end of the Bill seems rather hard on honest debtors who might meet the demands for interest which other debtors would refuse to pay, in order to avail themselves of the benefit of the rest of the Bill.

8. In order to make the Bill of advantage to cultivators, its principle should be extended to grain bonds where the interest is payable in the form of grain.

9. If the Bill becomes law, it will be necessary to consider whether a clause should not be added to prevent it from clashing with section 86 of the Transfer of Property Act (*see* I. L. R. XX., Cal., page 360).

10. One of the effects of the Bill, if passed into law, will be to bring cases into court somewhat earlier than has been the case hitherto. But this will probably be to the advantage of the debtor, as it will compel him to face the fact of his debt, and to arrange for its payment before the accumulation of interest at exorbitant rates has rendered such a result impossible.

No. 987, dated Krishnagar, 19 July 1895.

From *A. Ahmad*, Esq., Offg. District Judge of Nadia, to the Under-Secretary to the Government of Bengal, Judicial Department.

In reply to your letter No. 2113J., dated the 13th April 1895, forwarding copy of letter from the Government o India, Legislative Department, No. 587, dated the 13th March 1895, and its enclosures, for an expression of my opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I have the honour to observe that the scope of the Bill under discussion is limited in its contents to the amount of the original principal. It would be better if the opportunity be taken to limit the amount of interest to 12 per cent., and if it could be enacted that a contract in simple money-debts and mortgage-debts in which the interest runs to more than 12 per cent. will be void, as has been legislated in the case of contract between landlord and tenants under the Bengal Tenancy Act. It may be urged, and with certain show of reason, that a creditor who is advancing money on doubtful security will be hampered in realising the full amount; but the creditor in such a case will take good care that the debtor does not deceive him, or the actual amount paid will not be shown, but double the amount will be shown in the deed, and only half the sum paid. This is often done in cases where minors have borrowed money from money-lenders.

2. I do not think the limiting of the rate of interest or empowering Courts of justice not to decree suit for more than 12 per cent., will be any practical hardship to a money-lender.

3. The "Explanation" in paragraph 3 of the Bill is, I think, not sufficiently clear, without defining the "original principal" mentioned in paragraph 2 of the Bill. It has been pointed to me that the object of the Legislature can be defeated if the mahajan, after the interest has exceeded the principal (the original principal as contemplated by the Legislature), forces the debtor to execute a fresh bond in which the principal and interest are joined together and designated as principal, and fresh interest charged. Then the "original principal" will be different from the one contemplated in the Bill. I therefore venture to suggest that the words "original principal" should also be explained, and following added to the explanation:—"Original principal" means the sum originally or actually advanced by the lender irrespective of any amount recited as principal in any subsequent bond, hatchita, &c.

4. I need hardly say that the necessity to legislate in this direction is recognised by everyone, and the sooner the law is amended as proposed above, the better for the people of this country, particularly the landlord and tenant classes, who are completely in the hands of their mahajans, and practically ousted out of their possessions and holdings. I do not think there is any country in the world where usury is practised to such an extent as is done in India. The former legislation has resulted in great political evils. A large body of once prosperous landowners and tenants who, if they have not lost their lands, are reduced to the position of bond slave to the banniah, and as such cannot render that assistance to Government as they did in former days; besides, it is morally wrong to allow unscrupulous banniahs to flourish in this way and actually force the hands of Courts of justice to be the instrument of ruining unsuspecting, ignorant, and careless people.

5. I may add that I consulted all the subordinate judicial officers in the district, and also the members of the local Bar, and they are all of the same opinion as myself. The Secretary of the Krishnagar Bar has the following suggestion to make, which, I think, deserves attention, and I accordingly quote it *in extenso*:—

"We venture to suggest that the object of the present legislation would be better attained by enacting a measure to the following effect, viz.—That when the interest is not compound, or when its rate does not exceed 12 per centum per annum, its amount shall be adjudged or decreed by the Court at the rate agreed upon by the parties; and that in any other case the Judge shall be entitled to go behind the bond, and throw on the lender the *onus* of proving that the contract was fair and reasonable."

Extract from the letter of Sub-Judge, 2nd Court, Saran, No. 121, dated 5 July 1895.

(II).—Where the interest seems exorbitant or is compound, or exceeds 12 per cent. per annum, the Court shall require the lender to prove that the contract was fair and reasonable and fully understood by the debtor.

No. $\frac{1796}{XII-8}$, dated Mymensingh, 22 July 1895.

From *R. H. Anderson*, Esq., District Judge of Mymensingh, to the Chief Secretary to the Government of Bengal.

WITH reference to your letter No. 2113J., dated the 13th April last, asking for my opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I have the honour to report that I have taken the opinions of all the judicial officers in this district, and find they vary very much. Even those who think the Bill will be productive of some good, if passed into law, admit that its provisions can easily be evaded. A smaller sum will be actually advanced than is shown in the bond, or when the interest approaches the principal in amount, the creditor will exact a fresh bond, showing the total then due as principal and interest as principal only.

2. Again, it is said payments will be stipulated for in grain or kind, instead of cash. Debtors are mostly of the agricultural class. Some officers fear that even the debtors, who must have money at times, no matter on what terms, will collude with their creditors to evade the law framed for their own protection.

3. It is generally feared that the effect of such an Act as is proposed will be to lead to short loans and perpetual suits for interest to the very great harassment of debtors, and the ruin of many who now manage to get time from their mahajans, and eventually come to some agreement with them which fairly satisfies all sides.

4. Many officers think that the *rate* of legal interest should be laid down by law, but as the rate of interest current differs in different places, they admit the carrying out of the suggestion is difficult. Some would not allow interest over 12 per cent. per annum.

5. My opinion is that such an Act would be evaded, as I believe the law is in Bombay, and that after all the best course in a country like this is, in spite of the uncertainty, to leave it to the courts to decide in each case, on a consideration of all the circumstances, what interest should be allowed, no matter what the original agreement was. The only other course is to go on as at present trusting that education will slowly improve matters.

6. One or two technical points may be mentioned. The words "original capital" are considered vague. Do they mean the sum actually borrowed, or the sum apparently borrowed as it appears in the bond?

7. Will the Act apply to agreements for payment in kind? or to redemption suits?

8. How will the Act affect Sections 86 and 88 of the Transfer of Property Act, *i.e.*, as to the interest payable at the date of the suits or bonds?

9. Is simple money-debt to include or exclude rent?

No. 1019, dated Comilla, 24 July 1895.

From *H. R. H. Coxe*, Esq., District Judge to Tippera, to the Under-Secretary to the Government of Bengal Judicial Department.

IN reply to your letter No. 2113J. of the 13th April last, on the subject of a Bill relating to the award of interest in certain suits, I have the honour to submit, for the information of the Lieutenant-Governor, my opinion on the provisions of the Bill. My opinion is, shortly, that the Bill should not become law. Such a law would, I think, be useless, or rather it would do much more harm than good. The only result of it would be to send the poor ignorant cultivator with greater rapidity to the ruin he is unhappily so often involved in. The money-lenders would take good care in various obvious ways enhancing the sufferings of the wretched debtors to nullify the effect of the new law as against themselves.

2. I believe it is enough to make the above remarks by way of destructive criticism; and I would only add that this view of mine is what I held at the first when the Bill came under my notice; and though I have consulted since many persons on the subject, and listened to numerous suggestions more or less impracticable and injudicious in my opinion, I do not see my way to any sort of approval of the Bill.

3. In this district the interest is often very high, and small sums grow very large in rather brief periods, and the people are commonly exceedingly stupid and ignorant. Some protection might be afforded to the inhabitants of this district, if of any: but it is not easy to propose a satisfactory measure. There is section 74 of the Contract Act, which is something giving discretion to the Courts in penalty cases, and there is also the understanding that hard and unconscionable bargains can be relieved against.

4. If only in the latter cases the Courts could be allowed a little more scope and power of giving relief, it would be well; but the High Courts are not, in my view, liberal enough in this connexion, and the lower Courts, I believe are often afraid naturally to give effect to their desires to protect poor, ignorant, weak-minded yokels from semi-dishonest mahajans and their iniquitous bargains; because these Courts feel they would probably be going beyond the rulings.

5. I can only suggest myself, as possibly about the best plan to adopt, a provision of law defining or describing the sort of the "unconscionable" bargains which the Courts might modify. But I write this with much diffidence, and I am rather inclined to hold that the law should be left as it is.

Dated Calcutta, 29 July 1895.

From *A. F. M. Abdur Rahman*, Esq., Honorary Secretary to the Muhammadan Literary Society of Calcutta, to the Under-Secretary to the Government of Bengal, Judicial Department.

I AM directed to acknowledge the receipt of your letter No. 2114J., dated the 13th April 1895, asking the Muhammadan Literary Society for their opinion on the Bill, to regulate the award of interest in suits for simple money debts and mortgage debts.

In reply, I have to state that the Muhammadan community would gladly accept a rule of limitation upon high and unreasonable rate of interest in money and mortgage debts. The provisions of the Bill are likely to remove a longstanding anomaly, and restrain, to a considerable extent, hard and unconscionable bargains. The committee of management therefore approve of the Bill, and are of opinion that interest in excess of principal should not be decreed, and that when the interest is compound or exceeds 12 per cent., the Judge should satisfy himself that the transaction was fair and reasonable.

No. 2T., dated Camp Balasore, 23 July 1895.

From *H. G. Cooke*, Esq., Commissioner of the Orissa Division, to the Chief Secretary to the Government of Bengal.

WITH reference to your No. 2113J., of 13th April 1895, on the subject of a Bill to regulate the award of interest in suits for simple-money debts, I have the honour to report as follows :—

Mr. Maude of Cuttack and Mr. De of Balasore briefly approve the provisions of the Bill. Mr. Wylly of Angul thinks that "creditors will find means to counteract the provisions of the Bill in some way or other impossible at present to foretell, but to their own advantage," and proceeds to propose an alternative plan, which appears to me to be open to precisely the objection Mr. Wylly makes to the present Bill.

2. Mr. Sen of Puri has written by far the most thoughtful report of any of the District Officers. I entirely agree with the first two paragraphs of his letter. I do not believe in his third paragraph, which proposes to leave it to the Courts to decide the amount of interest in each case. This expedient is open to exactly the same objections that Mr. Sen alleges against the Bill, by rendering the amount of interest to be recovered doubtful; it will make the creditor more chary of lending, and when he does lend, he will protect himself against possible loss arising from the action of the Court, by taking a bond for a sum much in excess of that actually received by the debtor; any benefits that may ostensibly arise from the application of the provisions of the Bill will have been previously discounted at the time the loan was given.

3. I consider that the measure, if it becomes law, whatever its immediate effect may be, will ultimately make the raising of loans more difficult, and the terms on which money is lent more oppressive, and that even after allowing credit for the amount by which the debtor is apparently benefited by a decree passed in accordance with the Bill, the debtor will, by reason of the terms of the loan, be found to be worse off than he is at present.

4. I enclose a copy of Mr. Sen's report.

No. 896, dated Puri, 18 June 1895.

From *A. C. Sen*, Esq., Officiating Collector of Puri, to the Commissioner of the Orissa Division.

WITH reference to your memorandum No. 701R., dated 8th ultimo, forwarding for report copy of a letter from the Government in the Judicial Department, No. 2113, dated 13th April 1895, with enclosure, on the subject of a Bill to regulate award of interest in suits for simple money-debts and mortgage-debts, I have the honour to submit as follows :—

2. There can be no doubt that the subject-matter of the Bill is one of very great importance. If anything more than others has tended to prevent the mass of the population from making the progress that could be expected from the peaceful British rule in India, it is, I believe, the strictness with which, in all our civil courts, the mahajans have been allowed to enforce their claims against the poor people who had been obliged to borrow money from them. The mahajans, of course, always existed in India, and the poor people used also always to borrow money at exorbitant rates, but formerly, owing to the disturbed condition of the country, the mahajans had not half that facility for realizing their dues which they now possess. Anything tending, in the least degree, to protect the poor from the clutches of the money lending classes ought to be welcome. But the matter is beset with such difficulties, as to appear quite a hopeless one. Certain it is that the present Bill is far from being an adequate remedy or any remedy at all—nay, its practical effect may be to place the poor people in worse condition than they are at present. For it is not unlikely that by our placing a limit to the rate of interest the lenders will be less willing to give loans to the poor than they are now, or they may try to make up what they would regard a loss in other ways, *e.g.*, by taking a bond for an amount considerably greater than what is lent.

3. After giving the subject my best consideration, the only remedy I am able to suggest in place of that ontained in the Bill is the following :—

"In all simple money and mortgage suits, notwithstanding the stipulation entered in the bond on the mortgage deed as to rate of interest, it will be in the discretion of the Court to allow such a rate, which, considering all the circumstances of the case, it thinks just and equitable." This is no doubt vague and indefinite, and it is not unlikely that its practical results, in the different Courts, will, for some time at least, be very different. But I do not think any hard and fast rule will meet the requirements of all cases, and the good sense possessed by the generality of our Courts makes me firmly believe that the discretionary power, will, on the whole, be rightly exercised, and justice done.

Dated Calcutta, 22 July 1895. From *G. Hickie*, Esq., Secretary to the Calcutta Trades Association, to the Chief Secretary to the Government of Bengal.

THE Committee of the Trades Association have considered the Bill forwarded with your letter No. 2114J., dated 13 April 1895, to regulate the award of interest in suits for simple money-debts and mortgage-debts, and I have now the honour to submit the following remarks.

2. Viewing the Bill as a proposed law in restriction of usury, it is doubtful whether it would fulfil its object, experience having shown that usury laws have not succeeded in producing their desired effect. If the present Bill is passed, the Committee see no reason to suppose it would meet with any different fate. It might, in isolated cases, effect its object, but this would, in a large number of cases, be defeated where the obvious device of naming a fictitious amount of money advanced was resorted to by the unscrupulous lender; and against this fraudulent evasion of the law it would seem to be impossible to provide.

But while expressing the above opinion, the Committee of the Association would wish it to be understood that they quite approve of the principle and objects of the Bill, on the grounds that the indebtedness of the land-owning classes in some parts of India, and the transfer of their property to the money-lending class by the action of the law, entail not only very serious personal hardships, but constitute a grave political danger. The Committee of the Association would therefore suggest that provision be made in the Bill for a short period of limitation in respect of suits for money advanced on the security of crops or land, and that the latter shall not be attachable under decrees for money lent.

No. 51R.G., dated Calcutta, 15 July 1895.

