

Mr. MORGAN. I—

Senator TYDINGS. Who did you make the deal with?

Mr. MORGAN. Oh, at the time the Woljen family pretty much controlled the Atlas Credit Corp. There were three brothers, two of them were in the business after I was, and I am sure I made the deal with them. There were other people working in the office, however.

Senator TYDINGS. What sort of an arrangement did you make with Jack Woljen and how was your association developed?

Mr. MORGAN. Well, at that time they indicated to me the yield that they would like to derive from a paper and I would try to buy it at a greater yield and resell it to them. It was as simple as that. If I bought a particular piece of paper that would yield, let us say, 10 percent a year, and they only wanted 8 percent, I would make the difference. You see, they would pay to me when I would deliver the paper to them, and I would provide the documentation that they wanted, which I paid for, searching the title, checking the credit, and this sort of thing.

Senator TYDINGS. Now, what sort of yield did they want?

Mr. MORGAN. At that time—in simple interest?

Senator TYDINGS. Yes.

Mr. MORGAN. At that time, from 14 to 16 percent a year.

Senator TYDINGS. And what sort of yield do they expect today?

Mr. MORGAN. I would say that the yield they are looking for today is basically what you are asking for in your present bill.

Senator TYDINGS. Twenty percent?

Mr. MORGAN. About 20 percent for the first five, and 16 on any over that. Most of our notes average \$1,500 to \$2,000. I would say that now they are looking for 16- to 20-percent yield depending on the area.

Senator TYDINGS. When you made your initial agreement with Mr. Woljen, were you going to be given the Washington territory for Atlas?

Mr. MORGAN. No.

Senator TYDINGS. Did they say that they would take care of all of your paper?

Mr. MORGAN. No, sir. They would buy paper as I presented it to them and as they wanted to buy it. I really had no exclusive right with them, or had any exclusive area, nor did they agree to take it all because as a matter of fact—

Senator TYDINGS. They would not agree to take it all. How about today, is it still basically the same rate?

Mr. MORGAN. It is still basically the same. I buy receivables which, I think having dealt with them for 10 years I know pretty much what they want, then I submit it to them and if they buy it, fine, and if they don't, then I sell it to another source. I don't sell all of my papers to them now.

Senator TYDINGS. Do you give them the first choice?

Mr. MORGAN. Yes, sir, in almost every case, unless it does not fit their pattern.

For example, they don't buy any paper that exceeds 7 years, and if I find a home improvement receivable that is a 10-year payout, then they won't buy it, so I would offer it to someone else.

Senator TYDINGS. In recent years, how many papers do you average?

Mr. MORGAN. That is a difficult question because it is varied to such a great extent.