Senator TYDINGS. In 1967? You have not bought any in 1968?

Mr. MORGAN. Oh, none in 1968. No, sir; none in 1968, and I am not even sure that we bought any in 1967.

Well, I know that they are out of business now, but—well, we stopped sometime ago, 6 or 7 months, at least.

Senator TYDINGS. Did Atlas ever check into Allied Enterprises?

Mr. MORGAN. Did they check into——

Senator TYDINGS. The legitimacy of the business?

Mr. MORGAN. Not to the best of my knowledge; no, sir.

Senator TYDINGS. I mean, did——

Mr. MORGAN. As I say, I believe that the principal in FHA dealer. I would assume if he were approved for FHA transactions that he would be legitimate.

Senator TYDINGS. You bought, I presume, for Atlas Financial Corp., approximately 150 deeds of trust from Allied Enterprises; is that correct?

Mr. MORGAN. I would—I am—I don't know, sir.

Senator TYDINGS. I am only asking for an approximate figure.

Mr. MORGAN. I would say that's very possible.

Senator TYDINGS. That is what you told the reporter for the Washington Post.

Mr. MORGAN. I would say that is right.

Senator TYDINGS. You told him that, and I presume that the majority of these mortgages are still outstanding, are they not?

Mr. MORGAN. Yes, sir.

Senator TYDINGS. And they are held by the Atlas Financial Corp?

Mr. MORGAN. Yes, sir. I think almost all of them are.

Senator TYDINGS. Have you informed Atlas that those mortgages, according to your interpretations of the law, might well be null and void?

Mr. MORGAN. Yes, sir; they are aware of this, certainly.

Senator TYDINGS. And they are aware of what the Federal Trade Commission had to say about the practices of the Allied Enterprises, Inc?

Mr. MORGAN. I am personally not aware of that, Senator. I don't know whether they are or not.

Senator TYDINGS. Do you know that the Federal Trade Commission cited Allied Enterprises for:

> Failing to disclose orally at the time of sale and in writing on any conditional sales contracts, promissory note or other instrument executed by the purchaser, with such conspicuousness and clarity as is likely to be read and observed by the purchaser that: (a) such conditional sales contract, promissory note or other instrument may, at the option of the seller and without notice to the purchaser be negotiated or assigned to a finance company or a third party;
>
> (b) If such negotiation or assignment is effected, the purchaser will then owe the amount due under the contract to the finance company or the third party and may have to pay this amount in full whether or not he has claims against the seller under the contract for defects in the merchandise, non-delivery, and the like.
>
> 5. Failing to reveal, disclose or otherwise inform customers, in a manner that is clearly understood by them, of all the terms and conditions of a sale and of any installment contract or promissory note or other instrument to be signed by any customer.