From *E. V. Westmacott*, Esq., Commissioner of the Presidency Division, to the Chief Secretary to the Government of Bengal.

WITH reference to your No. 2113J., of the 13th April 1895, I have the honour to annex an abstract of the opinions of the officers whom I have consulted on the subject.

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2. The attempt by legal enactment to limit the profits of lending money has been made again and again in the history of the world, and in British India there were usury laws until 1855, when they were repealed by Act XXVIII. of that year. Such laws always appeal to benevolent and sentimental persons, and are popular; but I believe I am right, though I have not studied the history of the subject deeply, in thinking that no competent statesman would, in view of the experience of centuries, hold their renewal to be worthy of consideration. I feel that it would be presumptuous in me, without some study, to discuss the subject, but the following is in brief the view that I take. Either the law would be effective in limiting the amount of interest which a lender could recover, or it would be evaded and rendered inefficacious. If effective, it must be remembered that there are improvident borrowers, who are reckless in contracting obligations so long as they can obtain ready money; there are also keen calculating men of business, who consider it worth while to borrow at enormously heavy interest for short periods, in view of the probability of securing still more enormous profits from the immediate use of the ready money. Even if it is held to be the duty of the State to protect the former class of borrower from the consequences of their own recklessness, which I think doubtful, I believe that interference with the latter class of borrowers would be positively mischievous. The proposed legislation would greatly depreciate the security; as the courts of law would not assist the lender to recover, and the interest would increase in proportion to the depreciation of the security. In this country, as Mr. Roe has justly pointed out, the mischief has been done, and interest vastly in excess of the principal has been recovered before the lender comes into court, and in such case the protection given eventually to the borrower does not amount to much. The proposed law would, however, easily be evaded, as several of the officers whose opinions I have quoted have pointed out, by a system of renewals. A loan of a hundred rupees is taken, and the law will not allow the recovery of more than a hundred rupees as interest. Payment after payment is made, but still the balance of interest due amounts to ninety-nine rupees. The lender has no wish to release his victim by going into Court and placing his affairs at the discretion of a sentimental Judge. He sends for the debtor, lends him two hundred rupees, takes repayment of a hundred and ninety-nine, and starts fresh on a new bond. It may be urged that the courts will go behind this bond, and inquire into the original debt, perhaps after three or four such renewals. I do not believe that the courts would succeed, even if they tried, in doing anything of the kind. I firmly believe that such legislation as is proposed would be mischievous, and if I could be persuaded that it would not, I am still more firmly convinced that it would be inefficacious. I am certain that a study of the history of usury laws and their results all over the world would support my opinion.

ABSTRACT of the opinions of the Districts Officers in the Presidency Division, on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

Mr. E. W. Collin, Officiating Collector of the 24-Parganas, says that it is impossible not to approve generally of the proposed legislation, but the Bill, as it now stands, is open to objections. First of all the collector says that the statement of objects and reasons does not refer to the special case which has led to the introduction of the Bill, and it is not therefore easy to judge of the necessity of the proposed legislation. The collector then states that the Bill, if passed into law, is to have retrospective effect, and to apply to debts contracted before the proposed change of law. It allows the Court no discretion to discriminate between the different classes of debtors. If legislation in the matter is necessary, it would be preferable to give the Court a discretion as to the amount of interest to be decreed. The rate of interest which is fairly recoverable on a loan depends upon the class of security, and the good or bad prospects of recovering the principal at the time the debt was incurred. A mortgage-debt where homestead lands are pledged, stands on a different footing from a money-debt, where moveable property is the only security. It would therefore be better to allow the Court some power to discriminate between cases where a high rate of interest might reasonably be allowed, and where the exaction of the full bond would be productive of hardship. Mr. Collin further says that the proposed Bill would have another bad effect, viz., that it would either compel the creditor to sue for debts, or the debtor to repay or renew loans, as soon as the interest equals the principal, and this would be injurious to the debtors, as will be seen from the example given below.

Suppose a man contracts a loan of Rs. 100 at 20 per cent. The creditor would be obliged to sue at the end of five years. It is probable that it would be inconvenient for the debtor to pay at the time, especially if he is an agriculturist (who makes up the largest class of debtors), who depends on his harvests and the seasons for opportunities to pay off his debts. Thus, if the debtor is pressed at inconvenient times, he would be obliged to undergo a fresh loan of Rs. 100 or Rs. 200 at the same rate of interest, and at the end of another five years he would have to pay Rs. 400, instead of Rs. 300 if he had kept on with the old debt.

Mr. Collin is, therefore, of opinion that the proposed Bill will yield no good result, but he considers it necessary that something should be done to obviate such hard cases as are referred to in the statement of objects and reasons of the Bill.

2. Mr. J. H. E. Garrett, Officiating Collector of Nadia, forwards a copy of a note drawn up by the deputy collector, Babu Mohendra Nath Bhattacharjee, on the provisions of the Bill. In his note the deputy collector explains how the usury laws in this country developed, and how their repeal in 1855 has very hardly operated upon the poorer classes of raiyats. The present Bill, the deputy collector says, if passed into law, will prevent the rapacious money-lender from recovering more than the amount lent on account of interest. The provisions of the Bill, he says, are strictly in accordance with the idea prevailing in the country that no lender should be allowed to realise more than double the amount he lent. The deputy collector suggests that the rate of interest should also be regulated so that no creditor may realise double the amount advanced, except in a given number of years. No Court should give a decree for interest exceeding the amount of principal in any case whatever, nor should any Court give interest to the creditor up to that amount unless the debt was contracted three, four, or five years before the institution of the suit.

Mr. Garrett says that he fully agrees with the opinion of Babu Mohendra Nath Bhattacharjee, and that he is strongly in favour of a legal limit of annual interest. He suggests that it should also be laid down that no Court shall decree interest at a higher rate than 25 per cent. per annum. As long as the rate of interest is not controlled, the money-lender's victims will get no protection, for the only effect of the Bill, as it now stands, will be that the suit will be instituted sooner than it would otherwise have been.

3. Mr. J. Webster, Officiating Collector of Murshidabad, says that there cannot be two opinions as to the desirability of the proposed legislation, as it will afford protection to the agricultural and petty trading classes against the exactions of the professional money-lenders. But he says some doubt has been expressed by the officers consulted by him in the matter as to the probable efficacy of the proposed remedy. The sub-divisional officers in his district are of opinion that the money-lender will, if he chooses, successfully evade the law by causing the bonds to be renewed periodically, and that the Act would prove disadvantageous to the creditors, as it would probably put a stop to the practice of crediting payments in part against the principal even when there is interest outstanding.

The collector, however, does not see that these difficulties will prevent the Act as framed from proving a real benefit to the debtor, and by compelling the money-lender to seek the aid of the Court for the recovery of his dues before the interest has reached the extravagant proportion which it frequently does, will protect the agriculturist against the consequences of their own stupidity. Only in occasional instances the creditors will be able to compel the debtors to renew bonds against their own interest.

4. Mr. F. R. Roe, Officiating Collector of Jessore, says that in his opinion the Bill, as it stands, would not cover sufficient ground to relieve the evil against which it is directed. He entertains no doubt as to the desirability of

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some enactment to prevent the present extortionate treatment of needy cultivators by mahajans, but that enactment must be so drawn as to exclude from its operation those temporary accommodations which are absolutely necessary in commercial transactions. Mr. Roe says that he has had some experience of mahajans' ways and methods as Munsif, Sub-Judge and Subdivisional Officer of the Sadar subdivision in the Sonthal Parganas. By the rent regulations of 1886 it was enacted that interest at a higher rate than 2 per cent. per mensem was not to be given, but the provision of this regulation was evaded by the mahajans by persuading their debtors to execute fresh bonds at the expiration of every three years, and suing only on the final bonds. The Courts held that postponement of legal measures was "fresh consideration," and that these bonds were valid. In Regulation V. of 1893, therefore, a section was included to the effect that no interest could be given exceeding 2 per cent. per mensem, that no compond interest was to be given, that no amount should be decreed double the original principal, and that an intermediate adjustment of accounts and omissions to sue did not constitute fresh consideration. But this provision was also to a great extent inoperative, owing to the fact that the mahajan never comes to Court until he has sucked his victim dry. In most cases a raiyat's account with his mahajan runs on for years and years with small loans and large payments each month. Periodically the debtor signs the mahajan's accounts, acknowledging his indebtedness, and occasionally makes over a cow, or a bullock, or a bigha of land, when the accounts have grown unduly large. The matter never comes into Court unless there is a quarrel or a death among the parties. It is then impossible for the Court to find out what the original principal was, and it should therefore presume that the whole of the last bond or acknowledgment is interest, and give no interest on it. This, Mr. Roe thinks, is the most that can be done, and the principle of the usury clauses of Regulation V. of 1893 might, with great advantage, be extended to the whole of India.

The Bill as at present proposed would, the collector thinks, only drive the mahajan earlier into Court, and he proposes the following amendment:—

(1) No Civil Court shall in any suit instituted after the commencement of this Act decree or award interest exceeding in amount the proportion of the original principal, or where there has been payment in reduction of the principal, exceeding in amount the proportion of the reduced principal given in Schedule A:—

SCHEDULE A.

	Per cent.
1. For debt incurred or reduced less than 1 year before the institution of the suit ...	18
2. For debt incurred or reduced less than 2 years before the institution of the suit ...	30
3. For debt incurred or reduced less than 3 years before the institution of the suit ...	36
4. For debt incurred or reduced less than 4 years before the institution of the suit ...	48
5. For debt incurred or reduced less than 5 years before the institution of the suit ...	60
6. For debt incurred or reduced less than 6 years before the institution of the suit ...	72
7. For debt incurred or reduced less than 7 years before the institution of the suit ...	84
8. For debt incurred or reduced less than 8 years before the institution of the suit ...	96
Any longer periods	100

(2) The original principal shall mean the value of money or goods actually advanced in the original transactions.

(3) Reduced principal shall mean the amount of principal remaining unliquidated after deducting as interest from any gross payment made a sum not exceeding 1 per cent. per mensem on the principal or reduced principal incurred or left unliquidated at the last date of payment.

(4) No interest on interest shall be decreed or awarded.

(5) The Court shall presume, until evidence is given to the contrary, that the whole amount set forth as liability in any document executed in cancellation of any previous document is interest, and shall award no interest thereon.

(6) The original principal, when it consists in goods supplied, shall be taken to be the money value of such goods at the time of the transactions.

(7) Intermediate payments, when made in kind, shall be taken to be the money value of the payment made at the current rate at the date of payment.

5. Mr. F. N. Fischer, Officiating Collector of Khulna, is of opinion that the proposed Bill, when passed into law, will be a safeguard to some extent against the extortions of money-lenders. He considers that it would be better if the word "included" be substituted for "exclusive" in the third line of the explanation to the Bill, or otherwise little advantage would accrue to the debtors. The collector adds that although the amendment suggested by him be accepted, the creditors would derive new means to frustrate the purposes of the law by compelling the debtors to renew their bonds at short intervals, including both the principal and the accumulated interest as principal in the new bond, but still the proposed Bill is calculated to benefit the debtors on the whole.

No. 652G, dated Boalia, 24 April 1895.

From *A. E. Staley*, Esq., District Judge of Rajshahi, to the Chief Secretary to the Government of Bengal.

WITH reference to letter No. 2113J., dated 13th instant, calling for my opinion on the provisions of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I have the honour to state as follows:—

2. The provisions of the proposed Bill will, if enforced, I believe be beneficial. In order, however, to avoid any possible injustice, I would suggest that after the words "no civil court" shall be inserted the words "except for special reasons to be recorded in writing."

3. I believe every judicial officer will agree that there is need of some such provisions as those suggested; and every court will afford cases showing the need of them.

4. A recent case which came under notice in my court was this:—

A., being a solvent and well-to-do landowner, with a clear yearly income of some 50,000 rupees, borrowed from a pleader 10,000 rupees at heavy interest, at a short due date. A shortly after died, leaving as heir a minor son.

The guardian was a personal friend of that pleader, who generally appeared for the guardian in the guardian's own litigation.

The debt and interest were not paid, though the estate was quite solvent, and the pleader did not sue. In six years the debt had increased from 10,000 rupees to 40,000 rupees, and the pleader sued and got a decree.

5. Landlords

5. Landlords frequently use the law in this way. Rent is not demanded or is not taken from a raiyat: it is allowed to accumulate. Then a suit is instituted or threat is made of a suit for three years' arrears, costs, interest at 12 per cent., and damages at 25 per cent., increasing the amount by 50 per cent. and more, and the tenant then gives a money- or mortgage-bond at heavy interest for the amount. This again is allowed to run on at interest, till in a few years the raiyat is hopelessly involved, and must agree to any terms of enhancement or loss of rights his landlord pleases. I am referring generally to the smaller landowners and middlemen.

(No. 164.)

From *T. W. Richardson*, Esq., Registrar of the High Court of Judicature at Fort William in Bengal, Appellate Side, to the Secretary to the Government of India, Legislative Department.

High Court, English Department, Civil. Present, the Full Court.

Sir, Dated Calcutta, 24 January 1896.

I AM directed to acknowledge the receipt of Mr. Macpherson's letter No. 597, dated the 13th March last, requesting an expression of the opinion of the Judges on the provisions of a Bill (therewith forwarded) to regulate the award of interest in suits for simple money-debts and mortgage-debts. In reply I am to request that the following remarks may be laid before His Excellency the Governor General in Council.

2. The object which the Bill aims at is doubtless laudable, and the evil which it is intended to remove does to a great extent exist, but the provisions of the Bill are not, in the opinion of the majority of the Judges, likely to secure the desired end, and the principle of limiting the amount recoverable as interest by a hard-and-fast rule is one of which they cannot express approval.

3. The payment of interest, I am to say, may affect the borrower injuriously, either by reason of the rate of interest being excessive, or by reason of the amount of interest, even though the rate be moderate, being allowed to accumulate. The Bill, it is observed, leaves the former source of evil untouched, and only seeks to provide against the latter, though the blame, if any, attaching to the lender must be greater in the former case than in the latter. And further, no distinction is made between cases in which the institution of a suit is purposely delayed and the interest allowed to accumulate for the sole benefit of the creditor, and cases in which the delay in suing is due to the debtor asking for time. The Judges think that, even if the principle of the Bill be accepted, still a distinction should be made between the two classes of Cases referred to.

