
The Commonwealth of Massachusetts

ANNUAL REPORT

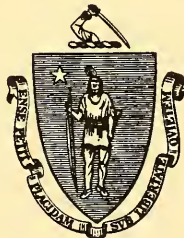
OF THE

SUPERVISOR OF LOAN AGENCIES

FOR THE

YEAR ENDING DECEMBER 31, 1921

DIVISION OF BANKS AND LOAN AGENCIES
DEPARTMENT OF BANKING AND INSURANCE



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The Commonwealth of Massachusetts

REPORT.

OFFICE OF THE SUPERVISOR OF LOAN AGENCIES,
ROOM 102, STATE HOUSE, BOSTON.

To the Commissioner of Banks.

SIR: — Herewith I submit the eleventh annual report of the Supervisor of Loan Agencies.

ATTEMPT TO AMEND THE RATE.

There was introduced into the Legislature a bill to amend the Small Loans Law.

The bill provided for three amendments: an increase in the rate of interest for small loans from 3 to $3\frac{1}{2}$ per cent; that the borrower, in case of chattel mortgages, should pay the recording fee; that an assignment of wages need not necessarily be accepted by an employer, but that the delivery of a copy of the assignment, or order, should meet the legal requirements.

These changes were suggested for the following reasons: —

In 1908 the loan shark evil throughout the country had grown to such proportions, and had become such a notorious evil, that the Russell Sage Foundation of New York decided to make a general investigation to ascertain how that evil could be lessened and the loan shark business brought under proper control. It recognized, as its reports show, that there was a vast amount of necessitous borrowing, and that there was vital need for the making of small loans. The first thought of the Foundation was, what rate of interest could be established to attract capital which would conduct the business along legitimate lines.

The Foundation's representatives in the investigation started with the thought that 2 per cent per month would be sufficient. As the investigation proceeded the rate rose to $2\frac{1}{2}$ per cent, and

in 1916 they had reached the conclusion that 3 per cent per month was proper. Arthur H. Ham, representing the Foundation, came before our Legislature in 1916 and presented his belief that 3 per cent per month was sufficient, but the Foundation had not finished its investigation. A year later it decided that the proper rate was $3\frac{1}{2}$ per cent, and it declared that to be the "scientific rate," based upon what it termed a scientific investigation of the subject-matter.

Prior to 1920 the rate for recording chattel mortgages was 75 cents. In some instances one record is made, in others two, in accordance with the legal provisions. In 1920 the Legislature authorized town and city clerks to raise the rate of recording from 75 cents to \$2, which placed such an extra expense upon the licensed money lenders that they absolutely refused to make the small loans which they had been accustomed to make. For instance, a necessitous borrower desired to borrow \$50. The interest on that per month under the existing rate would be \$1.50, the expense of recording it once would be \$2; if it were necessary to record it twice, the expense would be \$4; therefore, in either event it would be a losing proposition.

If a borrower desired \$100 for a month, the interest would be \$3, and if the mortgage had to be recorded once, it would take two-thirds of the interest to meet the requirement; therefore, the lender was reducing his rate to 1 per cent per month. If it were a case where the mortgage had to be recorded twice, the loan would not be made as it would be a losing venture.

The only way under the circumstances by which a really needy applicant could be accommodated by the licensed money lender would be to have the applicant borrow a larger amount than he really needed, or to have a smaller amount extend over several months instead of one, in order that the lender might be reimbursed for the extra expense thus created. It is obvious that this worked a hardship upon the borrower, and it was thought better for his interest, and for all concerned, that he, as in the case of other classes of mortgage, pay the cost of recording, and that expense could thus be taken care of and he not be deprived of an opportunity to effect a loan.

In the making of assignment of wages it is now necessary that the assignment be accepted in writing by the employer.

There are many large concerns which have an inflexible rule that no assignments will be accepted; therefore, all their employees are debarred from making an assignment of wages for a necessitous loan however urgent a case may be. The bill provided that the mere notification to an employer, instead of the assignment being accepted in writing, would be sufficient. Many small concerns whose employees have been borrowers have not objected giving their consent in writing, but the attitude of the large concerns prevented their employees from borrowing from a licensed money lender to meet necessitous demands which might be created through sickness, accident, or other causes.

The committee on legal affairs, before which the bill was heard, reported "leave to withdraw."

LIBERTY BONDS.

In the early part of the year Henry Van Dam and Harry Bornstein, the latter representing the Realty Investment Company (both Van Dam and the company being licensed money lenders as well as licensed pawnbrokers), sought to have this Bureau make an increase in the rate of interest allowed on Liberty Bonds. This was the second request of that kind which had been made.

In December, 1918, the police departments which enforce the rules and regulations, or the ordinances of cities in the Commonwealth where pawnbrokers are licensed, were notified that a change had been decided upon in the rate of interest to be charged where Liberty Bonds were accepted as pawns. The interest rates for pawnbrokers licensed by such municipalities must, under the law, be acceptable to this Bureau, and in 1912 rates were established by the then department of the Supervisor of Loan Agencies for all licensed pawnbrokers in the Commonwealth. In 1918, taking into consideration the absolute safety of Liberty Bonds as a security, it was decided by this department that under the circumstances there should be a lowering of the rate both for pawnbrokers and for licensed money lenders, and, therefore, a rule was issued that thereafter the rate should not exceed 1 per cent per month.

The applicants for an increase in rate based much of their argument upon the high rate of interest which they had to pay the banks for money borrowed with which to conduct their business. As the tendency of the interest rate seemed to be downward, it was decided to wait a while and see whether that tendency continued, and also to ascertain to what extent Liberty Bonds were being pawned and to what degree money was being borrowed upon them through loan agencies. In order to ascertain the growth or the decline in that particular branch of business, the following was obtained so far as it concerned the licensed money lender:—

Loans, secured by Liberty Bonds, made during the Calendar Years 1918, 1919, 1920, by Licensed Loan Agencies.

