Mr. BLUMENFELD. I have an idea. I think he would be unhappy if he thought that I knew it. There is supposed to be—this is supposed to be pretty much of an arm's length trading that goes on between us, and I would be very unhappy to know that Mr. Morgan is buying notes at a considerable discount, and from my dealings with Mr. Morgan I would say that he probably buys most of the paper for par, and in some cases gets a 5-percent discount.

Historically, he has turned those discounts in to Atlas to be used as a dealer reserve against that particular kind of paper, because we won't buy par paper that isn't par paper. It could be that Mr. Morgan has achieved greater discounts, but I would be surprised to find out.

Senator TYDINGS. How is he reimbursed?

Mr. BLUMENFELD. Well, he gets—he gets paid in cash the purchase price of the particular receivable, plus a 5-percent premium which really will just about offset the cost of acquisition that he would incur, so he dosen't make any money on that. He does participate in the finance charges that will be earned prospectively to the extent that the paper will pay over its contractual history and he will get one-tenth of the charges, so that if there are $1,000 worth of charges on a $2,000 deal Mr. Morgan will earn, over the life of that receivable, $100 of $1,000 in commissions.

So, he is building up a future in much the same way as an insurance salesman does in his renewal commissions.

Senator TYDINGS. Mr. Blumenfeld, are you familiar with the legislation which is pending before this subcommittee?

Mr. BLUMENFELD. Yes, I am.

Senator TYDINGS. Do you feel that it would be an undue burden on you or any legitimate company to meet the restrictions of this legislation?

Mr. BLUMENFELD. Only in certain of the provisions having to do with giving statements of account. I think that might be an inordinate imposition even though the provisions, as I recall, call for some reimbursement after one or two inquiries. But, that is not so easy to do, what with the advent of automation. Access to individual account records is sometimes a problem, and we run into account debtor unhappiness or disenchantment from time to time when income tax time comes around, and we want to know the amount of interest they have paid.

It isn't because of a lack of desire to be cooperative with the people. The accessibility to information having to do with the payment records, et cetera, of a large company is not quite so easy as the average individual might think. That aspect of it, I think is burdensome.

But, in general, I don't believe there are any particular provisions of your bill or Senator Morse's bill which any legitimate company would find too onerous.

Senator TYDINGS. Do you think that you could live with the holder-in-due-course?

Mr. BLUMENFELD. Well, as I commented earlier, I don't think that's any great shakes for a finance company that does what it is supposed to do.

Senator TYDINGS. Do you think it is an anachronism at present?

Mr. BLUMENFELD. I think it probably is an anachronism. If I might make a general comment about the reaction that I have to the legisla-