4. The Judges, again, are not satisfied that the Bill, as framed, is likely to secure much practical good. Debts remain unpaid and go on increasing, either from inability of the debtor to pay or from his unwillingness to part with his property to clear off his liabilities. There is not much danger of the creditor allowing interest to accumulate in the former case; and it is only in the latter that such a contingency might happen. But in such cases the proposed law can do very little towards remedying the evil. If the Bill becomes law, and the creditor has to sue before the interest equals the principal, the debtor who is unwilling to part with his property to pay off his debt will very often have to contract a fresh loan from some other creditor or the same creditor *benami*, and thus, in place of the interest running on the original principal alone, it will run on the sum total of that amount and the interest due.

5. In some few cases, no doubt, the evil of interest accumulating might be prevented by the proposed law; but the amount of good likely to result is not, in the opinion of the Judges, sufficient to justify legislation of such doubtful propriety, to say nothing of the demoralising effect of the law in making parties resort to devices for evading its provisions.

6. I am to say, therefore, that the Judges do not approve of a Bill of the character proposed. In connection with the subject, however, I am to refer you to their letter No. 1769, dated the 14th August 1894, to the Government of India, in the Home Department, regarding certain proposed changes in the general law of British India, which were originally suggested in a resolution of the Government of India, dealing with the Deccan Agriculturalists' Relief Act (XVII. of 1879).

7. I am to add that Mr. Justice Pigot is in favour of the Bill, and proposes to say a few words upon the subject in a separate minute. Mr. Justice Ameer Ali also dissents from some of the observations made in this letter, and proposes to state his views separately

I have, &c.,

Registrar.

From *T. W. Richardson*, Esq., Officiating Registrar, High Court, Calcutta, to Secretary to Government of India, Home Department,—(No. 1769, dated 14 August 1894).

I AM directed to acknowledge the receipt of your letter, No. 616, dated the 4th June 1894, asking for an expression of the opinion of the Judges on certain proposed changes in the general law of British India, which were originally suggested in a resolution of the Government of India, No. 17 Judicial, 1497—1502, dated the 20th November 1891, dealing with the Dekkhan Agriculturists' Relief Act (XVII. of 1879), an abstract from which is forwarded with your letter. In reply, I am to request that the following observations of the Court may be laid before His Excellency the Governor General in Council.

2. The changes referred to are set out in paragraph 4 of your letter under two heads: the first relating to changes in the Usury Laws Repealing Act (XXVIII. of 1855) and the Contract Act (IX. of 1872); and the second to changes in the Evidence Act (I. of 1872). Under the first head are grouped two proposals, which are in fact distinct and admit of separate consideration; these are:—

(*a*) To amend the law regarding usury, so as to make it clear by a specific enactment to that effect that the Courts before awarding stipulated interest shall be bound to inquire as to coercion, undue influence, fraud, or misrepresentation, whenever there is a reasonable suspicion of any of these:

(*b*) To provide in the Contract Act that the taking an undue advantage of a debtor's simplicity or necessities shall, equally with coercion, undue influence, &c., render an agreement voidable.

3. The Judges, I am to say, are opposed to the former of these two proposals. However desirable or necessary it may be to protect by special legislation particular classes of persons in particular localities, such as the agriculturalists of the Dekkhan, for whom Act XVII. of 1879 was enacted, the Judges consider it highly undesirable and wholly unnecessary to change the general law of British India so as to make it obligatory on the Courts, before awarding stipulated interest, to inquire of their own motion as to coercion, undue influence, &c., upon mere suspicion, however reasonable, when the party liable to pay does not raise the objection. The Judges consider any such change undesirable, because the Court, not knowing the facts beforehand, might view with suspicion many circumstances not really suspicious, and might thus be led, unasked by any party into useless inquiries entailing much

much waste of time and expense. And they consider the change unnecessary because, however much the debtor may be under the influence of the creditor when contracting the loan and stipulating as to the rate of interest, after the institution of the suit the parties almost invariably are at arm's length, and the debtor has, and as a rule avails himself of, every opportunity of contesting the claim on all possible grounds.

4. Where an objection is raised that the stipulation for interest was entered into under coercion or undue influence or the like, under the existing law the Court is bound to inquire into the objection. Section 2 of Act XXVIII. of 1855 provides for the award of interest at the rate agreed upon, and when the agreement as to the rate is impugned on any ground, the Court must inquire into the objection before it can give effect to the agreement.

5. The second proposal grouped under the first head requires, the Judges think, careful consideration. The existing law as contained in the Contract Act contains no provision for invalidating an agreement on the ground of the creditor's taking an undue advantage of the simplicity or the necessities of the debtor; but there are cases in the books in which Courts of Equity have interfered upon this ground, and to the extent to which those cases go the Judges see no objection to the amendment of the Contract Act. The difficulty lies in framing the provision so as to make it sufficiently definite for practical purposes, to include all cases that ought to be provided for and to exclude every other case. Of course, the simplicity or the necessity of the debtor is not in itself sufficient to avoid the contract. It is undue advantage taken of either that constitutes the invalidating circumstance. And the ultimate test as to whether such undue advantage has been taken or not can only be found, the Judges apprehend, in the inquiry as to whether the transaction was or was not a hard and an unconscionable one. (*See* Beyon *v.* Cook, L.R., 10 Ch. 389; Kamini Sundari *v.* Kali Prasanna, L.R., 12 I.A. 215.) If the provision is so restricted as to apply only to cases of hard and unconscionable bargains against which equity gives relief, the change, the Judges think, is unobjectionable. Possibly the change might be best effected by inserting a section defining "undue advantage," and amending Section 19 so as to make the contract voidable when consent has been obtained by "undue advantage."

6. In connection with this proposed change in the provisions of the Contract Act relating to voidable agreements, the Judges would suggest that Section 64 of the Act be at the same time amended so as to enable the Court, when it thinks fit, to award to the party against whom recission of a voidable contract is decreed, compensation in addition to, or in lieu of, the benefit to be restored to such party under that section. The English Courts of Equity allow interest at a moderate rate in addition to the sum actually advanced. (*See* L.R., 10 Ch. 389.) Again, restitution may be impossible in some cases; but the section, as it now stands, contains no provision for compensation in any other form.

7. Under the second head of changes suggested, it is proposed "by additions to the Evidence Act to enable the Court to require independent evidence of the transaction, if it disbelieves or doubts the recorded consideration; and likewise to require proof of *bona fides* from the party who contracted when in a position of decided advantage.

It appears from paragraph 37 of the resolution already referred to, that the Government of India contemplate effecting these changes by making the following additions to the Evidence Act:—

> "Section 92, Proviso 1A.—In any action founded upon a written contract for the payment of money, if the Court has reason to suspect that the true consideration for the contract is other than that which appears upon the face of the document, it may, if it shall think fit, require the plaintiff to prove his case by evidence independent of the document."
>
> "Section 111A.—In any action founded on contract, if from all the circumstances of the case the Court is of opinion that the parties were not at the date of the contract upon equal terms with respect thereto, it may, if it shall think fit, require the party with whom the advantage lay to prove the good faith of the transaction."

8. The Judges, I am to say, consider the former of these two amendments to be undesirable and unnecessary. They are of opinion that the statement in a document as to the nature and amount of the consideration should, like the analogous instance of the recital of the receipt of consideration (as to which see Fuli Bibi *v.* Basiruddin, XII. Weekly Reporter, F.B. 25) be *primâ facie* evidence against the debtor; and the burden should lie upon him, if he denies the correctness of the statement, to prove his allegation by evidence, which he can do under the existing proviso (1) of Section 92 of the Evidence Act, when the statement as to consideration comes within the substantive part of the section, or independently of the proviso when the statement is outside the scope of the section. (*See* I.L.R., 3 Cal. 184.) If, for example, by the terms of a contract, a person made himself liable to pay at a future date a sum in excess of that stated to have been received by him, it would be open to him under proviso (1) to prove any fact which would entitle him to be relieved from the performance of the contract. If, on the other hand, the plea raised was that the debtor had not received the full consideration stated in the contract, the terms of the section would not prevent him from giving evidence in support of the plea. The Judges do not think, therefore, that it is either desirable or necessary to change the law so as to make suspicion a ground for shifting the burden of proof.

9. As regards the latter amendment, although there are several objections to the wording of it, which they are not invited to criticise, the Judges, I am to say, approve the principle on which it is based, and which requires that where a person in a position of decided advantage enters into a contract, which *primâ facie* appears to be unfair, he should be called upon to establish its fairness. This is a principle that is followed by Courts of Equity in England (*see* Earl of Aylesford *v.* Morris, L.R., 8 Ch. 495), and by the Courts in this country, more particularly in the case of persons dealing with pardanashin women. The principle is in truth very similar to that enunciated in Section 111 of the Evidence Act, and merely extends to cases of undue advantage the rule which is therein laid down as applicable in certain cases of undue influence.

From the Secretary to the Chief Commissioner of Assam, to the Secretary to the Government of India, Legislative Department, Shillong, 12 September 1895.

In the debate on the Bill in Council, it was pointed out that, unless provisions in restraint of bargains between money-lenders and their debtors are very carefully framed, they always tend to the injury of the debtor, and the old Usury Laws in England were quoted as an instance of measures which aggravated the evil they were intended to cure. This view seems to be shared by many of the District Officers and Native gentlemen consulted in this province, who, although they sympathise with the object of the Bill, consider that little difficulty would be experienced in evading its provisions, and that the ultimate result of the measure would probably be that debtors would experience greater difficulty in obtaining small loans, that the actual, as distinct from the nominal, rate of interest would be raised, and that the number of suits for the recovery of loans would be increased. The Chief Commissioner, I am to say, is disposed to agree generally in these conclusions, and he considers that those cases in which the creditor takes advantage of the necessities or ignorance of the borrower to charge exorbitant interest, would perhaps best be met by allowing discretion to Civil Courts to reduce the amount of interest claimed in cases in which the interest exceeds the principal, or the principal as reduced by subsequent payments.

No. 207—'96, dated Calcutta, 31 January 1896.

From *S. E. J. Clark*, Esq., Secretary, Bengal Chamber of Commerce, to the Chief Secretary to the Government of Bengal.

REFERRING to your letter No. 4244J., dated the 3rd August 1895, I am now directed to say that, after a full and careful consideration of all the information available to them on the subject of the Bill to regulate the award of interest for simple money-debts and mortgage-debts introduced into the Council of the Governor-General for making Laws and Regulations by the Hon'ble Mr. Mohiny Mohan Roy, the Committee of the Chamber of Commerce are unable to accord their support to such a measure.

The Committee admit that there are evils connected with the practice at which the measure is aimed, which demand the closest attention of Government, but they cannot see how these evils would be dealt with by so crude a measure as that under consideration. Without going so far as at this time to suggest an alternative proposal, the Committee incline to the view that an extended power to Judges in equity might be surer and safer than an attempt to legislate on particulars.

No. 115, dated Fort Aijal, 14 May 1895.

From *A. Porteous*, Esq., I.C.S. Officiating Political Officer, North Lushai Hills, to the Secretary to the Chief Commissioner of Assam.

IN reply to your No.39L.& L.—1871–75J., dated the 11th April 1895, asking for an expression of my opinion on "The award of Interest Bill," I have the honour to state that the Bill appears to me to be one that can do little harm but equally little good.

Money-lenders will, if the Bill be passed into law, fix their rate of interest at a higher figure and sue earlier than at present, thus giving the Courts of Law more work, but the final result will be little or no relief to victims of extortionate interest, except where, through oversight, creditors allow the time at which the debt has doubled itself to pass without suing.

No. 1201, dated Shillong, 15 May 1895.

From *J. J. S. Driberg*, Esq., Inspector General of Police, Assam, to the Secretary to the Chief Commissioner of Assam.

I HAVE the honour to acknowledge receipt of your letter No.31L.&L.—1629–33J. of the 27th March 1895, forwading, for report a copy of the Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

2. No doubt the evil which it is contemplated the Bill, if passed into law, will lessen, 's a most serious one, but still I cannot help thinking that our efforts can so easily be set aside by the persons interested—by the lender and the borrower. It will be easy to put in a bond an amount as lent far in excess of the real loan, and in most cases the borrower would agree. Again, in the event of the Bill being passed into law, debtors will probably find it more difficult to renew bonds. But, after all, the Bill only proposes to make applicable by law to the whole of India the rule of damdupat, which now applies to certain portions of the oountry only; and if this rule of Hindu law works well in those portions, it may possibly be successful generally.

3. I may state that I have consulted several native gentlemen, and they all, on the whole, give their support to the Bill, though they seem to thing that it may possibly, if passed, make it more difficult for men to borrow money, and may possibly make it more expensive to the borrowers; and this is really what has occurred to me, too.

No. 867, dated Gauhati, 17 May 1895.

From *R. B. McCabe*, Esq., I.C.S., Deputy Commissioner, Kamrup, to the Commissioner of the Assam Valley Districts.

IN reply to your memorandum No. 607, dated the 18th April 1895, I have the honour to report as follows:

"THE AWARD OF INTEREST BILL."

2. I am of opinion that it is extremely inadvisable that this Bill become law. Practical experience for centuries past has proved that any law restraining bargains between money-lenders and their debtors, always results in injury to the debtor. It is inexpedient to limit a man's power to contract, and, in fact, I would say that it is practically impossible to do so, there being so many ways of evading the provisions of any law making such restrictions.

3. It appears to me that the debtor enjoys full protection under the existing administration of the law. While it is only right that a bargain into which a man enters, with his eyes open, be strictly enforced, yet, on the other hand, the Courts, in a spirit of equity, take into consideration the attendant circumstances, and in cases of hard bargains not falling within the rule of reasonableness, give relief to the debtor by limiting the rate of interest.

4. As the High Courts of India have given so many and discrepant decisions with reference to this question of interest, I would suggest that a bill be framed, to the effect that where a contract to pay interest has been made, the question of the reduction of the rate of interest be left to the original Court disposing of the case, and shall not be a subject of appeal.

MINUTE by the Honourable Mr. Justice Ameer Ali.

I REGRET I cannot agree with my learned Colleagues in the view they take of the measure introduced by the Honourable Mohini Mohun Roy into the Viceregal Council. The object of his Bill is to restrict the lender's right to recover a larger amount by way of interest than the principal sum advanced.