YEAR.	Number.	Amount.
1918	4,264	\$230,790 00
1919	4,056	220,853 00
1920	1,243	67,985 00

In order to get specific information in regard to loans, secured by Liberty Bonds, made by the Realty Investment Company as a money lending agency and the Boston Loan Company, pawnbroker (both being virtually under one management), and to the amount of business being done in that line by Henry Van Dam as a money lender and as a pawnbroker, the loans made by each during the first three months of 1921 were compared with what was done during the corresponding period of the preceding four years, the result being shown by the following figures:—

YEAR.	REALTY INVESTMENT COMPANY (MONEY LENDER).		BOSTON LOAN COMPANY (PAWNBROKER).		HENRY VAN DAM (MONEY LENDER).		HENRY VAN DAM (PAWNBROKER).	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1918	68	\$2,886 41	-	-	-	-	-	- 1
1919	117	5,127 00	-	-	1	\$30 00	-	- 1
1920	17	777 00	-	-	-	-	33	\$2,055 00
1921	1	30 00	33	\$1,767 00	-	-	17	825 00

¹ Records for 1918 and 1919 were not accessible at Mr. Van Dam's because robbers had stolen the bonds, and records of them were torn from his books.

There had been such a decided decrease in that class of loans made, it was decided that no justifiable argument had been presented from those sources to warrant any increase in the rate.

In order to learn to what extent the pawnbrokers in the Commonwealth had been engaging in that class of business, letters were sent to Hon. Edwin U. Curtis, police commissioner, Pemberton Square, Boston, and to the police departments of Holyoke, Fall River, Lawrence, Lowell, New Bedford, Springfield and Worcester.

Commissioner Edwin U. Curtis of the police department of Boston stated that it was impossible for the department to furnish the desired information; that the records of the pawning of Liberty Bonds are the daily reports of the different pawnbrokers, and are kept only one year; and that even for 1921 it would be necessary to go over about 300 reports for each pawnbroker and tabulate the Liberty Bonds. He stated, furthermore, that no other record is kept of Liberty Bonds pawned because, by a decision of the courts, Liberty Bonds are negotiable instruments, and even though a stolen bond was found in a person's possession, unless it could be proved that he stole it, he could not be held responsible.

Other cities replied to the effect that their records were insufficient to give the information desired.

LICENSE SUSPENDED.

The license of the Employees Discount Company, doing business at 28 School Street, Boston, was indefinitely suspended October 27 because it was charging interest in excess of the legal rate, which, upon investigation, was found to be but one feature in connection with the conduct of the business in violation of law and in violation of the rules and regulations of this Bureau. The Employees Discount Company has been doing business in this Commonwealth since the small loans business was placed under State supervision. The first applicant for a license was John Finkelson, whose home address was given as 709 41st Street, Milwaukee, Wis. He was the applicant for two years, and was the only one, apparently, who was interested financially in the business.

The next owner of the company was C. T. Davis, 803 Madison Street, Chicago, Ill. There were others whose names appeared as having a financial interest in the business, but Davis was regarded as the owner thereof until 1921, when James E. Richards, 231 Martin Street, Milwaukee, Wis., and Charles T. Ireland, 289 Havre Street, East Boston, were the ones who were credited with having money invested in the business, the latter having been appointed in September, 1920, as manager of the business. The applicant that year was W. J. Stoddart, whose name also appeared as one having financial interest in the company.

Complaint was made to this Bureau a few days before the license was suspended to the effect that customers were being overcharged. An investigation disclosed that such was the fact, and to what extent it had previously been carried on was not fully disclosed because of changes in ownership and in management, but from evidence introduced in the course of the investigation it would appear that the method of doing business had been practically the same for some time. The concern conducted its business in such a manner that a borrower, unless he was somewhat of an expert at analysis, could not detect that he was overcharged. The concern had a regular schedule for making loans. For instance, a \$50 loan would be paid in twenty-one weeks at \$3 per week, or in six months at \$10.55 per month; a \$75 loan would be paid in thirty-two weeks at \$3 per week, or in six months at \$15.85 per month, and loans of other amounts would be settled along similar definite lines. By this method of operation the company was charging considerable in excess of the legal rate, but the borrower knew nothing about the rate of interest exacted because that was a matter never brought to his attention. It was so skillfully hidden in the partial payment system evolved that he had no way of discovering it.

As the payments were made easy for him to meet, he felt satisfied that everything was being conducted properly, and there were numerous complaints made by borrowers who were summoned to this office to make statements regarding their transactions with the company because their business dealings were being inquired into, which they said were perfectly sat-

isfactory to them because the accommodation was great, a necessitous circumstance was met, and they had no fault to find with the amount charged even if it was in excess of what it should have been. Such persons were informed that it was not a question of whether they were satisfied but whether the Employees Discount Company was doing business in accordance with legal provisions.

Reports of the company to this office, which are made weekly, were invariably made out correctly, and from them it appeared that all loans were being made on the installment payment system, and that interest was being charged at the rate of 3 per cent per month. The reports of interest received were to the effect that the regular interest rate was being charged and received, and so far as the reports of loans made and loans discharged were concerned, there appeared to be no irregularity whatever, but investigation proved that those reports were made solely to be submitted to this office.

Evidence which was not to be disputed was that the company kept two sets of books, one ready to be inspected at any time by this Bureau, and the other for the purpose of keeping an accurate account of its transactions with its customers. A diligent search of the office failed to disclose the private set of books, which would have shown each individual's transaction and the number of payments which had been made, the amount of each payment, and what the return to the office would be under its illegal method of conducting the business. Reports of the business were sent frequently to the "home office," which is understood to have been to Richards, who, it was alleged, was connected with a chain of money-lending offices, but evidence to that effect was not sufficiently strong to warrant the name being mentioned of the owners of the chain.

Immediately upon the discovery of the methods of the company, all of its customers were notified by this Bureau not to make any more payments without first consulting this office, in order that there might be a computation of the customer's account so that he might know whether there was a rebate due him or what his legal obligation was. At the close of the year many of the accounts had not been figured, therefore not settled; and no interest charge was permitted against any cus-

tomers pending the time of the notification sent him and the time when the case was figured by this office, in many instances weeks intervening, and in some unsettled cases continuing for many more weeks. In this manner a large amount of money was saved the borrowers which would have been paid had the company continued its former methods. The suspension of the license will not be rescinded, and, so far as this Bureau is concerned, the company has gone out of business in this Commonwealth.

