

You didn't advise the Allied——

Mr. MORGAN. I was——

Senator TYDINGS. You didn't——

Mr. MORGAN. I was unaware of this. As a matter of fact—what is the date of that?

Senator TYDINGS. February 6, 1967.

Mr. MORGAN. I don't think that we bought any paper from them——

Senator TYDINGS. Docket No. 8722.

Mr. MORGAN. I am sure we have not bought any paper from them since the date of that.

Senator TYDINGS. I know, but this has to do with the operation of the Allied Enterprises while you were buying their paper and while you were selling their deeds of trust to Atlas. How can you be looking out for the interest of Atlas with regard to the legitimacy of a business if you haven't even advised them of the contents of this cease-and-desist order of the Federal Trade Commission against the company, 150 of whose deeds of trust they hold?

Mr. MORGAN. Sir, I was unaware of the order, first of all. I knew there had been a cease-and-desist order, but I was unaware and we were not doing business at that time.

Senator TYDINGS. You were unaware. And your responsibility to Atlas Financial Corp. would not require you to——

Mr. MORGAN. Oh, certainly. Absolutely. There would be no question, and they knew that FTC was investigating, and that is when we stopped doing business with Allied, when we discovered this.

Senator TYDINGS. Now, has Allied set up a reserve for 150, these 150 deeds of trust on the grounds that they very well could be fraudulently——

Mr. MORGAN. No, sir.

Senator TYDINGS. They have not?

Mr. MORGAN. They have not, no, sir. They have not set up any reserve.

Senator TYDINGS. Do you think they should?

Mr. MORGAN. I assume if they were out of business—we would love to have them do it, Senator, but I don't know if it would be possible. But, as you read the order there——

Senator TYDINGS. Are you sure that they have not?

Mr. MORGAN. Haven't what?

Senator TYDINGS. Set up a reserve.

Mr. MORGAN. To the best of my knowledge they have not, sir.

Senator TYDINGS. Now, when you say "to the best of your knowledge," are you an officer of the corporation?

Mr. MORGAN. Of what, Atlas?

Senator TYDINGS. Yes.

Mr. MORGAN. Oh, no, sir.

Senator TYDINGS. I mean, are you on the board of directors?

Mr. MORGAN. No, sir. On Atlas Credit?

Senator TYDINGS. Yes.

Mr. MORGAN. No, sir, I am not.

Senator TYDINGS. Well, how do you know what they have set up and what they have not set up?

Mr. MORGAN. Only that it would have to come through me, I would think, unless they had gone and subsequently set it up, I would have no way of knowing, unless they told me.