For myself, I consider that the proposed enactment falls far short of what the exigencies of the situation require. As I have repeatedly pointed out, the principles which regulate the freedom of contracts in more advanced countries are wholly inapplicable to India. The half-educated zemindar dealing with the astute mahajan or pleader (who often, in these days, combines the business of money-lending with the practice of law), and the ignorant ryot dealing with the sharp village bunniah or mukhtar can hardly be said to be contracting on equal terms. To allow a free hand to money-lenders, has, in its result, proved disastrous to the best interests of the country. Property is constantly changing hands. There is no stability or security of any kind. The propertied class do nothing for their own improvement, or for the improvement of their ryots. And the pauperisation of the old families, ruined by our civilised legal machinery, does not conduce to the popularity of the Government. I think, therefore, that any attempt to minimise the evil from which the country is suffering ought to be cordially welcomed. In this view, I emphatically approve of the Honourable Mohini Mohun Roy's Bill.

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At the same time, in order to make it more effective, I would suggest that power be given to the Civil Court to reduce the rate of interest agreed between the borrower and lender, whenever it considers that such rate is excessive, extortionate, or unconscionable, as well as to make the decretal amount, whenever expedient, payable by instalments.

If the Courts were also vested with the power of appointing a receiver to take charge of immoveable property (against which execution was sought either upon a money decree or a decree upon a mortgage), and to liquidate the debt by its rents and profits, it would go a long way to stop the destruction of families, which is going on in the country at the hands of money-lenders of all classes and degrees; and, by giving security to the propertied classes, would not only advance the interests of good government, but also develop among them a desire for material improvement.

In conclusion, I wish to add that I consider the apprehensions expressed by the advocates of "free contract" to be wholly groundless. I do not believe that, if the Honourable Mohini Mohun Roy's Bill is passed into law, with or without the additions I have suggested, it would lead to the lender making harder bargains or exacting a higher rate of interest than is customary now. In fact, in my opinion, it would not make the smallest difference in the extent or the nature of the transactions between borrowers and lenders.

31 January 1896. *Ameer Ali.*

From Judicial Commissioner, Hyderabad Assigned Districts to Commissioner, Hyderabad Assigned Districts—
(No. 1923, dated 31 August 1895).

I AM not at all satisfied that it is necessary or expedient to legislate for the limitation of interest, and I certainly do not approve of crude legislation on the lines suggested. The rule of damdupat is recognised, and has been often enforced in Berar, and may be said to be a part of the law of Berar; and it is a useful provision when taken for what it is worth and applied with judgment and discretion with regard to all the other facts of the case, and other considerations which the parties consider to be fair and reasonable, and in accordance with the traditions of the country. It is one only of many equitable local rules for the settlement of outstanding claims which cannot be met in full owing to the poverty and circumstances of the debtors. The damdupat rule was originally applied to particular classes of loans, other limitations being fixed for other classes (authorities not being altogether agreed as to what limit was to be fixed in each class). The damdupat rule seems originally to have provided rather for renewal of engagements whenever the limit was reached, than for limitation of interest on the whole. When the debt was on the point of becoming doubled, a fresh engagement was to be entered into, and the whole debt turned into principal, on the whole of which fresh interest would be charged. The rule did not therefore allow the Court to go behind the last bond. So also it was applied only to payments made at one time. Recoveries ought, the people thought, to be made gradually, and it did not matter how much was paid if it was paid little by little without inconveniencing the debtor, but, if a lump sum was demanded, the demand to avoid oppression should be limited to double the original claim. This is what I gather to be the rule of damdupat as understood by the people and the Hindu law books.

The Bill proposes to substitute (for this equitable rule which has to be applied with caution as an equitable rule along with other equitable rules of a like kind) a hard-and-fast law to be applied in all cases and to all people irrespective of all the other facts of the case. Intentionally or unintentionally the Bill widens the rule so as to enable Courts to go behind the last bond in each case and look to the original principal. For the purposes of seeing what interest should be allowed, the Courts in Berar ordinarily do go behind the bond to see what the original principal, and what the subsequent repayments may have been, but they do not take the original principal as the principal for the purpose of applying the damdupat rule, and, if they did so, they would soon find themselves in difficulties, as calculation will show.

As the Bill stands, a debtor might pay off almost all the principal when he heard that the creditor was going to sue, and leave only a very small amount of principal and a large amount of interest due; but this is a defect which would, I presume, be removed before the Bill was passed by provision that in making calculations for the purposes of this Act all sums received in payment should be credited to interest as long as any interest was due. I think that the Bill might work injustice in other ways. There may be mortgage-deeds outstanding on which the interest due already exceeds the principal, and there may be mortgage-contracts by which the mortgagee is prohibited from suing for a term of years during which the interest must necessarily come to more than the principal. The damdupat rule is a good rule for old debts due by country folk, but I do not think it a just rule in the case of cash advances made to moneyed men or to traders. In their case it is not, I think, advisable to force creditors to sue or renovate contracts at frequent intervals.

In my opinion interest should ordinarily (that is, when fraud, undue influence, &c., are not shown) be allowed at the contract rates from the date of the bond to the date on which the payment falls due, that is, during the time that the creditor is prohibited from closing the contract and recovering his money by suit, but that interest charged for any other period and on any other account should be entirely in the discretion of the Court, which should, in deciding what amount is to be allowed, be at liberty to apply any equitable rule and to have regard to all and every detail of the case. While the creditor is bound by the contract not to sue, the debtor should also be strictly bound not to object to the rate of interest agreed on: as soon as the bar to suit is removed, the creditor should not be allowed to plead the contract.

(signed) *R. Obbard.*

F. J. Monahan, Esq., I.C.S., Deputy Commissioner of Sibsagur.

ANY law which would prevent effect being given to such an adjustment by prohibiting the award of interest exceeding the amount of the original principal, would be an usury law, pure and simple, restricting the freedom of contract between parties. I do not think it likely that such a law would be effectual in this country. In order to circumvent it, all that would be necessary would be a bond reciting that the amount taken as principal in the new agreement had actually been paid in cash. Even if the claim were contested later on in Court, the creditor would have no difficulty in adducing any number of witnesses to prove the cash payment, and the recital in the bond would be strong corroboration of their evidence.

No. 1905, dated Silchar, 1 August 1895.

From *A. G. Hallifax*, Esq., I.C.S., Deputy Commissioner of Cachar, to The Secretary to the Chief Commissioner of Assam.

WITH reference to your No. 31L.&L.—1629-33J., dated the 27th March 1895, forwarding, for opinion, a Bill to regulate the award of interest in certain cases, I have the honour to state that I have consulted the Government Pleader and agree with him that the Bill, as it stands, is not desirable on general principles. Interference with freedom of contracts in the matter of interest is calculated to do harm rather than good, as may be shown from historical examples. In this case, the Bill might be rendered inoperative if the creditor brought a suit as soon as

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the interest equalled the principal, and at the same time started a fresh loan, repeating the operation, if necessary. Some such plan would almost certainly be soon devised, and, besides nullifying the Bill, would increase litigation, and leave the debtor worse off than before, as he would have to pay costs.

The tendency of the Bill would also be to check small loans, which might cause much distress.

Although some action seems desirable, it is difficult to see what should be done; the evil is largely due to the improvidence and carelessness of the borrowers, and it is hard to remedy these defects. The proposed measure would tend rather to increase them. Possibly, a discretion might be given to the Court in certain cases where the interest is considered excessive, but such a discretion would need to be used very carefully.

From *A. L. Saunders*, Esq., Officiating Chief Secretary to Chief Commissioner, Central Provinces, to Secretary to Government of India, Legislative Department,—(No. 7153, dated 21 September 1895).

I AM directed to acknowledge the receipt of Mr. Macpherson's letter No. 590, dated the 13th March last, forwarding, for the opinion of the Chief Commissioner and of such selected officers as he may think fit to consult, a Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, with Statement of Objects and Reasons.

2. In reply, I am to say that the Chief Commissioner did not think it necessary to obtain from officers any further opinions than those which they had just recorded on the cognate question of the action of the Courts in regard to the interest on bonds in the correspondence ending with this Administration's letter No. 1706, dated the 13th March 1895, to the Home Department.

This Administration has had no experience in these Provinces of the actual working of the rule of damdupat. The Chief Commissioner waited, however, to see whether the publication of Mr. Mohun Roy's Bill excited any discussion or comment, and as it has not done so I am to convey an expression of his own views of it.

3. It has, I am to say, the great merit—and a very attractive merit it is—of perfect simplicity and definiteness Everybody governed by such a law would understand exactly where he was—on the one side the limits of responsibility, on the other the limits of power. And it has the further great merit—a merit of very special value in India—of being in conformity with a customary rule, the recollection of which has altogether faded out in no part of the country. But like all hard-and-fast rules, applied to very varying facts and circumstances, the Chief Commissioner is of opinion that it would certainly be evaded just as the laws limiting the maximum rate of interest were constantly, habitually and successfully evaded in England till they had to be abandoned.

As far as Mr. Woodburn can learn, this is what has actually happened in the Presidency of Bombay, where the rule of damdupat is still nominally in force.

4. The Chief Commissioner is compelled, therefore, with the reluctance with which one surrenders any attractive scheme, to the opinion that the lines taken by the Government of India in the correspondence above referred to are the only practical lines to follow.

5. I am to add that the Bill with Statement of Objects and Reasons was published in the Central Provinces Gazette in English on the 23rd March 1895, and in Hindi on the 3rd July 1895.

(signed) *J. P. Godfrey*,
for Officiating Chief Secretary.

From *Lala Pyare Lal*, Officiating District Judge, Manipuri. Dated 4 June 1895.

"THE excessive and exorbitant rate of interest stipulated to be payable in case of default may be declared to be of the nature of a penalty, and the Courts may be empowered to award only such damages as may appear to be just and proper."

No. 276—XIV, dated 4 June, 1895.

From *F. A. Smith*, Esq., District Judge, Gorákhpur, to The Registrar, High Court of Judicature, N.-W. Provinces.

THE alternative is the conferment by express legislation on the Courts of the power to make equitable allowances in the execution of contracts which are found to be oppressive and unconscionable.

I am disposed to think that if anything can be done, and I am far from being certain that anything can be done, the remedy must be sought in this direction.

The only practicable plan appears to be to confer the proposed equitable jurisdiction on the intermediate Courts of original jurisdiction and appeal, as well as on the High Courts.

Whether or not Subordinate Judges should be included among the officers empowered would be a question for consideration in Committee.

No. 1104, dated 12 July 1895.

From *H. M. R. Hopkins*, Esq., Officiating District Judge, Hardoi, to Registrar, Judicial Commissioner's Court, Oudh.

Sir,

I HAVE the honour to acknowledge the receipt of your endorsement No. 879, dated 25th April 1895, and to reply as follows.

I agree with the principles of the proposed legislation, which is the restriction of excessive accumulation of unconscionable interest; but it appears to me that the method indicated of imposing a rough and ready period of limitation for all debts alike, without reference to the suitability of the rate of interest in particular cases, is objectionable.

2. What is required is that Courts should have power to deal with the rate of interest in each case an adjudicate upon its reasonableness. The amount of the accumulation is a mere matter of time, and may or may not be excessive according to the circumstances.

3. The Courts have already a certain discretion in their award of interest. When the matter is one of contract they cannot at present of their own motion go behind the terms of the bond. The suggestion of the Allahabad High Court

Court that Courts should be given a discretion in the case of bonds, the terms of which are exorbitant, to call upon the lender to prove that the transaction was fair and reasonable, appears to me to go far to meet the difficulty. If legislation to this end is undertaken, that at present proposed would become unnecessary.

No. 1522, dated Lucknow, 13 August 1895.

From *R. Scott*, Esq., Officiating Judicial Commissioner, Oudh, to Secretary to Government, N.-W. Provinces and Oudh.

Sir,

In reply to your letter No. $\frac{316}{VII-7038}$ dated 30 March 1895, I have the honour to state that, in my opinion, the Bill in its present form is undesirable and likely to produce greater evils than those it is intended to remedy. If passed as it stands, I think it will be certain to cause creditors in many cases to sue their debtors before the interest due amounts to the principal, instead of, as at present, allowing them time. I see no greater objection to enforcing a contract to pay interest for 5 years at 25 per cent. than to pay interest at that rate for one year. The Bill should be redrafted, to meet the evil which notoriously exists and cries for a remedy. That can be done by giving Courts in all cases where the rate of interest agreed on between the parties is in excess of, say, 12 per cent. per annum, or where the agreement is, in the opinion of the Court, unfair and unreasonable, power to decree such an amount only in the way of interest as may appear fair and reasonable.

Dated Lucknow, 9 June 1895.

From *L. DeGruyther*, Esq., Barrister-at-Law, to Secretary to Government, N.-W. Provinces and Oudh.

What is the proper remedy?—I would suggest that where the rate of interest exceeds 12 per cent. per annum the Court may, in its discretion, after considering all the circumstances of the case, award such rate as it shall consider reasonable; the discretion so exercised to be capable of correction by a Court of appeal. The risk to be run, the amount of the loan, the period of the loan, the security offered, the taking advantage of the position of the borrower, and various other matters, will influence the Court in the exercise of its discretion.

From Deputy Commissioner Naini Tal, to Commissioner, Kumaun Division.

Sir,

In reply to your No. $\frac{3522}{XIV-20}$ dated 23rd April 1895, forwarding for opinion Bill to regulate the award of interests in suits for simple money-debts and mortgage-debts, I forward for your information copy of opinion given by Mr. Cockburn, Deputy Collector, who had much experience in Indian money-lending transactions.

2. In my opinion the Bill if it becomes law will do very little real good in checking excessive interest charges. It will be easy to evade the provisions, as creditors will take out fresh bonds when interest charges are mounting up, or they will deduct sums from nominal consideration money when bonds are being executed. Till Courts have power to go behind bonds and examine the true nature of the money transactions, the provisions of the Bill if it becomes law will be almost a dead letter.

No. 142, dated 10 July 1895.

From *A. Kensington*, Esq., Deputy Commissioner, Amritsar, to The Commissioner and Superintendent Lahore Division.

I have the honour to reply to your memorandum No. 95, dated 13th April, and subsequent reminders, asking for my opinion on the "Award of Interest Bill."

I fully agree with all that has been urged, both now and on many previous occasions, in favour of the object which the promoter of the Bill has in view. I regret, however, to be obliged to give it as my own opinion, and that of the more experienced revenue officials of the district, that the Bill as it stands must fail in its object, and would, if passed, only make the position of agricultural debtors worse than it is already.

Opinions of the Judges on a Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

I think the question of controlling interest by legislation is much too large a one to be disposed of by a brief Act of this kind.