Suspension of a license is regarded as far more effective than its revocation, because under the latter the license would be surrendered and there would be no further supervision of the business of a company, but under indefinite suspension supervision is retained until the expiration of the license year, which gives an opportunity to dictate to a great degree the conditions under which liquidation shall take place, which is more beneficial to the borrower than any other method which could be utilized.

There was no prosecution in this case because the instigators of the plan by which the company had been doing business could not be reached as they were residing outside of the Commonwealth. While the managers were culpable, but one was residing within the State, and that was Charles T. Ireland, who claimed that he had a financial interest in the business, but his contention was not regarded seriously. A prosecution might have resulted in a fine or imprisonment penalty, but this Bureau believed that better results would accrue to the hundreds of the company's borrowers by taking the course it did and protecting each individual's interest, which could not have been done so effectively if any other action had been taken. The methods of the Employees Discount Company were given much publicity, which could but redound to the benefit of the borrowing public, and gave warning that it and those associated with it were not worthy of further confidence, even though it might carry out its at one time announced intention of continuing in the loan business, but making loans in excess of \$300.

The experience with the Employees Discount Company but emphasizes the opinion long held by this Bureau that it is inadvisable to grant a license to a money-lending concern located

outside the Commonwealth, because of inability to get in immediate touch with it in case any matter arises which requires consideration. The manager of an outside company seems to feel that he cannot make a move or offer an explanation without consulting the "home office," which is a source of annoyance and inconvenience to this Bureau when matters requiring prompt attention ought to be attended to immediately.

DISCOUNTING LOANS.

Practically a third of the licensed money lenders of the Commonwealth discount their loans at definite rates of discount. The Morris Plan Companies, with possibly a single exception, began their business by discounting at 6 per cent, with a 2 per cent charge as an investigation fee, which in reality made the discount rate 8 per cent. They also required 2 per cent weekly repayments, and by this process, where fines imposed upon delinquents are not considered, the rate is 19.3 per cent. With some of the Morris Plan Companies there have been changes of late in the discount rate, which in certain instances has been somewhat increased in order that the business might be sufficiently profitable, which under the original rates, it is asserted, was not the result. Other licensed lenders have definite rates of discount which apply to all their loans. A few vary their rates of discount according to the amount of the loan and the time for which it is to run, and under these circumstances there is a likelihood of an excess of the legal rate of interest being charged unless special care is exercised in computing the expense to the borrower.

For illustration, a loan is discounted and weekly payments agreed upon, and the loan is to run for a definite length of time. The borrower, however, within a certain time after the contract has been made, wishes to discharge his obligation, not desiring to wait until the expiration of the time limit to which the lender is agreeable. Then arises the question, what amount can the lender legally collect at that time? The Massachusetts Industrial Plan, Inc., operates in this manner: If a borrower wishes to break his contract, the actual amount of money given to the borrower is taken as the loan and not the face of

the note, and interest is computed thereon at 3 per cent per month on balances; the weekly installment payments which have been made are deducted on a monthly basis. The Morris Plan Companies in certain instances have paid the borrower 5 per cent of the unpaid balance for the unexpired term as a rebate, and by so doing reduce the original discount rate. In other instances they have rebated, basing their action upon the method adopted by insurance companies in rebating premiums.

This is a concrete example of the discounting method: A loan agency discounted a note for \$200 on Nov. 14, 1921, at $12\frac{1}{2}$ per cent, the borrower having the use of \$175 for the first week only, as the repayments agreed upon were \$4 per week. The borrower paid for twelve weeks, or \$48, then wished to discharge the loan, and the agency collected \$142.75, making \$190.75 paid by the borrower for \$175 for three months. This amount made the rate 3 per cent per month, disregarding the fact that installment payments had been made, but the rate actually charged was in excess of the legal rate because of those installment repayments and a refund was due the borrower, and until this refund had actually been made, the total cost to the borrower was at the rate of 38.7 per cent. If a refund of \$1.09 were made, the interest rate would be exactly 3 per cent per month. If the contract had been fulfilled, the computation of such a loan shows that the expense to the borrower would have been 34.7 per cent. By calculating according to the terms of the contract, the refund was \$5.67. This figure is obtained as follows: \$127 due on the loan plus \$4.31 (the interest earned during the twelve weeks) plus \$5.75 (twelve fifty-seconds of \$25, the amount of the discount) equals \$137.08, the amount actually due at that time; subtracting this figure from \$142.75, the amount actually collected, leaves \$5.67.

As all such loans are reported weekly to this Bureau on blanks showing the rate of discount, the number of weeks for which the loan is to run, and the amount of the weekly repayments, the circumstances under which the loan was made are easily comprehended. Then when the report is made of the discharge of such a loan, it is at once compared with the original report, and if it is discharged before the time agreed upon, it is imme-

diately figured to ascertain whether by such settlement prior to the time agreed upon the expense to the borrower is within the legal limit. One not thoroughly familiar with the intricacies of computing interest under such circumstances is likely to make a mistake, and it is to avoid such a possibility that the records of these loans are watched very carefully to see that the rights of the borrower are protected against possible mistakes in computation.

VARIOUS TOPICS.

In the summer of 1921, as the result of careful consideration of the advisability of so doing, there was formed the Massachusetts Industrial Licensed Lenders Association. The announced principal objects of the association are to improve the small loans business; to advocate legislation, having the approval of this association, uniform in character and providing for State license and bond, a supervision and examination by State officials; to assist in the education of the public to the service rendered by its members; to obey the uniform loan laws and police the business; to regulate public advertisements and circulars so that they shall be truthful and straightforward; to establish uniformity in forms, books, and accounts satisfactory to the licensing officials; to maintain good relations with all State officials and their examiners, and deal with them frankly in a spirit of co-operation; to assist and co-operate with all members of this association and affiliated State associations in respect to accurate credit information, and assist in the collection of accounts, dealing with them always in a spirit of fraternity and helpfulness.

