

The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

BUREAU OF LOAN AGENCIES

FOR THE

Year Ended December 31, 1959

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF BANKS AND LOAN AGENCIES

EDWARD A. COUNIHAN, III

COMMISSIONER OF BANKS



The Commonwealth of Massachusetts

BUREAU OF LOAN AGENCIES

FOURTH FLOOR, 150 CAUSEWAY STREET, BOSTON

ANNUAL REPORT FOR YEAR ENDED DECEMBER 31, 1959

(Pursuant to provisions of Section 98 of General Laws (Ter. Ed.)
Chapter 140)

*To the Honorable Senate and House of Representatives
of the Commonwealth of Massachusetts:*

As of December 31, 1959 there were three hundred and twenty-four small loan licenses outstanding.

During the license year 149,452 loans amounting to \$28,595,061.15 were made. These figures represent a decrease of 4,720 in the number of loans made and \$1,095,022.73 in the amount of loans made during the previous twelve month period. With respect to the loans made of \$100 or less which are included in the foregoing figures, the decrease was 1,435 in number and \$133,614.73 as to amount. On December 31, 1959 there were 117,047 loans outstanding with a book value of \$17,279,315.10.

Gross income for the period totaled \$3,934,339.79 of which \$56,595.92 represented recoveries on loans previously charged off. Operating expenses aggregating \$3,492,261.53 include \$499,682.56 of home office expenses; charge-offs on bad debts amounting to \$157,727.58 and addition of \$407,020.68 to valuation reserves combine to make an expense total of \$4,057,009.79 which, deducted from gross income, leaves a balance of \$122,670.00 representing a net loss before deductions of interest paid on borrowed funds. *This is with respect only to loans of three hundred dollars and less.*

The above statements are based on figures compiled from annual reports to the Supervisor of Loan Agencies as represented by all licensed lenders and are tested by accountants of this Bureau by examination of the original records and by statistical comparisons.

All common assets, liability and expense accounts are allocated on a formula established by this Bureau.

Respectfully submitted,

MARTIN J. HANLEY

*Supervisor of Loan Agencies
and Deputy Commissioner*

Approved:

EDWARD A. COUNIHAN, III

Commissioner of Banks

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EXHIBIT A

COMPOSITE STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 1959
Small Loan Business of \$300.00 or Less

ASSETS AND LIABILITIES	LICENSED AGENCIES 324	
<i>Assets</i>		
Cash in Office and in Banks	\$ 683,345.81	
Loans Receivable of \$300 or Less	17,279,315.10	
Real Estate (Less-Accumulated Depreciation-Buildings)	60,335.26	
Furniture, Fixtures, Equipment and Automobiles (Less-Accumulated Depreciation)	301,410.12	
Deferred Charges and Prepaid Expenses	58,990.37	
Organization and Development Expense	95,589.33	
Cost of Financing	2,941.84	
Prepaid Expense on Accounts Purchased	2,814.59	
Other Assets:		
(a) Miscellaneous Accounts Receivable	\$ 105,802.55	
(b) Accrued Interest Receivable	38,281.04	
(c) Investments	223,562.84	
(d) Miscellaneous	190,321.74	557,968.17
Total Assets		<u>\$19,042,710.59</u>
Home Office Assets Apportioned to Branches in Massachusetts		\$ 2,137,360.34
<i>Liabilities and Capital</i>		
Accounts and Notes Payable:		
(a) Banks	\$ 579,718.36	
(b) Due to Parent Company or Affiliates	5,632,047.32	
(c) Other Notes and Accounts	792,962.94	7,004,728.62
Bonds		234,591.01
Treasury Certificates		460,021.57
Other Liabilities:		
(a) Accrued Expenses	50,611.67	
(b) Unearned Charges		
(c) Other	10,869.67	61,481.34
Valuation Reserves:		
(a) Bad Debts	663,368.15	
(b) Purchased Accounts (Face Value Less Purchase Price)	3,069.58	
(c) Other	906.96	667,344.69
Expense Reserves:		
(a) Taxes	161,586.85	
(b) Other	5,153.35	166,740.20
Branch Office Capital (Home Office Control)		6,497,299.57
Net Worth (If Individual or Partnership)		29,326.22
Capital Stock (If Corporation):		
(a) Preferred	460,237.25	
(b) Common	1,318,979.49	1,779,216.74
Appropriated Surplus or Capital Reserves		33,154.30
Additional Paid-in Capital		437,952.63
Retained Earnings		1,670,853.70
Total Liabilities and Capital		<u>\$19,042,710.59</u>

EXHIBIT B

COMPOSITE STATEMENT OF PROFIT AND LOSS FOR THE YEAR
ENDED DECEMBER 31, 1959
Small Loan Business of \$300.00 or Less