C. A. Roe,
Judge.

6 April 1895.

I think the Bill is one in the right direction. I am doubtful of its doing much good, as money-lenders will try to devise some means of circumventing it, and may be driven to make harder bargains with their debtors; but on the whole I am of opinion that it is likely to do more good than harm, and might have a trial. To be of use, it should provide that the principal should not, either in whole or part, be composed of interest on a prior transaction. Otherwise the measure is likely to be rendered inoperative by fresh bonds or mortgage-deeds being taken on account of past interest.

J. Frizelle,
Judge.

6 June 1895.

But, as stated in my previous opinion, some further action is necessary in regard to interest for the relief of debtors. The Courts ought to have more power to interfere with the contract as to the rate of interest than is given by this section. The principle of interference is conceded by proposed legislation, but against accumulation only. I think it should go further and give the Court power to reduce the rate where it is excessive. I understand that the learned Judges of the Allahabad High Court hold similar views.

P C Chatterji,
Judge.

12 July 1895.

No. 78, dated 11 May 1895.

From Colonel *C. H. T. Marshall*, Divisional Judge, Lahore Division, to The Registrar, Chief Court, Punjab.

IN reply to your letter No. 1170 G., dated the 5th April 1895, I have the honour to say that the proposed amendment is a desirable one in many ways, but I doubt if the objects intended by it would be fulfilled.

The money-lender would manage to evade the restriction in some way or other, and I do not believe that any benefit would accrue to the debtors by the passing of this Bill.

No. C./106, dated Simla, 17 July 1895.

From Pandit *Hari Kishan Kaul*, M.A., Officiating Junior Secretary to Financial Commissioner, Punjab, to the Junior Secretary to Government, Punjab.

MR. RIVAZ'S view in regard to the proposed Bill briefly is that, although it is right in principle, it will fail in its object unless supplemented by (1) some provisions for enabling the Courts to go behind the bond, mortgage-deed, shop account, &c., sued on, and ascertain the real amount of principal loan taken by the debtor; and (2) some general scheme for restricting alienations of land by agriculturists. It seems to the Financial Commissioner that, as the Bill at present stands, money-lenders will be sure to circumvent it by false entries regarding principal, and also that an enactment of this nature will tend to making money-lenders in these transactions with agriculturists insist more than ever on obtaining possession of land as a condition of their loans. Mr. Young, without expressing any opinion on the larger question of restricting alienations of land, concurs in Mr. Rivaz's views.

2. The opinion of the Commissioner of Lahore, I am to add, has not been received yet, but it will be forwarded as soon as it comes in.

Hari Kishan Kaul,
Officiating Junior Secretary to Financial Commissioner, Punjab.

OPINION of *R. Clarke*, Esquire, C.S., Commissioner and Superintendent. Delhi Division, on the Bill to regulate the award of interest in suits for simple money and mortgage debts, dated 30 April 1895.

MR. STEEDMAN, Deputy Commissioner of Simla, and Captain Davies, Deputy Commissioner of Delhi, the two officers whom I consulted, are in favour of the Bill, but they give it very faint praise indeed. Captain Davies thinks that as soon as its provisions are known it would be easy for money-lenders to evade it. Mr. Steedman thinks it good in so far as it will lower the credit of agricultural borrowers.

My own opinion is that such an enactment will be useless. What is wanted is a much more drastic measure—a measure that will authorise Courts to go behind the bond in all cases and refuse to make themselves engines of oppression by enforcing unconscionable bargains. This Bill is futile, and it is only trifling with a serious subject.

R. Clarke,
Commissioner and Superintendent, Delhi Division.

No. 1305 E., dated Jullundur, 4 May 1895.

From Lieut.-Colonel *C. F. Massy*, Commissioner and Superintendent, Jullundur Division, to the Junior Secretary to Financial Commissioner, Punjab.

WHAT we require is a law which will enable the Courts to go behind the balance struck, or the bond, and enquire into the consideration actually received. Then, after the correct consideration has been ascertained, let the law further enact that interest in excess of the original principal (or the reduced principal if part payment has been made) shall not be decreed. I would suggest an explanation as follows:—The word "principal" means "consideration which actually passed from the creditor to the debtor, and does not include interest, either charged or promised to be paid."

In my opinion there are two practicable methods of coping with the money-lender, and both deserve the earnest attention of the Legislature.

The first is—while firmly respecting the sanctity of solemn engagements freely entered into—to impose on the Courts a positive duty to examine usurious agreements stringently, both with reference to Section 14 of the Contract Act (namely whether the borrower's consent was "free") and also with regard to Section 23 (as to whether the terms of the agreement are "contrary to public policy"), and to remember that high considerations of policy render "broken estates" undesirable. "So many broken estates," said (I believe) Bacon, "so many votes for troubles." There is, to my mind, clear justification for refusing to give effect in the Civil Courts to any agreement as to which it is evident that the lender could not possibly have *bonâ fide* expected his victim to meet his obligations, but really intended to entangle him in a hopeless liability, with a view to getting hold of his land and reducing him to a state of serfdom.

In short, my second suggestion is to disable the improvident classes from contracting usurious debts, and thus to checkmate the usurer and the lawyer at one blow. The Civil Courts will not furnish an adequate remedy if they could, and cannot do so if they would.

E. P. Henderson, Government Advocate, Punjab.

JUDICIAL DEPARTMENT.

Letter from the Chief Secretary to the Government of Fort St. George, to the Secretary to the Government of India, Legislative Department.

SIR,

IN acknowledging the receipt of Mr. Macpherson's letter, No. 585, dated the 13th March 1895, forwarding, with a Statement of Objects and Reasons, copies of the Hon'ble Mohiny Mohun Roy's Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I am directed in reply to transmit copies of the opinions recorded by the Hon'ble the Judges of the High Court, the Advocate-General, the Board of Revenue, the Inspector-General of Registration and by selected District Collectors and Judges, and to set out the views of His Excellency the Governor in Council regarding the proposed measure.

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2. Most of the reporting officers, it will be seen, are agreed in deprecating legislation on the lines proposed. The main arguments against the principle of the Bill are most forcibly stated in the letter of Mr. Nicholson, the Collector of Anantapur, who points out as to the proposed law—

(*a*) That it would be a usury law which would interfere with business and contract by fixing an arbitrary limitation ;

(*b*) that as such usury law it would be ineffective, as all usury laws have been;

(*c*) that it would hamper legitimate and even considerate contracts, and tend to raise the rate of interest;

(*d*) that it would not touch the mass of credit business in the country, and would be wholly ineffective in dealing with rural usury ;

(*e*) that it would be a law to deal with exceptions ; and finally

(*f*) that it would tend greatly to increase false documents, perjury and fraud.

3. Mr. Nicholson has made a special study of the subject, as it presents itself in this country, in connection with his inquiries regarding the establishment of agricultural banks, and in his letter referred to he sets out clearly and fully the facts and reasons which sustain each of the arguments above stated. With these conclusions His Excellency the Governor in Council would express his general concurrence.

4. On the other hand, Mr. Justice Subramania Iyer, and the Hon'ble Srinivása Rághava Iyengar, Inspector-General of Registration, defend the bill on the grounds that it would be serviceable at any rate as a law of limitation, and would also act as an inducement to creditors to take earlier steps for the recovery of their debts, thus placing debtors in an easier position for meeting their liabilities and tending to prevent their falling into a condition hopelessly involved. In the letter to the Government of India, No. 2671, Judicial, dated the 6th November 1894, reporting upon the question of legislation in regard to the power of the courts to relieve against unconscionable bargains to pay interest, this Government commended the Hon'ble Srinivása Rághava Iyengar's suggestion in favour of enacting the rule of dâmdupat as a law which would probably benefit the more ignorant and improvident classes. His Excellency in Council is well aware that the history of usury laws in all countries has proved again and again how impotent is legislation to regulate the rate of interest, or to put an artificial limit to it ; but looking to the particular classes which would be most affected, His Excellency in Council was then disposed to think that the rule might be of advantage as a rule of limitation. Since, however, the attention of the Government has been more specially and fully drawn by the reports, which form the enclosures of this letter, to the simple methods by which usurers in this country may defeat any such rule and to the risk there is that it would do more harm than good by raising the general rate of interest, which is gradually falling with the opening up of the country, His Excellency in Council is not now disposed to support the suggestion to give legislative sanction to this rule. This Government would rather trust to the other proposals contained in the letter of November 1894. These were (1) to declare that the Courts may, before awarding interest stipulated on a bond, enquire whether there has been coercion, undue influence, fraud or the like ; (2) to empower the Courts to reduce penal rates of interest when these are manifestly unconscionable or unreasonable ; and (3) to require, as in many European countries, professional money-lenders to keep regular accounts, to balance every individual account once a year at least, and to deliver to each debtor periodically a statement of his account to date. This last requirement, it may be remarked, would be particularly efficacious in forcing an ignorant debtor from time to time to realize how his liabilities are mounting up. If these provisions are passed into law this Government believes that everything will be done which the legislature can do in the way of remedying the evils which the Hon'ble Mohiny Mohun Roy's Bill is designed to obviate.

5. I am in conclusion to invite attention to the anomaly which is pointed out by Mr. Justice Subramania Aiyar in regard to the period of limitation applicable to suits brought for the recovery of *post diem* interest. This is a matter which is only remotely connected with the subject referred for opinion ; but it seems desirable that it should be brought to the notice of the Government of India.

6. The Bill, together with the Statement of Objects and Reasons, was published in the *Fort St. George Gazette* in English on the 19th March 1895, and in all the five vernaculars of the Presidency on the 23rd April, 1895

I have, &c.

(signed) *G. S. Forbes*,
for Chief Secretary.

Ootacamund, 8 October, 1895.

GOVERNMENT OF MADRAS.—JUDICIAL DEPARTMENT.

READ again the following papers :—

G.O., Nos. 2670, 2671, Judicial, dated 6 November 1894.

ABSTRACT.—Directing that the Government of India be addressed on the proposals to amend the law relating to usury and to introduce certain new provisions into the Contracts and Evidence Acts.

G.O., No. 751, Judicial, dated 8th April 1895.

ABSTRACT.—Inviting opinions of certain gentlemen on the Bill to regulate the award of interest in suits for simple money-debts or mortgage-debts and publishing the Bill and the Statement of Objects and Reasons in the "Fort St. George Gazette."

READ also the following papers :—

From the Acting Collector of Madras, to the Chief Secretary to Government, dated 24th April 1895, No. 1115.

In reply to G.O., No. 751, Judicial, dated 8th April 1895, I have the honour to report that I approve of the principle of the proposed legislation.

2. The principle involved is not the same as that involved in a kindred and recent reference on another subject. There the question was whether the Courts should have power generally to go behind bonds, &c., and I was obliged to give my opinion against the proposal. I mention this lest it should be supposed that there was any inconsistency in my views on the subject. The proposal under consideration is, however, one out of which the parties can, in various ways, contract themselves, and the lender will find no difficulty in driving a coach and six, somehow, through the clause under reference. It will only be necessary to put a screw on the debtor and get a fresh bond for the principal plus an equal amount of interest accrued. The result will be that there will be no relief. Under the circumstances, therefore, while the intention of the Bill is most praiseworthy it will, I think, work no good, and I would, therefore, recommend that the matter be let alone.

(signed) *W. J. H. Le Fanu*, Ag. Collector.

From the Government Solicitor, Madras, dated 25 April 1895, No. 254.

ABSTRACT.—Forwarding the following opinion of the Advocate-General, dated 23 April 1895 :—

[*Re* Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts.

OPINION.

There is no statutory law in force limiting the rate of interest claimable by a creditor. The Statement of Objects and Reasons declares that "the object of this Bill is to remove the existing anomaly of practice and to place a limit upon the award of interest." Anomaly means "irregularity" or "deviation from rule." I fail to see any "anomaly" in the present practice with regard to the awarding of interest, and none is disclosed in the short "Statement."

2. The Bill is practically a concise yet sweeping usury law, yet it makes no reference even to Act XXVIII. of 1855, nor proposes its repeal or the amendment of several other Acts relating to interest to be awarded by decrees.

3. The usury laws were swept away from the statute book in England in 1854 and in India in 1855. It took 161 years to abolish laws equal in absurdity to those of witchcraft*, and now in 1895, or forty years after Act XXVIII. of 1855, was passed, it is proposed to practically restore them.

* Macleod's Elements of Economics, Vol. II., p. 64, s 26.

4. In my opinion it would be a waste of time to discuss this branch of economics at length in order to prove the inexpediency of the proposed legislation. The burden of proving the "expediency" of this Bill is on its author, who does not even pretend to discharge the duty he has undertaken.

(signed) *J. H. Spring-Branson*, Advocate-General.

From the District Judge, Bellary, to the Chief Secretary to Government, dated 26 April 1895, No. 1128.

IN reply to G.O., No. 751, Judicial, dated the 8th April 1895, I have the honour to state that it is not, in my opinion, advisable that Mr. Mohiny Mohun Roy's Bill should become law. There may, perhaps, be something to be said in favour of a law limiting the amount up to which interest may be awarded, although I am myself of opinion that there is much more to be said against any such law. If, however, any attempt is to be made to fix such a limit by legislative enactment, some effort should be made to determine the limit on some rational and intelligible principle. To fix an arbitrary limit and to enact that the interest awarded shall never, under any circumstances, exceed that limit, would, in my opinion, be a most retrogade piece of legislation.

(signed) *L. Moore*, District Judge.

From the Acting Collector, Tanjore, to the Chief Secretary to Government, dated 28 April 1895, No. 877-Ver.

IN answer to G.O., No. 751, Judicial Department, of 8th April current, requesting remarks on a Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I have the honour to request a reference to my letter, No. 2019, of 19 August last, written on a similar reference concerning the law relating to usury; and to state that proposals of legislation of this crude character hardly require criticism. Where a debtor has made a bad bargain for himself or been unfortunate and the creditor is merciful, it is not justice to punish the creditor for being long suffering. And where the creditor is minded to have what the law allows and the Court must award, he will be careful to bring his suit within such time that he shall not be touched by such a law as this.

2. If the rate of interest is to suffer regulation by the Legislature, it had best be done in a straightforward manner by enacting what it shall be.

(signed) *J. Thomson*, Ag. Collector.

From *G. T. Mackenzie*, Esq., Indian Civil Service, to the Chief Secretary to Government, dated Coonoor, 10 May 1895.

I HAVE the honour to reply to G.O., No. 751, Judicial, dated 8th April 1895.

