

Mr. DOWDY. Is that eight percent to sixteen percent an add-on?

Mr. JENNINGS. That is simple interest—it cannot go beyond sixteen percent.

Mr. DOWDY. Thank you.

Mr. ZWACH. As I understood it, you do not have the so-called loan sharks in the District?

Mr. GUNTHER. We have the loan shark law in the District that provides for a maximum of 12 percent. That is the reason that the loan sharks all do business outside.

Mr. ZWACH. In other words, the loan shark rate is twelve percent annual?

Mr. GUNTHER. Twelve percent simple interest rate.

Mr. ZWACH. And so they are operating outside of the District?

Mr. GUNTHER. Yes, sir.

Mr. ZWACH. The District people, therefore, go into the other areas outlying the District to borrow money?

Mr. GUNTHER. They must. I live in Silver Spring, and I pass at least ten of them every morning coming to work. I do not think that they would be in business for their health. I think they are making money.

Mr. ZWACH. So you are not the source of supply in personal loans in the District?

Mr. GUNTHER. Yes, that is correct.

I went to the Office of the Corporation Counsel to discuss this, incidentally. This has all been open and above board discussion with them. They are not unaware of it. The point I made—and I still think it is a good one—is that we are quite happy with the Truth-In-Lending bill, because banks are going to look pretty good, really, when you compare rates that are charged by other lenders on small credit loans and the banks are going to look like the boys with the white hats.

Mr. ZWACH. Do you have a policy of trying to have every loan pay its own way? I mean, when you make these small personal loans, you try to establish a rate on them so that they will pay their own way?

Mr. GUNTHER. You could not say that every loan pays its own way, because we, occasionally, make small loans of \$200, and that loan even at eight per cent per year would not carry its cost. By categories you are going to give up the class of business that does not carry its own weight. In other words, as to the class of loans, on loans of \$500, personal loans, if we felt that we could not get a rate on them that would make them pay their own way, we would not make them.

Mr. JENNINGS. May I add a point here? I think that you gentlemen would be very much interested if you dropped into our DuPont Circle office. That is where we have much of this business.

Mr. ZWACH. Is that where you are operating your office, at DuPont Circle?

Mr. JENNINGS. We have a branch office there. The head office is downtown. We happen to have personnel—and I am talking about automobile loans, also working on this. There is a great deal of work involved in connection with the small personal loans, whether they are automobile loans or unsecured loans. You have a battery of people on the 'phone all day long. Some come in late. They catch up with some of the borrowers at night. Their techniques in collecting loans of this type is such that you have to keep right after the people. They are honest people, but some of them have to be nudged and nudged hard.