<i>Gross Income Derived From Small Loan Business</i>	
Charges on Loans	\$3,855,143.70
Fees Collected (When Authorized)	
Collection on Accounts Previously Charged Off	56,595.92
Other Income	22,600.17
Total Gross Income Derived From Small Loan Business	<u>\$3,934,339.79</u>
<i>Expenses of Conducting Small Loan Business in Massachusetts</i>	
Advertising	250,123.19
Auditing	20,049.18
Bad Debts:	
(a) Charged Off	\$157,727.58
(b) Addition to Reserve	407,020.68
Depreciation of Furniture, Fixtures, Equipment and Automobiles	564,748.26
Insurance and Fidelity Bonds	60,330.97
Legal Fees and Disbursements	23,682.51
License Fees	61,558.51
Postage and Express	94,427.85
Printing, Stationery and Supplies	59,016.88
Recording and Acknowledging Fees	54,208.15
Rent, Heat, Light and Janitor Service	3,795.35
Salaries	247,991.31
Taxes (Excluding Federal and State Taxes on Income):	1,456,325.15
(a) State Income	34,508.24
(b) Pay Roll	47,053.25
(c) State and Local	18,811.02
(d) Miscellaneous	244.23
Telephone and Telegraph	100,616.74
Travel, Automobile Expenses and Allowances	154,046.78
Other Expenses:	79,979.93
(a) Bookkeeping and Corporation Services	40,765.68
(b) Dues and Subscriptions	27,532.80
(c) Credit Reports	29,715.54
(d) Pension Fund Contribution	37,005.12
(e) Miscellaneous	129,848.14
	<u>\$3,495,768.04</u>
<i>Home Office Expenses Allocated to Branches in Massachusetts</i>	
Advertising	38,984.90
Auditing	24,120.90
Bad Debts:	
(a) Charged Off	
(b) Addition to Reserve	2,168.86
Depreciation of Furniture, Fixtures, Equipment and Automobiles	2,168.86
Insurance and Fidelity Bonds	6,898.62
Legal Fees and Disbursements	15,999.29
License Fees	23,677.27
Postage and Express	811.80
Printing, Stationery and Supplies	5,610.12
Recording and Acknowledging Fees	27,626.67
Rent, Heat, Light and Janitor Service	275.19
Salaries	19,306.18
Taxes (Excluding Federal and State Taxes on Income):	133,168.17
(a) State Income	1,334.55
(b) Pay Roll	5,686.30
(c) State and Local	10,461.88
(d) Miscellaneous	
Telephone and Telegraph	17,482.73
Travel, Automobile Expenses and Allowances	7,738.87
Other Expenses:	22,912.66
(a) Bookkeeping and Corporation Services	28,716.04
(b) Dues and Subscriptions	5,233.58
(c) Credit Reports	754.74
(d) Pension Fund Contribution	15,985.98
(e) Miscellaneous	82,209.99
	<u>\$ 499,682.56</u>
Total Expenses Before Federal Income Taxes and Cost of Borrowed Funds	\$3,995,450.60
Federal Taxes on Income	61,559.19
Total Expenses After Income Taxes, but Before Cost of Borrowed Funds	4,057,009.79
Net Earnings After Income Taxes, but Before Cost of Borrowed Funds	(122,670.00)
Cost of Borrowed Funds	653,583.24
Net Earnings After Income Taxes and Cost of Borrowed Funds	<u>(776,253.24)</u>

EXHIBIT C

ANALYSIS OF LOANS BY SIZE

	Number	%	Amount	%
Loans Made During the Year (Loans of \$300 or Less):				
(a) Loans of \$25.00 or Less	218	.15	\$ 5,106.29	.02
(b) Loans of 25.01 to \$50.00	3,107	2.08	139,629.04	.49
(c) Loans of 50.01 to 100.00	14,472	9.68	1,158,214.81	4.03
(d) Loans of 100.01 to 150.00	32,937	22.04	4,044,675.56	14.14
(e) Loans of 150.01 to 200.00	26,848	17.96	4,730,965.21	16.54
(f) Loans of 200.01 to 300.00	71,870	48.09	18,516,470.24	64.76
Total Loans of \$300 or Less	149,452	100.00	\$28,595,061.15	100.00

EXHIBIT D

ANALYSIS OF LOANS BY TYPES OF SECURITY

	Number	%	Amount	%
Loans Made During the Year (Loans of \$300 or Less):				
(a) Chattel Mortgages on Household Goods	27,800	18.60	\$ 6,132,851.99	21.45
(b) Automobiles	5,519	3.69	1,115,673.85	3.90
(c) Other Chattels	1,247	.83	214,318.11	.75
(d) Unsecured Notes	107,278	71.79	19,633,494.42	68.66
(e) Endorsed and/or Co-maker Notes	7,351	4.92	1,450,371.23	5.07
(f) Wage Assignments	106	.07	19,405.24	.07
(g) Other Considerations	151	.10	28,946.31	.10
Total	149,452	100.00	\$28,595,061.15	100.00

EXHIBIT E

SMALL LOANS MADE BY ALL LENDERS UNDER SUPERVISION FOR THE LAST FIVE YEARS

	1955	1956	1957	1958	1959
Number	203,692	196,827	181,131	154,172	149,452
Amount	\$39,578,695.07	\$38,422,569.28	\$35,407,080.82	\$29,690,083.88	\$28,595,061.15

EXHIBIT F

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 1959
Small Loans, Large Loans and Other Business Conducted in Massachusetts