2. One's sympathies are with the object of the Bill, but the Bill itself is badly drawn and is not fitted to attain its object.

3. In this conntry, as in Britain, the laws against usury have been repealed in recent years, and there is now no legal restriction upon the rate of interest on loans. A contract to pay interest is enforced by the Courts as is any other contract. The contract may be repudiated by defendant by any plea under the Contract Act, such as coercion or undue influence or no consideration, and if such a plea be advanced by defendant an unusually high rate of interest will be one of the matters which the Court will take into consideration, but a man is bound to fulfil a contract to pay interest as he is bound to fulfil any other contract, and the present law places no limit upon the rate of interest which a borrower may bind himself to pay.

4. The repeal of the laws against usury was brought about by the disciples of Bentham, who taught that the State must leave such matters to arrange themselves, and that laws against usury are even injurious to the borrower, because in cases in which a money-lender is willing to give a loan only at a rate of interest in excess of the legal rate the borrower will be unable to obtain a loan. But there is now a reaction, and many observers, seeing that a money-lender often takes advantage of the extreme necessity of a borrower and drives a very hard bargain, are of opinion that the State would do well to limit the rate of interest, and that such a limitation would not put an end to loans, but would only deprive the money-lender of a portion of his ill-gotten gains.

5. The Catholic Church has always forbidden usury, and I have referred to a volume of Moral Theology to see what are the grounds of this prohibition. I find that theologians teach that a money-lender may with a good conscience demand a rate of interest which will recoup him for the loss of profit caused by the withdrawal of the principal from his business and also for the risk of his losing the principal, but that he may not demand a higher rate of interest because of the urgent need of the borrower.

6. It is well known that the rate of interest in India is very high. In the Telugu districts in which I have served, twelve per cent. per annum is considered a low rate, and is called "the charitable rate of interest." A very usual rate is one anna in the rupee per mensem or seventy-five per cent. per annum. If a debtor pays this interest for eighteen months the creditor has got back his principal with interest at the rate of eight per cent. per annum. Of course, it can be said that the debtor has entered into this contract with his eyes open. But often he enters into the contract in a moment of urgent need and does not get clear for many years. Very sad cases are the cases of field labourers who are in debt to the landlord with a running account which never is worked out. They are practically

practically slaves for life. Whether the remedy for this state of things is to be found in a law limiting the rate of interest, or in the Courts being more bold in refusing to enforce such contracts is a very difficult question. Many of these cases come on in a Small Cause Court and there is no appeal. If it be decided to introduce a Bill limiting the rate of interest, that can easily be done by apt words, but this draft Bill is useless.

7. This draft Bill forbids a court to decree an amount of interest which exceeds the amount of principal due at the date of institution of the suit. Now the Contract Act enables a debtor to appropriate his payments. In other words a debtor may appropriate all his payments to reduction of principal, and when he has paid off the whole principal and only the interest is outstanding, this draft Bill prevents the creditor from recovering one anna of interest. Thus the result of this Bill will be that a creditor will get nothing but his principal.

8. Even if the debtor cannot resort to any such device, this draft Bill is founded upon an utterly unsound principle. Whether or not the interest at date of suit exceeds the principal depends, not only upon the rate of interest, but also upon the delay in repaying the debt. Why punish a creditor who is long-suffering and does not put pressure upon a debtor? The evident result of this draft Bill will be that creditors will make haste to sue so soon as interest equals principal.

9. A much better plan would be to enact that when the payments by a debtor shall have amounted to the principal sum plus interest on the principal sum at twelve per cent. per annum from date of loan the creditor shall be entitled to recover nothing further.

(signed) *G. T. Mackenzie.*

From the District Judge, South Malabar, to the Chief Secretary to Government, dated Calicut, 20 June 1895, No. 839-Civil.

WITH reference to the G.O., No. 751, Judicial, dated 8 April last, inviting my opinion on the Bill to regulate the award of interest in suits for simple money-debts or mortgage-debts, I have the honour to state that I see no necessity for the Bill, and indeed think that it would be mischievous to meddle in such a piecemeal way with an intricate subject.

(signed) *J. A. Davies,*
District Judge.

Proceedings of the Board of Revenue (Land Revenue), dated 10 June 1895, Mis. No. 2919.

FULL BOARD.

READ.—G.O., No. 751, Judicial Department, dated 8 April, 1895, and the endorsement of the Revenue Department thereon, dated 22 April 1895, Mis. No. 1573.

RESOLUTION—dated 10 June, 1895, Mis. No. 2919.

The Board begs to submit its remarks on the draft Bill forwarded with the Government order read above.

2. The Bill proposes to lay down a rule that no civil court shall award interest exceeding in amount the principal debt outstanding on the date of decree. This rule appears to be in force in the Presidency towns as a rule of Hindu law known as Damputat. It was at one time observed in the mofussil also, not as a rule of Hindu law, but as a statutory provision, in Bengal under Regulation XV. of 1793, in Madras under Regulation XXXIV. of 1802, and in Bombay under Regulation V. of 1827.

3. The provisions contained in these Regulations have been repealed by Act XXVIII. of 1855, and it has been since decided in Bengal and Madras that interest in excess of the principal debt can be claimed in the mofussil (Indian Law Report 9 Calcutta 825 and VI Madras High Court Report 400).

4. In Bombay, however, a different view has been taken on the ground that section 12 of the Bombay Regulation merely contained a legislative declaration of the Hindu law on the subject, and that its repeal by Act XXVIII. of 1855 did not alter the rule of Hindu law (*vide* 3 Bombay High Court Report Appendix Civil 25 and 26).

5. The Bill aims at removing these anomalies of practice, and would place a limit upon the award of interest in all parts of India.

6. The Board has no objections to raise to the Bill, and considers that in certain parts of the country it may be beneficial by protecting ignorant debtors from the ruin frequently brought upon them by small loans given at rates of interest, high in themselves, which speedily swell the original debt to startling dimensions. The proposed law will merely operate as a rule of limitation (Indian Law Reports V. Calcutta 867) inasmuch as it provides that the contract to pay interest shall cease when the total interest payable at the prescribed rate shall be equal in amount to the outstanding principal debt. Its effect will thus be to induce the creditor to put pressure on the debtor either to pay the interest due (in which case the contract to pay interest will endure until the interest again accumulates and reaches the limit) or to renew the loan.

(True Extract.)

(signed) *R. C. C. Carr,* Acting Secretary.

To the Secretary to Government, Revenue Department.

Endorsement on the above.

Forwarded to the Judicial Department.

Ootacamund, 25 June 1895. (signed) *G. S. Forbes,*
Ag. Secretary to Government.

From the District Judge, Coimbatore, to the Chief Secretary to Government, date 24th June 1895, No. 322.

Adverting to G.O., dated 8th April 1895, No 751, Judicial, I have the honour to state that the "Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts" is, in my opinion, objectionable in principle and likely, if passed into law, to be ineffectual in operation.

2. The legislation proposed is objectionable in principle, inasmuch as it would interfere with freedom of contract and the discretion of the Courts, and the experience derived from the working of the usury laws justifies the conclusion that the restrictions which the proposed enactment seeks to impose would be evaded in practice.

(signed) *T. Weir*, District Judge.

From the Superintendent, Government Press, dated 24 April 1895, No. 342

ABSTRACT.—Reporting the dates on which Government of India Bill No. 7 of 1895 was published in the "Fort St. George Gazette" in English and the Vernaculars.

From the Acting Registrar of the High Court of Judicature, Appellate Side, to the Chief Secretary to Government, dated Madras, 13 July 1895, No. 1877.

With reference to G.O., dated 8th April 1895, No. 751, Judicial, forwarding, for the opinion of the High Court, a Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts, I am directed to forward a transcript of the minutes recorded by the Hon'ble the Chief Justice and the Judges.

(signed) *D. W. G. Cowie*, Acting Registrar.

ENCLOSURE.

MINUTES.

The Chief Justice.—The Courts have at present power to prevent exorbitant interest being recovered in various cases. If undue advantage has been taken of the borrower either on account of his age or that, under the circumstances, undue compulsion was used, the Courts can relieve the borrower. In cases also where increased interest is provided for on the non-payment of the debt upon the day appointed, the Courts will interfere, but where persons of full age agree that one shall borrow and the other shall lend a sum of money at a stated rate of interest, I do not think the State should interfere. It will be easy to evade the proposed Act. When the interest amounts to a large sum, the money will be nominally repaid, a small further advance perhaps made, the interest added to the principal, and a fresh mortgage deed or bond executed.

It is very difficult to prevent improvident persons from ruining themselves, and this proposed Bill strikes at the principle of free contract, and I think it will be of little, if any, use. The ordinary Indian sowcar is not worse than a Jew money-lender in England; indeed, I am told he is more merciful. In this Presidency many of the large zemindaris are in the hands of the sowcar for enormous sums made up principally of interest on sums advanced, but it is a question whether the ryots are worse off under their new master, and, as I have above stated, the sowcar will easily evade the proposed Act.

Mr. Justice Parker.—This is one more of the many attempts which have been made by legislators to prevent usury and to regulate the rate of interest. All previous attempts have failed, and I imagine no sowcar will be able to read the present proposal without a smile.

The means of circumventing the Bill will be to him both obvious and easy. I should think it a matter of perfect indifference whether the Bill be passed or not. It will not effect its real object; but even though it be classed as one more legislative failure, it will still serve to record the benevolent intentions of its authors.

Mr. Justice Shephard.—The proposal to revive the Hindu rule as to interest, which, as regards the mofussil, has long ceased to be law, is, in my opinion, one which ought not to be countenanced. Experience has shown that statutes limiting the interest which a lender may exact are, in the long run, perfectly futile to protect the borrower, It is much better that a few improvident persons should suffer for their folly than that the notion should be encouraged that the law will give them facilities to evade the strict terms of a legal bargain.

Mr. Justice Best.—The proposed legislation is desirable. It merely extends to the whole of India and to all classes the rule already in force in the Bombay Presidency in cases in which the plaintiff is a Hindu.

I think it is desirable to give the Courts power to disallow interest at rates which may be considered unconscionable. No injustice can be done by reducing the interest in such cases to a reasonable rate. A reasonable rate may, if necessary, be defined as not "exceeding double the rate current at the banks on the date of the loan."

Mr. Justice Subrahmania Aiyar.—I see no objection to an Act like this being passed.

Such a law would naturally induce creditors to take care that interest due to them does not accumulate beyond the limit prescribed by law, for fear of their being unable to enforce by suit their claim for what exceeds that limit. This vigilance on the part of creditors may probably prove beneficial to debtors generally. For of those who get into debt in this country, there are many who do not really benefit by their creditors' forbearance to demand interest at the time agreed, even supposing the forbearance is well meant, inasmuch as it often results in such accumulation of interest as to render impossible the payment by the debtors of the principal and the arrears of interest in one lump sum. In the case of these debtors it would really be doing them a service if their creditors would, by timely pressure, make them pay the interest punctually, as thereby the former would be compelled to apply towards the discharge of the same moneys that would otherwise probably be spent on purposes less useful to themselves.

Moreover, the proposed law may prove useful in putting some check on the cupidity especially of those creditors who, wishing to utilise the necessitous condition of their debtors, refrain from collecting interests periodically in order that they may, when the debtors find themselves unable to meet easily the accumulated demand, extort from them terms and advantages which they (creditors) would not otherwise be able to secure. Again, an enactment of the kind in question would occasionally absolve the Courts from having to decree exorbitant sums as interest due under contracts entered into without sufficient foresight, but which want of foresight does not invalidate them.

At the same time it is hardly necessary to observe that the wily money-lender could, even with a law like this in force, resort easily to expedients that would enable him to deal with such of his debtors as are ignorant or imprudent, practically much in the same way that he deals with them now. But no amount of reasonable legislation as to interest could absolutely protect such persons from suffering by their own ignorance or thoughtlessness.

Though I have nothing more to add in respect of the present Bill, yet I wish to take this opportunity of drawing attention to a disadvantage to which creditors of one class are subject, owing to the way in which the present law of limitation as to recovery of interest not charged on land operates in their case. I refer to that of persons who lend money on the mortgage of immoveable property without an agreement for the payment of *post diem* interest. Suppose a man lends on a registered mortgage, the principal amount being made payable with interest, say, within a year or two from the date of the mortgage,

mortgage, and no provision as to interest after due date is made. In such a case, if a suit for the recovery of the mortgage amount is brought within six years from the date of default, interest between that date and that of the suit can be awarded by the Court as damages under Act 32 of 1839; but if brought after six years the mortgagee is not entitled to get any interest, as it has been held that the claim thereto is in such cases barred by Article 116 of Schedule II. of the Indian Limitation Act (Baghavant Singh *v.* Darayo Singh, I.L.R., 11 All., 416; see also Srinivas Ram Pande *v.* Udit Narain Misr, I.L.R., 13 All., 330; Mansab Ali *v.* Gulab Chand, I.L.R., 10 All., 85; Gudrikoer *v.* Bhubanaswari Coomar, I.L.R., 19 Cal., 19). This state of the law seems to me to inflict a serious hardship on mortgagees. It is quite true that they may protect themselves against it by inserting in the mortgage instruments a provision for the payment of *post diem* interest. But granting that they fail to take that precaution, I do not see the justice or expediency of the law laying down that when the claim for the principal itself is not time-barred by the lapse of six years from the date when it became due, that for interest thereon (claimed, not under the contract, but as damages) is barred on the expiry of that period. This state of the law seems to me to be anomalous, and I think Courts, in cases like those mentioned above, should, notwithstanding the institution of the suit after the lapse of six years from the date of the cause of action, be at liberty to decree interest whenever they consider it ought to be awarded as compensation for the detention of the mortgage amount after the date fixed by the written contract.

If it be said that Courts should not be empowered to give interest for so long a period as twelve years—the period of limitation applicable to cases mentioned above—it may be replied that no real difficulty on that ground would be experienced if the present Bill becomes law, as then interest in excess of the amount of the principal could not be decreed.

Even supposing the Bill does not become law, I think that, in fairness to mortgagees placed in the circumstances already explained, the law of limitation should be amended so as to put them at least in the position that persons holding in England mortgages of realty occupy under 3 and 4, William IV., Chapter 27, section 42, under which no arrears of interest in respect of any sum of money charged upon or payable out of any land or any damages in respect of such interest is recoverable but within six years after the same shall have become due or next after an acknowledgment in writing of the same.

