With the advent of tight money and the ability to borrow long-term funds became pretty difficult, the rates became prohibitive, and a leveling off of the activity of the company occurred because it is not possible to purchase real estate-secured receivables with average initial maturities close to 5 years, with short-term bank borrowing. It would destroy the liquidity of the company and its ability to service debts.

So, for the last 2 years, I would have to characterize Atlas' activities as pretty much treading water, holding its own. I would say that the amount of receivables that it has been liquidating from its portfolio exceeds slightly the amount of new business which it has acquired.

Senator TYDINGS. As part of your responsibility when you came to Atlas, did you have to find any producers for Atlas in the District of Columbia area, or was the business operation pretty well established when you came in?

Mr. BLUMENFELD. Mr. Morgan was the primary source through which business was acquired in the District of Columbia area at that time.

Senator TYDINGS. Is it your custom, or the Atlas custom, to have a primary source in each major city, or does that vary?

Mr. BLUMENFELD. It varies. Atlas has never really had to do too much proselytizing to attract dealers. A finance company with a national reputation, of which Atlas is only one, would attract people who are interested in selling this type of receivables primarily because banks, savings and loans, and local institutions do not normally have an area of interest much beyond the environments of their particular office. You will find that they do business in an area of 25 to 30 miles, and a home improvement dealer or contractor will normally draw from a wider area, and to the extent that he has to look to several sources for the placement of his business, he would prefer to deal through one source because in the last analysis his interest is in reaping a profit from the number of jobs that he effectively places.

So that over the years that I have been there, probably a thousand different individual sources of generating this paper have come and gone. I think it is a phenomenon of the business. The pattern of the acquisition business also varies as Atlas has from time to time had its own salaried employees in offices in various parts of the country to acquire business, and it has also had relationships such as the ones which existed and does exist with Mr. Morgan, where he is an independent contractor who purchases paper according to a preordained formula as to what Atlas is interested in buying.

The net effect is roughly the same.

Senator TYDINGS. You heard Mr. Morgan testify here?

Mr. BLUMENFELD. I did, sir.

Senator TYDINGS. And was his description of what Atlas wanted, was that fairly accurate?

Mr. BLUMENFELD. Yes; I believe it was an accurate statement.

Senator TYDINGS. What percentage of your paper from the Washington, D.C., area has Mr. Morgan supplied?

Mr. BLUMENFELD. Just about all the paper. There have been dealers here in the Washington area and the Baltimore area who purchase some paper in the Silver Spring or Washington area from time to time, but I would say substantially all of the business that Atlas now