ASSETS AND LIABILITIES	
<i>Assets</i>	
Cash in Office and in Banks	\$ 3,848,974.63
Loans Receivable	165,458,062.42
Real Estate (Less-Accumulated Depreciation-Buildings)	296,735.22
Furniture, Fixtures, Equipment and Automobiles (Less-Accumulated Depreciation)	1,335,352.55
Deferred Charges and Prepaid Expenses	612,761.09
Organization and Development Expense	413,716.74
Cost of Financing	12,571.97
Prepaid Expense on Accounts Purchased	14,233.26
Other Assets:	
(a) Miscellaneous Accounts Receivable	1,000,770.58
(b) Accrued Interest Receivable	164,579.74
(c) Investments	4,471,876.23
(d) Miscellaneous	773,738.25
 Total Assets	 <u>\$178,403,372.68</u>
 Home Office Assets Apportioned to Branches in Massachusetts	 \$ 10,715,711.83
<i>Liabilities and Capital</i>	
Accounts and Notes Payable:	
(a) Banks	\$ 12,163,459.73
(b) Due to Parent Company or Affiliates	46,890,981.71
(c) Other Notes and Accounts	5,452,899.74
Bonds	3,705,705.00
Treasury Certificates	2,691,400.00
Other Liabilities:	
(a) Accrued Expenses	392,051.01
(b) Unearned Charges	22,587,672.50
(c) Other	309,228.49
Valuation Reserves:	
(a) Bad Debts	4,756,918.21
(b) Purchased Accounts (Face Value Less Purchase Price)	78,638.56
(c) Other	356,046.43
Expense Reserves:	
(a) Taxes	1,622,130.98
(b) Other	78,724.41
Branch Office Capital (Home Office Control)	52,223,928.49
Net Worth (If Individual or Partnership)	208,712.86
Capital Stock (If Corporation):	
(a) Preferred	2,571,118.01
(b) Common	9,898,286.92
Appropriated Surplus or Capital Reserves	614,420.12
Additional Paid-in Capital	3,028,774.65
Retained Earnings	8,772,274.86
 Total Liabilities and Capital	 <u>\$178,403,372.68</u>

EXHIBIT G

CONSOLIDATED STATEMENT OF EXPENSES, NOT INCLUDING COST OF BORROWED FUNDS OR FEDERAL INCOME TAXES FOR THE YEAR ENDED DECEMBER 31, 1959
Small Loan, Large Loan and Other Business Conducted in Massachusetts

Expenses of Conducting Business in Massachusetts:	
Advertising	\$ 986,590.83
Auditing	101,878.92
Bad Debts:	
(a) Charged Off	557,442.71
(b) Addition to Reserve	2,845,867.93
Depreciation of Furniture, Fixtures, Equipment and Automobiles	281,722.37
Insurance and Fidelity Bonds	115,314.22
Legal Fees and Disbursements	325,622.32
License Fees	98,190.66
Postage and Express	274,436.10
Printing, Stationery and Supplies	255,593.25
Recording and Acknowledging Fees	24,797.55
Rent, Heat, Light and Janitor Service	1,092,563.18
Salaries	6,639,098.63
Taxes (Excluding Federal and State Taxes on Income):	
(a) State Income	251,528.71
(b) Pay Roll	214,824.35
(c) State and Local	98,849.57
(d) Miscellaneous	703.80
Telephone and Telegraph	730,962.79
Travel, Automobile Expenses and Allowances	385,727.25
Other Expenses:	
(a) Bookkeeping and Corporation Services	148,835.43
(b) Dues and Subscriptions	101,740.37
(c) Credit Reports	138,758.85
(d) Pension Fund Contribution	199,964.72
(e) Miscellaneous	660,166.86
	<u>\$16,531,181.37</u>
Home Office Expenses Allocated to Branches in Massachusetts:	
Advertising	\$ 161,007.11
Auditing	100,285.97
Bad Debts:	
(a) Charged Off	
(b) Addition to Reserve	19,162.93
Depreciation of Furniture, Fixtures, Equipment and Automobiles	33,095.92
Insurance and Fidelity Bonds	69,207.67
Legal Fees and Disbursements	95,027.71
License Fees	851.42
Postage and Express	28,732.53
Printing, Stationery and Supplies	118,619.69
Recording and Acknowledging Fees	1,541.65
Rent, Heat, Light and Janitor Service	92,882.03
Salaries	725,972.91
Taxes (Excluding Federal and State Taxes on Income):	
(a) State Income	14,131.30
(b) Pay Roll	29,097.51
(c) State and Local	56,468.78
(d) Miscellaneous	—
Telephone and Telegraph	37,021.31
Travel, Automobile Expenses and Allowances	105,751.55
Other Expenses:	
(a) Bookkeeping and Corporation Services	123,224.71
(b) Dues and Subscriptions	20,629.70
(c) Credit Reports	3,593.06
(d) Pension Fund Contribution	71,694.49
(e) Miscellaneous	359,750.38
	<u>\$ 2,267,750.33</u>
Total Expenses Before Income Taxes and Cost of Borrowed Funds	<u>\$18,798,931.70</u>