The matter to which I have thus called attention may at first sight appear to be one of limitation law, but a closer examination would show that it is really and essentially connected with the general question raised by the present Bill, viz., the allowance of interest by Courts. Hence my venturing to offer the above remarks.

From *F. A. Nicholson*, Esq., I.C.S., to the Chief Secretary to Government, dated Yercaud, 10 August 1895.

I HAVE the honour to reply to G.O., No. 751, Judicial, dated 8th April 1895, forwarding, for remarks, a Bill to regulate the award of interest on suits for debt.

2. The proposal is that in "suits for simple money-debts and mortgage-debts" the Court shall not award as interest, due or payable at the date of filing the suit, any sum larger than the original principal amount due at such date.

3. I am not in favour of the proposed law for the following reasons—

(*a*) it is a usury law which interferes with business and contract by fixing an arbitrary limitation;

(*b*) as such usury law it will be ineffective, as all usury laws have been;

(*c*) it will hamper legitimate and even considerate contracts, and will tend to raise the rate of interest;

(*d*) it will not touch the mass of credit business in the country, and will be wholly ineffective in dealing with rural usury;

(*e*) it is a law to deal with exceptions;

(*f*) it will tend to increase false documents, perjury, and fraud, to an unconscionable degree.

4. (*a*) The proposal is a reversion to the old law of "damdupat," an old form of Hindu usury law re-enacted by Regulation in 1793, and abolished by XXVIII. of 1855. I think this must be carefully borne in mind; it is a usury law, pure and simple, which limits the contractual power of parties; it is a usury law which, though not regulating the *rate* of interest by an arbitrary standard, restricts the *amount* of interest by an equally arbitrary limitation. While I do not desire to condemn a law merely because it is a member of a legal family rejected by the English commercial and legislative instinct, I cannot but remember that no usury law fixing an arbitrary standard has ever yet succeeded, whether in ancient Palestine and Rome, or in modern Europe and America, while such law has always been found to interfere with business, to increase interest, and to promote fraud and falsehood.

5. (*b*) I hold that it will be ineffective in general in repressing usury. I might appeal to all economic history ancient and modern, to prove this *a priori*; never yet has any law circumvented the usury, though it may have hampered the borrower and discouraged the legitimate lender. The Mosaic law, the most drastic and prohibitive of usury laws, did not prevent the action of the oppressive Jewish creditor in "adding field to field" by ruining the Jewish peasant; the Roman law, even under the Republic, equally failed; the Hindu law was itself a failure as shown by the Regulation of 1893, which recites that "the rates of interest hitherto authorised by custom have amounted to the most exorbitant usury"; in the United States where, at this day, there is in each State (*e.g.*, New York) a usury law of modern enactment, limiting interest to 6 per cent., the census disclosed that the average rate of interest, even on mortgages in such States, averaged between 7 and 8 per cent., the rates in many cases being far higher.

6. The historical argument is confirmed by practical considerations. The law is obviously aimed at the usurer proper, *i.e.*, the person who desires for his own undue gain to take such advantage of necessity, ignorance, and extravagance as to obtain profits not legitimately warranted by the risks of business, as distinguished from the ordinary money-lender who, in the absence of banks, is to be found throughout the country doing a fairly equitable though expensive business.

Now, does anyone suppose that the usurer proper will be for one moment hindered from his gain by so simple a law, or by any law, as the one in question? There are a dozen obvious ways of circumventing the law; *e.g.*, it is a matter of the commonest practice in France, Germany, Italy, Russia, as formerly in England under the influence of the usury law which limited interest, for usurers to enter in documents much larger sums than those borrowed; *e.g.*, "two or three times the sum lent" ("L'usure en Russie" par M. Inostranletz); this is also found as a regular practice (sawai and dirhi) in Bombay where the damdupat rule is in force, and a slight development of such practice will cut at the root of the proposed reform. Then there is the obvious method of forcing a debtor, by pressure at an inconvenient time, to execute a new bond in which interest is lumped with capital to form a new principal; that is the commonest of practices; I am personally aware of a decree debt in which the original principal was about Rs. 3,000, but which by successive bonds in which unpaid interest was lumped with principal, ended in a decree for Rupees 26,000, in which *overt* interest was an inconsiderable item. Or the usurer will deduct the full interest in advance, as under the "Kanthu" system of Salem, &c., or a discount, without mentioning the fact in the bond, and so forth. Moreover, since the habits of this country are to deal rather by account current than by a single loan, not only will the bulk of the sums be paid as interest, but it will be most difficult to say what *is* that principal which is to be the measure of the interest charged. As a matter of fact, too, the lender will have been receiving interest for years before going into court, to which he will resort only after finding his debtor exhausted or recalcitrant. I do not consider, then, that the proposed reform will be of any considerable value.

7. (*c*) But

7. (*c*) But if ineffective in repressing usury it might easily hamper legitimate business. For instance, in the transaction recited in the "statement of objects and reasons" no interest was paid for ten years, so that at 33 per cent. compound interest Rs. 100 became about Rs. 1,770. This was considered a hard bargain, yet relief was not granted because the debtor was neither a female, nor ignorant, nor poor; the result was in fact the mere result of a bargain, not outrageous in itself, but only startling because of the arithmetical results. But had the loan been at only 9 per cent. compound interest, raised for some improvement which would not bring in any profit for some years, the interest on 100 rupees for ten years would have been about 137 rupees, which, under the proposed law, would have been reduced to 100 rupees; at 12½ per cent.—a common rate—it would have been 224 rupees, of which 124 rupees would have been disallowed.

Hindrance of this fashion, however, is not of so much importance; it is the hindrance due to the fear of possible fraud that will be serious. Under Indian law* failure or defect in consideration may be pleaded and proved, even though such consideration is expressly recited in the bond; hence a defendant debtor can bring evidence to show that the consideration money was not actually entered in the bond, and the Courts would be not unlikely to accept such proof, especially where the borrower is ignorant, should it become customary, as it undoubtedly will, to enter fictitious sums in the bond. Hence it would probably become equally common for borrowers falsely to assert that the consideration in a genuine bond was fictitious, to the possible loss and certain discouragement of the lender. It cannot be doubted but that lenders would discount such risk by raising the rate of interest or refusing loans.

*Evidence Act, Section 92, Proviso 1., *cf.* Bombay Regulation V. of 1827.

Interest will also arise from another cause; when a usury law declares a maximum as interest, all interest will, in the absence of a complete system of supply and demand, such as does not exist in India, tend to rise to that maximum, which will be treated as "dharmavatti" or legal interest. Similarly, if the legal maximum amount of interest awardable is that of the principal, no person will regard interest which rises to that sum as usurious, and perhaps no court will consider interference necessary, however hard the bargain, where the total interest sued for is only cent. per cent.

Moreover, if the amount of debt awardable be limited, and if the rate of interest be raised, it is clear that suits for debt would be instituted at shorter periods; a creditor will be forced to go to court more promptly, and a debtor will be the more harassed by suits.

8. (*d*) But the law will chiefly be ineffective because it will not touch the mass of rural usury. It is but comparatively seldom that interest is even allowed to rise at any one time to the amount of the principal; the transactions are largely continuous, with an annual settlement of accounts and perhaps fresh bonds; a debtor who had paid nothing for a year or two would promptly be put into court. Nor is the usual rate of interest such as to make interest equal to the principal in two or even in three years, within which time a suit would certainly be filed, altogether apart from the probability that *some* interest would have been paid the while. In above 3,000 small cause suits below 20 rupees and above 20 rupees, but below 50 rupees taken at random, I have noticed no such case. In the class of rural cases so often quoted where a man borrows 100 rupees, pays various amounts for a series of years, and yet finds himself at the end of the series with a debt of perhaps 300 rupees, the whole bond has long before been replaced by a fresh bond, in which the principal debt shown is totally different from the original debt. The proposed law cannot *per se* deal with such cases, but only a law which, as previously proposed, enables a court to go behind the bond actually sued upon, and to trace the history of that bond. But that is a very different thing from the proposed hard and fast law. Moreover, since the loans dealt with are only money loans, the grave credit system will not be affected.

9. (*e*) In fact the law seems only to meet exceptions or a small class of cases, probably non-rural, such as the extraordinary Madras City Court case recently reported (where a suit was brought for a principal of 45 rupees with 68 rupees as interest for 34 days) in which definite sums are borrowed at excessive rates and perhaps allowed, ignorantly or recklessly, to accumulate. It will probably be found in such cases that the borrower is able to pay, for the money-lender would not otherwise have allowed the debt to accumulate. It is a question whether such exceptions require a law of this class. If money is recklessly borrowed and payment carelessly neglected, it is not clear why a special law should be passed to protect the borrowers. If such borrowing is the result of coercion, fraud, mistake, misrepresentation or undue influence, the law of contract already provides a remedy, and the only necessary addition is that already suggested by the Government of India, viz., an addition to provide that a contract shall be void in which one party possessed "undue advantage" over the other, or as provided in the new German usury law (1880 and 1893), where one person has taken undue advantage of the necessity, thoughtlessness or ignorance of another to obtain for a loan terms not only unusual but highly disproportionate to the service rendered.

10. (*f*) As shown above (paragraph 7) there will be a marked and increasing tendency to fraud. Documents will falsely recite consideration, and will be duly sworn to in the Courts; debtors will falsely plead and bring false witnesses to prove an alleged deficiency in the consideration; parties will begin to treat false recitals as venial, and false swearing as praiseworthy; written contracts will be looked on with suspicion.

11. Referring to the wording of the Bill, I presume that the words "original principal" refer to the principal entered in the bond which is the basis of the suit, and not to the "original" principal which may have merely formed the first item in a series of transactions culminating in the said bond. If so, the word "original" is misleading or ambiguous, and should be omitted, the words "decreed or awarded" being entered after "principal." If by the word "original" is really meant the sum "originally" advanced as the first item of a series of transactions of lending and repaying, the Bill would be wholly inequitable and ruinous to credit; a man borrows on a simple bond 100 rupees at 18 per cent., and fails to pay the interest or principal; a year or two later he takes a further loan of 100 rupees and executes a fresh bond, and again a year or two later a further sum of 100 rupees, executing a mortgage; in this transaction what is the original "principal?

12. Under these circumstances I fail to see the desirability of the law as now proposed.

13. If a usury law is desirable at all it should not be fragmentary or hard and fast, as in the present proposal; it should take form similar to that already proposed by the Government of India; it should give the Courts power within certain defined limits to decide in each particular case, according to the circumstances, whether there has been usury or not; for this purpose a court should have the power to go behind the bond, inquire into the circumstances of the original loan and of subsequent transactions, and give judgment according to equity. That seems already to be the tendency of the Bombay and Allahabad High Courts, which have expressly ruled in favour of the power of civil courts, as courts of equity, to "examine into the character of agreements made between persons between whom relations exist which will enable one party to take advantage of the other, and to decline to enforce such agreements unless they are shown to be fair and reasonable."

Such power would be consonant with the ideas of Germany which, in 1867, repealed its old usury law, but enacted in 1880 (and 1893) a new law, the full text of which, with the Russian law of 1893, will be found in Appendix II. of my report on Land Banks. The main section of the German law is as follows:—

"Whoever taking undue advantage of the necessity, recklessness, or inexperience (ignorance) of another, lends such person money, or consents to postpone a repayment, upon terms which, under the circumstances of the case, are greatly in excess of the customary rates of interest or highly excessive as compared with the service rendered, shall be punished as a usurer" (with imprisonment which may extend to six months, *and* with fine up to 150*l.*, and with the loss of civil rights).

The

The Russian penal law, enacted, as to these sections, in 1893, is similar :—

" If any person has granted a loan at usury, under conditions which, within the knowledge of such person, lay upon the borrower a charge of excessive burden, or if any person, being an habitual money-lender, has disguised excessive interest on such loan whether by including it with the principal or by entering it as costs of custody (*soit en leur donnant la forme de frais de garde*), he shall be liable to imprisonment of from two to six months, &c.

In both laws the habitual usurer is still more severely dealt with. The Russian law goes on to provide that interest up to 12 per cent. shall not be considered usurious.

These laws are quoted only as examples of a tendency to grant to the Courts a power to examine into the circumstances of loans apparently usurious, and to give relief; they do not lay down any hard and fast limit, but after defining in general terms a usurious loan, grant the Courts the power of deciding, in any particular case, whether such case comes within the description. This, if a usury law is to be passed at all, seems preferable to the Bill now under consideration.

14. A further safeguard is that already alluded to in a previous letter, viz., a law to compel professional money-lenders to keep regular accounts, as is required of all *commerçants* by European law, to balance every individual account at least annually, and—a most important point—to deliver to each debtor periodically a statement of his account to date. I have dealt with these points in Appendix I to my report on Land Banks, pages 322-3, 327 and 395 (rule 27), to which I request the favour of reference; in the rule 27 above mentioned, a provision for the entry of every such balance, credit or debit, in the pass book has been accidentally omitted. I should add that since that appendix was written I have noticed that the new German usury law of 1893 expressly enacts a provision that at the end of each year every money-lender shall, under heavy penalty, deliver to each debtor not only a statement of the balance due by such debtor, but an extract from his account for the year showing all dues and payments; the commentary on this section states that it is intended to combat a favourite manœuvre of usurers, especially rural, who deliberately avoid the receipt of their dues from ignorant or careless borrowers, so that interest may accumulate upon interest, payments made may be omitted, &c., until the wretched borrower suddenly discovers that he is ruined. To the proper provision of accounts, to the entry of every item in a pass book retained by the debtor, and to a due periodical delivery of a certified balance sheet to each debtor, I attribute great importance; it is, I believe, in such safeguards and provisions rather than in usury laws that safety will be found for the debtor.

15. Of course, the greatest of all immediate panaceas and safeguards is the establishment of co-operative village banks. I have recently dealt fully with this in my report on Land, &c., Banks, and need not here report my opinions. I will only add that the opinion of many economists is that the German usury law has increased the weight of usury, and that it is not by mere laws that abuses of this nature can be repressed; "the evil of usury is elusive in the highest degree, for it disguises itself in a thousand forms"; it is chiefly by the educative, sanative, and evolutionary powers of association acting upon habits, opinions, manners, and morals that it can be radically dealt with; it is by local institutions of thrift, providence, and credit, chiefly co-operative, springing from and worked by the people, that the evils of usury can be successfully combated.

(signed) *F. A. Nicholson.*

From the Inspector-General of Registration, to the Chief Secretary to Government, dated Madras, 10th August 1895, No. 2425-G.