At the meeting when the organization was effected there were represented twenty-five industrial loan agencies of the State. Preceding the business meeting and following the banquet, those present were addressed by the Supervisor of Loan Agencies, H. G. DeWeese, field secretary of the American Industrial Licensed Lenders Association, William E. Pool of this city, and Edgar P. East of New York. At the business session an executive committee was elected as follows: W. E. Pool, Boston, chairman; Daniel J. Wholey, Lowell, vice-chairman; H. J. Desormaux, New Bedford, secretary; George A.

Ingalls, Boston, treasurer; Michael R. Connelly, Lynn, Warren J. Baldwin, Boston, and Edgar P. East, New York. At a meeting of the directors held Dec. 15, 1921, the following resolution was passed by way of preparation for another effort to have enacted in this Commonwealth a $3\frac{1}{2}$ per cent law as advocated in the Uniform Loan Law, the sponsor of which is the Russell Sage Foundation:—

Whereas, The Massachusetts Industrial Lenders Association feels that it is desirable to have introduced at the 1922 session of the Massachusetts Legislature an amendment to the present Small Loan Law in order to make it more consistent with the Uniform Small Loan Laws now in operation in a number of States; therefore be it

Resolved, That a committee, consisting of W. E. Pool, E. P. East and H. J. Desormaux, be appointed to confer with representatives of the Russell Sage Foundation and the officials of the American Industrial Lenders Association, and solicit their assistance and support of the proposed amendment; be it further

Resolved, That the above-named committee be and is hereby authorized and empowered to act for the Massachusetts Association in connection with the amendment and take the necessary steps to further its passage; be it further

Resolved, That as January 10 is the last day on which bills may be introduced in the Massachusetts General Assembly, that the secretary of the Massachusetts Association is hereby directed to immediately address letters containing copies of the above resolutions to the acting director of the Division of Remedial Loans of the Russell Sage Foundation, and to the general secretary of the American Industrial Lenders Association.

An interesting communication was received from Samuel Gottlieb, as follows:—

SAMUEL GOTTLIEB,
COUNSELLOR AT LAW,
73 Tremont Street.

BOSTON, MASS., May 14, 1921.

DEAR MR. POPE:—A company or association engaged in the business of making loans of any amount also makes many loans under \$300. The company is not licensed, and therefore cannot legally charge more than 12 per cent on loans of \$300 or under.

The company makes a loan of \$300 for three months and charges 1 per cent a month, or 3 per cent for the three months. The company gives to the borrower a check for \$300, and the borrower at once pays to the company in cash the interest on the loan, amounting to \$9. The loan is to run for the full term of three months, and there are no provisions for weekly or monthly payments.

Is such a loan considered illegal or in violation of the small loans statute? I understand that you have once expressed the opinion that such a transaction is illegal because the effect of the transaction above explained is to give to the borrower \$291, and to compel him to pay \$9 on that sum for three months, so that the rate of interest exceeds 12 per cent, in fact, I believe you figured it to be 12.76 per cent per annum.

I have since been studying the matter, and upon an examination of the decisions of the Massachusetts courts, found the following language in the case of *Agricultural Bank v. Bissell*, 12 Pickering 586, at 589:—

Upon the other point raised, that taking the interest in advance is usurious, we think it too well settled by a series of decisions both in this and other States, to be now questioned, that such practice is not a violation of the statute and does not render the contract usurious.

The great weight of authority and decisions in other States are in accord with the Massachusetts view above quoted.

I wonder whether or not you consider the matter of enough importance to ask for an opinion from the Attorney-General.

Yours very truly,

SAMUEL GOTTLIEB.

FRANK H. POPE, Esq., *Supervisor of Loan Agencies,*
State House, Boston, Mass.

I deemed the matter hardly of sufficient importance to ask for an opinion from the Attorney-General as such an issue had not been raised and brought to the attention of this Bureau, and having the belief that there was no likelihood of an issue of that kind arising. The opinion of the Supreme Court indicated that questions relative to the making of small loans was long ago given serious attention in this Commonwealth, for the transaction upon which the decision was based took place June 2, 1824. Whether that decision would be acceptable at the present time might be a serious question in view of the phraseology of the Small Loans Act, which was enacted eighty-seven years after the decision rendered by the Supreme Court.

House Bill No. 1175 provided in section 3, clause G, page 55, for the exemption of security of those corporations which needed no further regulation because they were all under the supervision of the bank or insurance commissioners; and named as those qualified for exemption national banks, State banks, trust companies, co-operative banks, and credit unions, but

failed to mention loan agencies, although they are under the supervision of the Division of Banks and Loan Agencies. This omission was called to the attention of the Hon. Wellington Wells, chairman of the legislative committee on banks and banking, that the mistake might be rectified.

In the course of the year a goodly number of individuals called at this Bureau in regard to the methods of dealers in new and second-hand automobiles, especially relative to the rate of interest which they charged their customers. The custom was, and probably is, that when a car was sold to be paid for in installments, which transaction presumably carried with it a satisfactory profit, the seller would then make out notes for the balance, a note to run for one month, another for two months, another for three months, another for four months, each note for a similar amount upon which the rate of interest was 2 per cent per month. It was pointed out to claimants that there was no relief so far as this office was concerned, because the notes were based upon the sale and had no reference whatever or relationship to a loan, and therefore this Bureau had no jurisdiction.

The only decision rendered by the Supreme Court in the course of the year which bore any relationship to the small loans business was the following:—

CLAPP v. GARDNER.

PLYMOUTH.

JAN. 7, 1921.

Mortgage — Foreclosure — Failure of Mortgagee to Disclose Notice to Person Entitled to Notice — Literal Compliance with Terms of Deed, but Failure to Exercise Diligence and Good Faith in Methods Adopted — Purchase of Property at Less than Actual Value.

