

Senator TYDINGS. Did you think it was taking advantage of a person if you sold them a job which cost \$1,000 to \$1,200 and made them pay \$3,000 or \$4,000 for the job? Do you feel that is taking advantage?

Mr. REED. Well, there is no question about that. That's taking advantage of them.

Senator TYDINGS. Is that not what Monarch was actually doing in many instances?

Mr. REED. This is what they were doing but, you see, it, as you would say, would probably be taking advantage of them, so to speak, I don't know. Well, I didn't know at the time actually what a townhouse front would cost, and I don't think any of the salesmen did because we had a set price.

Senator TYDINGS. I am not asking you about the salesmen. I am asking you about the Monarch Co.

Mr. REED. Well, you see, when you said taking advantage, I thought that you were basically speaking of—

Senator TYDINGS. I am not talking about the salesmen, I am talking about the Monarch Construction Co.

Mr. REED. Right, but just like I said before, you asked me did I think that Monarch was taking advantage of people.

Senator TYDINGS. Yes.

Mr. REED. Right.

Senator TYDINGS. Right.

Mr. REED. Now, it is a pretty difficult question for me to answer unless I explain to you in my own words.

Senator TYDINGS. How were you paid? Did you get a commission? How were you paid for your work?

Mr. REED. Well, as I said, as a sales manager I was getting paid 1-percent override on all the business per month. But—

Senator TYDINGS. You say 1-percent override. Does that mean 1 percent of the total sales cost, or 1 percent on the total contract, or the subcontract, or—

Mr. REED. The contract.

Senator TYDINGS. Total contract. Now, is that the contract before they added the interest and finance costs on it?

Mr. REED. Right.

Senator TYDINGS. That was the contract that was initially brought back by the salesmen?

Mr. REED. Right.

Senator TYDINGS. So that even if the initial price on the contract was \$1,500 on the contract, and even though the papers were signed for the customer and he might be paying as high as \$3,000 or \$4,000 when the finance costs were added to it?

Mr. REED. Yes.

Senator TYDINGS. Were you getting the 1 percent on the \$1,500, and not on the total cost to the customer?

Mr. REED. Yes; I was getting the 1 percent on that for the sales manager plus I made, you know, commissions on the jobs which I sold.

Senator TYDINGS. What sort of a commission did you get on the jobs that you sold yourself?

Mr. REED. Well, they paid us \$150 on the job and we were supposed to get some more money, you know, after the job was worked out and