Adverting to G.O., No. 751, Judicial, dated 8th April 1895, I have the honour to state that I approve of the general principle of the Bill "to regulate the award of interest in suits for simple money-debts or mortgage-debts" now under the consideration of the Legislative Council of the Governor General of India. The Government is already aware that I have, in my letter, dated 27th August 1894, No. 2475-G., printed in G.O., No. 2670, Judicial, dated 6th November 1894, urged the enactment of a law of this kind, and explained, in some detail, my reasons for considering that such a law is called for in the circumstances of this country, and is likely to be productive of benefit to the agricultural population; and I beg that that letter may be read along with this.

2. From the explanation appended to the section of the Bill, it appears that the Courts are to be debarred from decreeing at any time, on account of interest, the payment of a sum which exceeds the portion of the principal remaining unliquidated at the time. It is, I believe, a moot question whether the Hindu rule of damdupat refers to the total payments made and to be made on account of interest, or to the amount of interest recoverable at any one time. However this may be, the new law, which is to be applicable to all classes, and not merely to Hindus, should declare that the total amount recoverable, including payments previously made, shall not exceed the unpaid principal, as otherwise a person who has made some payments on account of interest will be in a worse position than one who has committed default in regard to payment of interest from the very beginning. The wording of the Bill should also be altered so as to make its provisions applicable not only to simple debts and mortgage debts, but also to loans obtained on the pledge of moveable property. Usufructuary mortgages should be excluded from the operation of the proposed enactment.

3. As regards the question of imposing restrictions on freedom of contract in regard to the settlement of the terms of loans, I may at the outset state that any revival of the usury laws repealed by Act XXVIII. of 1855 is, in my opinion, very undesirable for the following reasons. Usury laws might have been beneficial in their effects at a time when then the quantity of money in circulation was small, all ordinary transactions were carried on by means of barter, and the possession of money was monopolised by a small number of persons, who, as a class, were known to take undue advantage of the necessities of others, and make enormous gains at their expense. In former times, while on the one hand, both law and public feeling were harsh against usurers, they were equally severe on defaulting debtors, who were, in certain circumstances, treated as little better than the slaves of their creditors. The circumstances of the present time are, however, entirely different. The system of barter has mostly gone out of use, and money payments, instead of being the exception, are now the rule in all ordinary transactions. The bulk of the operations of trade are carried on with borrowed capital, and the severity of the laws against defaulting debtors, when the default is not the result of fraud, has had to be relaxed. Under modern conditions of business therefore, it is hopeless to attempt to fix by law the terms on which money shall be lent. These terms must depend on the soundness of the title of the borrowers to the property offered as security, their honesty and prudence, the legal expenses to be incurred in case of resort to the courts for the recovery of the loans, the extent to which the expenses incurred are likely to be recovered, and a host of other considerations. Even where the security is unexceptionable, it is obvious that persons who lend in small sums for short periods cannot afford to charge the same rate of interest as those who lend in large sums for long periods, in view of the trouble of dealing with a large number of persons of recovering the money lent as it falls due and re-investing it. No single rate of interest prescribed by law will, therefore, suit the infinite variety of conditions under which loans have to be contracted, unless the rate is fixed, very high, in which case the object in view will not only be defeated, but harm will also be done by giving legislative sanction to a rate which is confessedly high in a large number of cases. If, on the other hand, the rate be fixed low, as creditors cannot be *compelled* to lend money, and borrowers must somehow procure money to meet their necessities, the law will, to a certainty, be evaded; and in view of the risks involved in the breach of the law, the creditors will enact harder conditions from the borrowers, whose position will be rendered worse than before.

4. The

4. The present proposal is not, however, an attempt to resuscitate the usury laws, and none of the objections stated above to the fixing by law of the rate of interest demandable for loans are applicable to it. Under the proposed law parties will be at liberty to contract for any rates of interest they please, but the law will interpose and say to the creditor, when the interest has accumulated to such an extent as to amount to the principal, interest shall not further accumulate, and he shall put pressure on the debtor either to pay up, or to enter into an entirely new contract; he shall not be allowed to let the interest grow to enormous proportions, and then all of a sudden pounce on the debtor and strip him of all his property, taking undue advantage of his carelessness. The proposed law will, therefore, be analogous to the law of limitation, but with this difference, viz., that, whereas the ordinary law of limitation prescribes the same limit of time as regards all loans, the proposed law will prescribe a self-adjusting limit of time suited to the circumstances of each case, and compel the parties to revise the terms of the loans within a period of time, long or short according as the rates of interest are low or high. In the case of a loan raised to meet a temporary pressing necessity, the payment of a high rate of interest may be unavoidable and even profitable, but the same rate of interest, if continued for a long period, would be ruinous. Such an arrangement is entered into in the expectation on the part of the parties that it is to continue for a very short period, and therefore there is nothing unreasonable in the law compelling the parties, when the interest has become equal to the principal, to reconsider the terms of the contract. In the case of Ananda Moyi Gupta *versus* Ambica Charan Guha and others quoted by the Hon'ble Mohiny Mohun Roy in his speech on the occasion of his motion asking for leave to introduce the Bill, it will be seen that though the loan of Rs. 1,500 was to bear interest at the rate of 33 per cent. per annum, it was stipulated to be repaid within three months, or in other words, the arrangement in the contemplation of the parties was really the payment of a discount of less than 8 per cent. for a bill for Rs. 1,624 payable three months after its date, though the transaction took the shape of a mortgage. Looked at in this light, there is nothing unfair in the transaction, and what makes it really unconscionable is the application of the rate of 33 per cent. compound interest with yearly rests, which was stipulated in connection with a loan for a very short period to the loan when allowed to run for a period of ten years. As a matter of fact, soon after the expiration of the stipulated period of three months, the amount of the loan was repaid, with the exception of a small sum of Rs. 353. The creditor has taken advantage of the negligence of the debtor to pay this small balance for ten years to recover from him by suit the enormous sum of Rs. 6,137 in addition to cost. Under the proposed law, it would have been the duty of the creditor to call upon the debtor, as soon as the sum of Rs. 353 amounted with its interest to Rs. 706, either to liquidate the debt or enter into a new contract. I understand that an English statute of limitation lays down an analogous principle in that it prescribes a shorter period of limitation for the recovery of the interest on mortgage debt than is applicable for the recovery of the principal. If all debtors were provident and careful, of course no laws of this kind would be necessary, but taking them as they are, there can be no objection to protecting them from the extreme consequences of their improvidence, when this can be done without causing hardship to creditors by merely requiring the latter to put pressure on their debtors, when the loan and its interest has reached the prescribed limit.

5. In view of the vicissitudes of the seasons and the precarious economic condition of the great majority of the agricultural population of this country, the bulk * of the loans contracted are for short periods at high rates of interest. In about 60 per cent. of registered mortgages, the loans are repayable either on demand or within terms not exceeding one year, and above 80 per cent. of the loans are repayable within three years. Now, a sum of money invested at 6, 12, 18 and 24 per cent. compound interest will double itself, roughly speaking, in twelve, six, four and three years respectively, and, therefore, the proposed law will not unduly restrict the period of time now usually allowed for the repayment of loans. And, as already pointed out, it will not interfere with the freedom of the parties to settle the terms of the contracts according to their circumstances and necessities. Again, in a poor country with a low scale of living, the prices of food-grains form the dominant factor in the standard of value for deferred payments, and as the prices of food-grains vary within short periods, the opportunities given by the proposed law for the revision of contracts will, in the long run, work advantageously to the ryots.

Vide statistics given at pages cclxvii to cclxxii of the Appendix to the "Memorandum on the Progress of the Madras Presidency."

6. From the speech of the Hon'ble Mohiny Mohun Roy, it appears that loans of agricultural produce have been intentionally excluded from the scope of this Bill. I do not see any reason for this; and it seems to me that the considerations which render the proposed legislation necessary are more applicable in the case of loans in kind, in that the class of ryots who contract such loans are inferior in *status* to those who contract money loans and more dependent on the sowcars for information as to the state of their accounts. There are two cases to be considered, viz., loans of *produce* for which produce interest is stipulated to be paid; and, secondly, loans of *money* for which produce interest is to be paid. In the first case, the principal and interest should not be allowed to accumulate to more than twice the quantity of the loaned produce, and the amount recoverable should be the value of this. In the second case, the value of the produce interest should not exceed the amount of the unpaid principal.

(signed) *S. Srinivasa Raghavaiyangar*,
Inspector-General of Registration.

Order—No. 2080, Judicial, dated 8th October 1895.

The Government of India will be addressed.

[Here enter letter, No. 2081, dated 8th October 1895.]

(True Extract.) *G. S. Forbes*, for Chief Secretary.

I N D E X.

[*N.B.*—In this Index the figures following the Names of the Witnesses, and those in the Analysis of Evidence of each Witness, refer to the Questions in the Evidence; the Figures following *App.* refer to the Pages in the Appendix; and the Numerals following *Rep.* to the Pages in the Report and Proceedings of the Committee.]

A.

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Recommendation by the Committee as regards promissory notes or bills of exchange that in order to do complete justice between borrower and lender, provision be made for empowering the court to direct repayment by the money-lender to the borrower of any amount which, upon taking an account, may appear to have been paid by the borrower to the holder over and above the amount which the court may direct to be reasonably due to the lender under all the circumstances, *Rep.* vii.

Publicity. Frequency of absolute ruin to borrowers on bills of sale on account of the publicity through registration, *Sir G. H. Lewis* 132–134——Great importance of discouraging borrowing, as by means of publicity through registration of small loans in the county court, *Collier* 308.

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Conclusion of the Committee that money-lenders often take into consideration the dread of the consequences to the borrower of any publicity of the transactions with them into which his misfortunes have led him, *Rep.* vii.——Readiness of many borrowers to submit to almost any degree of oppression in order to hide the consequences of their folly or misfortunes, *ib.*

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Recovery of Over-payments. Conditions under which the borrower might be allowed to recover back over-payments, *Sir H. Hawkins* 473.

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Several recommendations by the Committee in connection with their proposal for the registration of money-lenders, *Rep.* x.——Recommendation that the registrar of the local county court should be the registrar, that a fee of 5*l.* should be charged in respect of every registration, and that the register should at all reasonable times be open to inspection free of charge, *ib.*——Recommendation as to names being struck off the register for certain offences, *ib.*

Proposal that any money-lender carrying on business without being registered should be incapable of recovering any debt incurred in connection with money-lending transactions, *Rep.* x.——Recommendation in connection with the registration as money-lenders of any companies registered under the Companies' Acts, *ib.* *See* also *Assumed Names.*

Removals. Frequency of borrowers being forced into obtaining renewal after renewal at increasingly exorbitant rates until they are utterly ruined, *Rep.* iv.

Repayments. Objection to pre-payment of more than the instalment due, *Shuckburgh* 1175, 1176——Doubt whether borrowers should be allowed to redeem their security in advance of the date of payment, *Sir J. C. Mathew* 1522, 1523.

Occurrence of special hardship when borrowers fail to keep up their repayments by instalments, *Rep.* iv.——Recommendation as to borrowers being enabled to apply to the Court at any time to redeem any security, or for relief on the part of himself and any other person who acts as surety, or otherwise, upon payment of the principal sum advanced and such interest as the Court may think reasonable, *ib.* vii.

Risk. Varying rates of interest charged by witness, the average being about 40 per cent; considerable risk incurred, his bad debts being very heavy, *Moore* 2408–2413. 2660–2676. 2818–2840.

Roxburgh, Francis. (Digest of his Evidence.) Considerable experience of witness as to money-lending cases in his capacity of Assistant Judge of the Lord Mayor's Court of London since 1887; several years for which he has devoted attention to the subject, 3549–3556.——

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Russell, George. (Digest of his Evidence.)—Part taken by witness in organising the agricultural banks in the congested districts of Ireland: several counties in which such districts are situated, 2121–2128——Result of local inquiries made by witness that he found there were many villages and small towns in the west of Ireland in which there are not branches of joint stock banks and that small borrowers from such banks are put to considerable expense for stamp and other charges over and above the rate of interest; several cases at Belmullet and elsewhere cited in illustration, 2129–2142. 2148. 2203–2238.

Heavy charges of the "gombeen" man in the West of Ireland; this system of usury is rapidly dying out, owing very much to the operations of the joint stock banks, 2142–2144. 2226–2233——Grounds for objection to the system and the management of the loan fund societies, more especially as regards the repayment of loans, 2145–2154, 2239–2250.

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Shuckburgh, Edward. (Digest of his Evidence.)—Business carried on by witness as a money-lender at Bristol and Exeter under the name of the Clerical and Medical Advance Bank: he has no special reason for not trading under his own name, 772–789. 1304–1309——Explanation that though trading as a Bank witness does not transact ordinary banking business; reference hereon to his advertisements and circulars in which loans are offered without security or a bill of sale being required, 788–804.

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Case of Mr. J. H. Breach in 1894, in which witness brought an action at the Bristol Assizes for the recovery of 75*l.* but was defeated and had to pay costs, 808–821—— Case of the Rev. Mr. Lovibond in 1897, in which witness claimed 125*l.* in the Ross County Court, but was awarded by the Court only 110*l.* and had to pay costs, 822–840——Case of the Rev. Mr. Temple, in 1897, in which the latter was sued by witness but the action was dismissed with costs, 841–892.

Practice as to a statutory declaration being usually taken by witness before making advances; legal requirements observed on these occasions, 857–870. 1373–1376—— Case of the Rev. George Hustler, in the Newport County Court in 1894, in which witness claimed 700*l.* advanced for three months, with 300*l.* for interest: allowance by the Court of only 35*l.* 13*s.* 5*d.* for interest, 893–921.

Explanations respecting the case of the Rev. J. Large, to whom witness lent 150*l.* for three months, for which he took a promissory note for 195*l.*; reduced amount of inrerest rceived by witness in this case, the borrower having become bankrupt, 922–953. 1427, 1428——Examination upon the case of Mrs. Wickers in 1897–98; application by witness, under the Bills of Sale Act, for the rent receipt, the decision on this point having been against him, with costs, 954–969.

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Conclusion as to the great hardship inflicted upon the poorer classes by the usurious interest exacted from them when compelled by necessity to resort to money-lenders; recent case in illustration, 1776. 1783. 1835. 1904–1908——Difficulty in preventing a money-lender trading under different names, 1777–1779——Probable advantage if money-lenders were registered and licensed, and had to make a statutory declaration; objection, however, that they would claim to be recognised by Parliament, 1780–1789.

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