CROSBY, J. This is a bill in equity brought to set aside the foreclosure of a mortgage given by Ellen J. Murphy to the plaintiff Clapp and by him assigned to the defendant, together with the note that the mortgage was given to secure. The note was for \$200 and was indorsed in blank to the defendant. The real estate described in the mortgage was subject to a prior mortgage for \$1,000. The mortgagor was admitted as a party plaintiff and the case was referred to a master, who found that at the time of the assignment Clapp told the defendant "that in case of any trouble with the mortgage he would take it off defendant's hands."

The master found that no actual notice of the foreclosure proceedings was given to the mortgagor or to Clapp, and that no attempt was made to notify either of them; that on the day before the sale Clapp and the defendant had some talk "about the defendant's mortgage transactions," but that the foreclosure sale in question was not mentioned by the defendant; that the latter "knew of the intended sale and had no reason to think that Clapp did know of it;" that neither Clapp nor the mortgagor knew of the foreclosure proceedings until after the sale; that Clapp at all times stood ready to carry out the promise made to the defendant to take the note off his hands if he wished him to do so. An action on the note has been brought by the defendant against Clapp, and is now pending.

The master also found that, while there was a literal compliance with the terms of the mortgage in the foreclosure proceedings, the defendant's attorney, acting for the defendant, bid off the property for \$50 and that there was no other bidder; that the defendant knew the amount for which the property was sold was less than a fair and adequate price and that its fair market value was at least \$2,000; that the defendant knew that Clapp would expect a notice of the foreclosure proceedings and was willing and able to protect the defendant from loss; that Clapp was misled by the failure of the defendant to say anything about the sale at the time of their conversation; that the failure to notify Clapp and the mortgagor was intentional, the purpose of the defendant being to get the property at less than its value, and also to hold Clapp on the note besides; that "the defendant did not use good faith in the conduct of the foreclosure proceedings and did not use reasonable diligence to protect Miss Murphy, the mortgagor, and Mr. Clapp, the endorser on the note, from loss." As the evidence is not reported, these findings must stand. Considered together they clearly indicate that the defendant did not exercise that diligence and good faith which the law requires in executing a power even though there was a literal compliance with its terms.

The subsidiary findings amply support the general finding and make it apparent that the defendant's dominant purpose was to bid off the property for a sum less than its value, and also to hold the plaintiff Clapp to the payment of the amount due on the note. In these circumstances the finding that the defendant did not act in good faith or use reasonable diligence to protect the interest of the mortgagor and Clapp was warranted. *Montague v. Dawes*, 14 Allen 369. *Bon v. Graves*, 216 Mass. 440. *Winchester Rock & Brick Co. v. Murdough*, 233 Mass. 50, 54.

Although at the time of the sale Clapp had parted with his interest in the mortgage and claim thereby secured, he remained liable as indorser on the note. If the amount realized from the sale equalled or exceeded the amount due on the note, together with the expenses of the sale, his liability would have been extinguished; accordingly he was interested in the execution of the power in good faith and had a right to expect the defendant would exercise reasonable diligence in an effort to secure a fair price for the property. While he did not have a specific lien upon the mortgaged

premises, his liability as indorser on the note, especially in view of his promise to the defendant to pay the note whenever the latter might request such payment, is sufficient to entitle him to maintain the bill under general principles of equity jurisprudence. *Emerson v. Atkinson*, 159 Mass. 356. *Skolnick v. Greenberg*, 230 Mass. 359. *Goodell v. Harrington*, 76 N. Y. 547. *Rohrbach v. Germania Ins. Co.*, 62 N. Y. 47. *Brewer v. Landis*, 111 Mich. 217. The demurrers to the bill and the amended bill were rightly overruled.

As no appeal was taken from the interlocutory decree overruling the defendant's exceptions to the master's report, they are not before us.

No objection is made to the form of the final decree; however, it should be modified by declaring that the foreclosure sale is void; as so modified it should be affirmed with costs.

Ordered accordingly.

W. G. Rowe for plaintiffs.

R. T. Anthony for defendant.

In this instance a note was given for \$200, a salient feature in connection with the case being failure to give notice of foreclosure proceedings.

The Legislature, upon petition of E. Gerry Brown, former Supervisor of Loan Agencies, granted him an annual pension beginning Jan. 1, 1921. The bill was referred to the social welfare committee, before which, and before the ways and means committee, Mr. Brown declared that the Retirement Board had denied him a retirement allowance to which he was entitled by reason of his service, and he appealed to the committees to take favorable action upon the bill. Mr. Brown stated that he served as Supervisor of Loan Agencies from 1912 to 1915, in the course of which time he reached the age of sixty-five, making him eligible for retirement under the State Retirement Act. The Board had taken the position, he asserted, that he should have applied for the retirement allowance when he left the State service. He stated that he was removed by Ex-Governor Walsh.

He declared, furthermore, that it was the duty of the State Board, under the law, to grant him the allowance without application. He added that during his membership in the Constitutional Convention and in the Legislature, since his employment by the State, he did not press the matter, but then felt that the State Board should have granted his request.

ANNUAL REPORTS OF CHARTERED COMPANIES.

COLLATERAL LOAN COMPANY, BOSTON.

Loans outstanding Sept. 30, 1921	\$1,524,907 32
Assets	\$1,780,887 61
Amount of loans made	\$3,253,791 92
Number of loans made	71,500
Average size of loan	\$45 51
Average income of loan	\$2 36
Average cost of loan	\$1 96
Total income	\$168,855 49
Total expense	140,399 94
In favor of income	\$28,455 55
Expenses itemized:	
Salaries	\$13,912 78
Wages	\$15,648 21
Taxes	\$23,035 88
Dividends	\$81,364 50
Remainder in other items	\$6,438 57
Number of salaried persons	3
Average salary per year	\$4,887 59
Number of wage earners	15
Average wage per year	\$1,043 21

WORKINGMEN'S LOAN ASSOCIATION, BOSTON.

Loans outstanding Sept. 30, 1921	\$269,267 59
Assets	\$299,765 21
Amount of loans made	\$220,495 58
Number of loans made	2,242
Average size of loan	\$93 89
Average income of loan	\$17 35
Average cost of loan	\$15 02
Total income	\$38,900 56
Total expense	33,684 93
In favor of income	\$5,215 63
Expenses itemized:	
Rent	\$1,764 00
Salaries	\$5,967 91
Wages	\$9,984 68
Taxes	\$2,682 84
Dividends	\$7,500 00
Remainder in other items	\$5,785 50

Number of salaried persons	2
Average salary per year	\$2,862 36
Number of wage earners	9
Average wage per year	\$1,109 41

WORCESTER COLLATERAL LOAN ASSOCIATION.

Loans outstanding Sept. 30, 1921	\$122,549 54
Assets	\$130,529 66
Amount of loans made	\$129,879 26
Number of loans made	1,910
Average size of loan	\$68 00
Average income of loan	\$10 64
Average cost of loan	\$8 47
Total income	\$20,328 35
Total expense	16,177 84
In favor of income	\$4,150 51

Expenses itemized:

Rent	\$777 67
Salaries	\$2,441 73
Wages	\$2,748 00
Taxes	\$1,435 97
Dividends	\$4,914 00
Remainder in other items	\$3,860 47
Number of salaried persons	1
Average salary per year	\$2,441 73
Number of wage earners	2
Average wage per year	\$1,326 00

LOANS OUTSTANDING, ETC., CHARTERED AND LICENSED AGENCIES.

LOANS OUTSTANDING DECEMBER 31 —	Morris Plan Companies.	OTHER LENDERS.		Collateral Loan Company, Loans Out- standing December 31.
		Secured.	Unsecured.	
1917.				
Number	23,158	18,116	15,198	44,124
Amount	\$2,465,940 00	\$810,598 74	\$344,291 96	\$1,180,426 36
1918.				
Number	24,777	16,577	13,735	42,274
Amount	\$2,645,582 00	\$815,833 29	\$304,807 31	\$1,118,327 41
1919.				
Number	21,356	18,246	11,099	39,905
Amount	\$2,437,352 00	\$834,500 02	\$296,664 15	\$1,045,741 25
1920.				
Number	19,727	16,759	9,865	40,891
Amount	\$2,496,482 00	\$964,863 16	\$320,939 11	\$1,284,336 17
1921.				
Number	22,246	18,546	12,285	42,982
Amount	\$3,265,525 00	\$1,108,576 94	\$441,086 38	\$1,381,649 04
Working capital Dec. 31, 1921	\$2,945,546 24	\$1,126,674 61	\$408,861 81	\$1,342,000 00
Total loans made during twelve months ending Dec. 31, 1921.	\$3,459,311 17	\$1,279,545 60	\$742,942 22	\$2,973,965 20

LOAN AGENCIES IN BOSTON DOING SECURED BUSINESS.

Working Capital Dec. 31, 1921.	Loans outstand- ing Dec. 31, 1921.	Loans made from Jan. 1 to Dec. 31, 1921.	Interest from Jan. 1 to Dec. 31, 1921.	Net Expenses from Jan. 1 to Dec. 31, 1921.	Salaries paid from Jan. 1 to Dec. 31, 1921.	Losses charged off from Jan. 1 to Dec. 31, 1921.	Net Income.
\$155,000 00	\$227,643 30	\$159,121 64	\$23,149 16	\$16,861 76	\$5,614 20	\$573 75	\$99 45
27,250 00	28,992 68	28,495 42	9,931 29	3,762 80	5,400 00	209 09	559 40
40,000 00	40,219 53	63,754 09	12,774 86	5,212 27	3,225 00	118 89	4,218 70
25,000 00	25,300 01	27,313 26	5,742 79	3,625 31	2,600 00	None	482 52 ¹
48,500 00	54,441 86	62,296 00	19,010 32	11,043 87	6,400 00	1,024 92	541 53
26,618 55	13,232 16	15,977 00	4,416 83	2,630 74	1,300 00	92 95	393 14
3,000 00	4,243 90	1,184 69	613 34	1,009 00	600 00	None	995 66 ¹
20,159 16	19,887 57	5,739 24	3,266 00	1,351 72	None	None	1,914 28
16,500 00	14,657 02	14,647 57	5,062 76	5,111 75	1,200 00	906 41	2,155 40 ¹
31,000 00	30,700 42	28,719 00	3,593 18	1,517 00	None	1,602 98	473 20
3,530 00	5,052 07	4,733 60	597 35	218 96	80 00	None	298 39
\$396,557 71	\$464,370 52	\$411,981 51	\$88,157 88	\$52,345 18	\$26,419 20	\$4,528 99	\$4,864 51

¹ Deficit.

LOAN AGENCIES IN BOSTON DOING BOTH SECURED AND UNSECURED BUSINESS.

Working Capital Dec. 31, 1921.	Loans outstanding Dec. 31, 1921.	Loans made from Jan. 1 to Dec. 31, 1921.	Interest from Jan. 1 to Dec. 31, 1921.	Net Expenses from Jan. 1 to Dec. 31, 1921.	Salaries paid from Jan. 1 to Dec. 31, 1921.	Losses charged off from Jan. 1 to Dec. 31, 1921.	Net Income.	
\$46,000 00	\$1,287 60	\$926 91	\$618 97	\$374 25	\$274 55	\$20 00	\$49 83 ¹	Unsecured.
	43,341 24	42,349 02	15,179 20	9,368 54	4,546 40	751 67	512 59	Secured.
16,691 96	1,665 00	2,713 00	729 85	543 19	None	200 00	13 34 ¹	Unsecured.
	18,231 36	32,136 50	5,178 28	3,130 51	None	329 11	1,718 66	Secured.
62,000 00	32,215 44	52,930 00	4,726 14	2,850 49	1,467 45	None	408 20	Unsecured.
	22,914 35	39,685 00	4,244 27	2,137 90	1,102 15	850 00	154 22	Secured.
18,519 00	985 40	1,325 00	218 43	147 93	91 25	None	20 75 ¹	Unsecured.
	17,776 42	5,175 20	3,343 24	854 00	588 75	None	1,900 49	Secured.
60,125 04	20,595 80	19,439 62	3,460 29	3,587 68	1,780 57	None	1,907 96 ¹	Unsecured.
	9,117 47	19,787 25	2,180 39	1,823 46	819 43	None	462 50 ¹	Secured.
14,279 38	1,360 12	4,915 00	615 62	863 86	792 71	18 15	1,059 10 ¹	Unsecured.
	556 15	1,285 00	263 87	565 43	207 29	27 32	536 17 ¹	Secured.
\$217,615 38	\$58,109 36	\$82,249 53	\$10,369 30	\$8,367 40	\$4,406 53	\$238 15	\$2,642 78 ¹	Unsecured.
	111,936 99	140,417 97	30,389 25	17,879 84	7,264 02	1,958 10	3,287 29	Secured.

LOAN AGENCIES OUTSIDE OF BOSTON DOING SECURED BUSINESS.

Working Capital Dec. 31, 1921.	Loans outstanding Dec. 31, 1921.	Loans made from Jan. 1 to Dec. 31, 1921.	Interest from Jan. 1 to Dec. 31, 1921.	Net Expenses from Jan. 1 to Dec. 31, 1921.	Salaries paid from Jan. 1 to Dec. 31, 1921.	Losses charged off from Jan. 1 to Dec. 31, 1921.	Net Income.
\$16,779 54	\$9,861 00	\$13,131 80	\$1,133 20	\$553 10	\$240 00	None	\$340 10
135,285 43	166,108 21	93,263 43	40,363 73	10,169 91	2,600 00	\$323 58	27,270 21
25,000 00	12,720 00	23,655 45	1,666 55	713 60	None	None	952 95
8,000 00	21,474 33	4,005 00	2,975 48	1,313 99	1,200 00	None	461 49
18,218 60	10,921 36	5,766 00	3,450 67	2,890 94	2,400 00	234 57	2,074 84 ¹
8,916 95	4,359 15	5,465 00	2,872 91	1,568 40	None	None	1,304 51
30,150 00	36,921 85	26,103 00	8,805 98	3,422 30	2,200 00	356 54	2,827 14
3,721 86	2,154 19	3,300 00	712 87	408 94	400 00	None	96 07 ¹
\$246,072 38	\$264,220 09	\$174,689 68	\$61,981 39	\$21,011 21	\$9,040 00	\$914 69	\$30,985 49

¹ Deficit.

FRANK H. POPE,
Supervisor of Loan Agencies.

LICENSED SMALL LOAN AGENCIES.

Following is a list of those engaged in the business of making small loans in the cities and towns in Massachusetts, and licensed for the year ending Sept. 30, 1922:—

BOSTON.

License Number.	NAME.	Address.	Manager.	Kind.	Incorporated.
1	Collateral Loan Company ¹	75 Cornhill	Thomas J. Reid	Secured	Massachusetts.
2	Workmen's Loan Association ¹	1 Beacon Street	Mrs. C. C. McNally	Secured	Massachusetts.
6	School Street Loan Company	28 School Street	Benjamin W. Parker	Secured	West Virginia.
7	Hub Loan Company	262 Washington Street	Warren J. Baldwin	Mixed	South Dakota.
8	S. R. Briggs Company	180 Washington Street	Harry A. Preble	Secured	Massachusetts.
9	State Loan Company	63 Court Street	William F. Pool	Secured	South Dakota.
10	Elson M. Blunt	27 School Street	Elson M. Blunt	Mixed	—
11	Kilby Investment Company	453 Washington Street	Mona Burns	Secured	Massachusetts.
17	Columbia Loan Company	50 School Street	Frederic A. Bissell	Mixed	—
18	Atlas Investment Company	293 Washington Street	Joseph Libby	Unsecured	—
19	News Investment Company	5 Bromfield Street	David Levin	Unsecured	—
22	Beneficial Loan Society of Boston, Inc.	262 Washington Street	George R. Alcott	Mixed	Massachusetts.

¹ Chartered companies.

BOSTON—Continued.

License Number.	NAME.	Address.	Manager.	Kind.	Incorporated.
24	H. Van Dam & Sons	1 Boylston Street	Mark and Harry Van Dam	Mixed	—
25	Boston Note Brokerage Company, Inc.	161 Devonshire Street	Joseph G. Birch	Unsecured	Massachusetts.
28	Chelsea Investment Company	40 Court Street	Daniel E. Samuel	Secured	—
31	Realty Investment Company	275 Washington Street	Harry Bornstein	Mixed	Massachusetts.
33	Popular Loan Company, Inc.	337 Hanover Street	Alfonso d'Elia	Unsecured	Massachusetts.
34	George A. Ingalls	181 Tremont Street	George A. Ingalls	Secured	—
35	Merchants Loan and Discount Company	68 Devonshire Street	Mabel G. Bradford	Secured	Massachusetts.
40	Allan A. Hooker	36 Bromfield Street	Allan A. Hooker	Unsecured	—
44	National Finance Company	5 Bromfield Street	James W. Waters	Unsecured	—
45	Massachusetts Industrial Plan, Inc.	21 School Street	Harris M. Richmond	Secured	—
47	Savoy Commercial Company	234 Harrison Avenue	Mario Caliri	Unsecured	Massachusetts.
52	L. A. Charlton, Trustee	7 Water Street	Laurence A. Charlton	Unsecured	—
54	Congress Investment Company	61 Court Street	Solomon Phillips	Mixed	—
62	The Boston Morris Plan Company	40 Court Street	Carl S. Wells	Mixed	Massachusetts.
73	Employees Discount Company ¹	28 School Street	Charles T. Ireland	Unsecured	—
78	Temple Place Loan Company	8 Winter Street	Barnard Ginzberg	Unsecured	—
82	Childs & Co.	43 Tremont Street	Harry E. Gates	Secured	—
89	Margaret H. Driscoll	1 Court Street (Aimes Building)	Margaret H. Driscoll	Unsecured	—
97	Herbert B. Budding	43 Tremont Street	Herbert B. Budding	Secured	—
105	Albert J. Benfield	1001 Boylston Street	Albert J. Benfield	Secured	—

117	Barristers' Law Firm, Inc.	294 Washington Street	Oscar E. Pease	Secured	Massachusetts.
131	Florence M. Patrician	396 West Broadway, South Boston.	Frank T. Horgan	Unsecured	-
137	Eugene T. McNamara	294 Washington Street	Eugene T. McNamara	Unsecured	-
143	Helen M. Foster	165 Tremont Street	Helen M. Foster	Unsecured	-
BROCKTON.					
41	Annie L. Parkman	49 Cottage Street	Annie L. Parkman	Secured	-
93	The Brockton Morris Plan Company	27 Belmont Street	Henry S. Keith	Secured	Massachusetts.
CHELSEA.					
91	The Chelsea Morris Plan Company	463 Broadway	Albert B. Powers	Unsecured	Massachusetts.
FALL RIVER.					
12	Liberty Loan and Realty Company, Inc.	210 Thomas Street	Basile Michaud	Secured	Massachusetts.
87	The Fall River Morris Plan Company	156 Bank Street	George B. Lovell	Unsecured	Massachusetts.
118	Charles S. Graham	11 South Main Street	Charles S. Graham	Mixed	-
HAVERTHILL.					
14	The Haverhill Morris Plan Company	2 Washington Street	Morton R. Milne	Secured	Massachusetts.
65	Forrest C. Lamprey	41 How Street	Forrest C. Lamprey	Secured	-

1 License indefinitely suspended Oct. 26, 1921.

HOLYOKE.

License Number.	NAME.	Address.	Manager.	Kind.	Incorporated.
92	The Morris Plan Company of Holyoke	379 Maple Street	F. S. Webber	Secured	Massachusetts.
96	National Loan Company	316 High Street	Anna E. Moriarty	Unsecured	Massachusetts.

LAWRENCE.

21	The Lawrence Morris Plan Company	204 Essex Street	J. Rodney Ball	Secured	Massachusetts.
36	Commercial and Foreign Exchange Company, Inc.	27 Jackson Street	Dr. Nicandro DeCesare	Secured	Massachusetts.

LOWELL.

61	Hattie M. Russell	81 Merrimack Street	Hattie M. Russell	Unsecured	-
103	American Loan Company of Lowell, Inc.	7 Merrimack Street	Daniel J. Wholey	Unsecured	Massachusetts.
106	The Lowell Morris Plan Company	18 Shattuck Street	John H. Murphy	Secured	Massachusetts.

LYNN.

16	Lynn Morris Plan Company	38 Exchange Street	Philip E. Bessom	Secured	Massachusetts.
29	Essex Loan Trust	176 Liberty Street	Michael R. Connolly	Secured	-
48	People's Loan Company	113 Muuroe Street	Jack S. Sessen	Mixed	-
64	T. J. Ready Company	161 Market Street	John Z. Kelley and Annie L. Young.	Secured	-
76	Lynn Remedial Loan Society	23 Central Avenue	Arthur J. Northrup	Secured	-

MALDEN.

42	The Malden Morris Plan Company	484 Main Street	Mable H. Swift	Mixed	Massachusetts.
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NEW BEDFORD.

26	People's Loans and Property, Inc.	68 Purchase Street	Manuel P. Rebello	Unsecured	Massachusetts.
49	A. E. Bolton & Co.	966 South Water Street	Albert E. Bolton	Unsecured	Massachusetts.
50	O. H. Rounds Company, Inc.	1183 Acushnet Avenue	Oscar H. Rounds	Unsecured	Massachusetts.
100	American Loan Company	96 William Street	H. J. Desormaux	Unsecured	Massachusetts.
102	The New Bedford Morris Plan Company	112 William Street	George T. Schuler	Unsecured	Massachusetts.

NORWOOD.

30	The Norwood Morris Plan Company	675 Washington Street	James M. Folan	Mixed	Massachusetts.
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PITTSFIELD.

27	The Berkshire Morris Plan Company	139 North Street	S. John O'Herron	Secured	Massachusetts.
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REVERE.

46	Oxford Finance Company	7 Oxford Park	Ralph Pullo	Unsecured	- -
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SALEM.

License Number.	NAME.	Address.	Manager.	Kind.	Incorporated.
15	The Salem Morris Plan Company	125 Washington Street	Albert W. Chisholm	Secured	Massachusetts.
86	James F. Crowley	209 Essex Street	James F. Crowley	Secured	-
94	Essex Loan Company	237 Essex Street	John McMorrill	Secured	-
134	Puritan Loan Company of Salem	221 Essex Street	Ford & Page	Mixed	-

SPRINGFIELD.

5	Abel H. Duquette	137½ State Street	Abel H. Duquette	Unsecured	-
43	National Loan Company	318 Main Street	Anna E. Moriarty	Unsecured	-
60	The New Method Loan Company	318 Main Street	Ruth A. Moore	Unsecured	Massachusetts.
77	Springfield Security Company	256 Main Street	Chester W. Brown	Unsecured	Massachusetts.
120	The Morris Plan Company of Springfield .	30 Vernon Street	Russell C. Sayre	Secured	Massachusetts.

TAUNTON.

20	The Taunton Morris Plan Company	15 Weir Street	Harrison W. George	Secured	Massachusetts.
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WORCESTER.

4	Worcester Collateral Loan Association ¹	390 Main Street	John W. Litchfield	Secured	Massachusetts.
37	A. E. Lyon & Co.	340 Main Street	Augusta F. Corliss	Mixed	-
66	G. A. Lang & Co.	390 Main Street	Owen J. McKenna	Unsecured	-
68	American Loan Company	507 Main Street	H. B. Bumstead	Unsecured	Massachusetts.
84	People's Loan Association	390 Main Street	Philip H. Duprey	Mixed	Massachusetts.
90	The Worcester Morris Plan Company	507 Main Street	Asa W. Granger	Secured	Massachusetts.

¹ Chartered company.