

## BANKING BOARD URGES CURB ON LOAN SHARKS

Unregulated Loan Agencies, Pawnbrokers Rapped in Report to McNutt.

(Continued From Page One)

loans of commercial banks, the report points out that 77 Indiana banks made 10,147 small loans amounting to \$1,254,110 during the last calendar year.

"The usual plan followed by the Indiana banks," the report says of small loans, "is to discount the note at an annual rate of from 6 to 8 per cent, usually 8 per cent. The effective interest rate, however, is based upon the unpaid balance, ranges from 13 to 18 per cent. This results from the fact that while the borrower begins at once to repay the loan and continues to do so in equal weekly or monthly instalments, he pays interest on the full amount of the loan for the entire life of the loan. In other words he pays interest on money which he has already repaid. In addition the borrower may be assessed a fine for delinquency."

The department declared legislation is need to authorize banks and trust companies to make co-maker loans of \$500 or less, and having not more than one year to run, at a rate not to exceed 1½ per cent per month based on the unpaid balance.

### Practice Held Illegal

"This will definitely establish the legality of small loans at a fair rate of interest, will require costs to be stated on a basis comparable to other small loan agencies and will result in full saving of interest for prepayments," the report continues.

Similar practices on the part of small loan companies have been made illegal through orders effective March 1.

"One loan inspected by the small loan examiners," the report declared, "shows total interest payments in excess of \$1000 on a \$300 loan, without any credit at all to the principal amount."

Loan and investment companies (industrial banks) are operating in Indiana at an effective rate of interest in excess of that allowed by law, yet the actual interest charged is not usurious, the Governor was informed.

### Paradox Is Explained

"This paradox," the report points out, results from the fact that repayment on loans are applied to the purchase of investment certificates rather than to the reduction of the loan. Since interest is computed on the original amount of the loan, the effective rate on the amount actually at risk is approximately double the original rate."

There is no law at present for the supervision of loan and investment companies by any state department, the report pointed out.

Most borrowers from loan and investment companies, the report points out, probably feel that they are getting funds at 8 per cent interest, although the effective rate is at least 17.3 per cent.

As in other cases of co-maker loans, the borrower gets no proportionate refund of interest for the prepayment of his loan or any instalment.

### Earnings to Be Limited

These unlicensed lenders make a particularly serious problem when selling investment certificates for investment, the department believes. Investors usually consider them as a savings account and look upon the company as a bank.

If recommended legislation is adopted, these loan and investment companies, in addition to being placed under state regulation, would be limited to 1½ per cent per month interest and interest would be computed only for the number of days the money is at risk.

The regulatory code also should define the investments which these companies may make, the report suggests. Co-maker loans would be limited to \$1000 and should mature in a year or less. Mortgage loans would be limited to residential property. Organization of new companies would require departmental approval and officers and employees would be placed under suitable bond.

Effective supervision of pawnbrokers and their separation from the small loan business would benefit borrowers by protecting them against disadvantageous contracts, the report claims. Legitimate brokers would be aided by clearing up legal questions as to rights of pledged articles.

Regulation of finance companies and limiting their finance charges is strongly recommended.

"Finance companies occasionally make direct loans under the pretense of a purchase followed by a conditional sale," the report charges. "As an illustration, the finance company may buy an automobile for \$300, then sell the automobile back for \$360, to be paid in monthly installments. The \$60 charge is of course hidden in the sale price and the transaction appears to be lawful."

This type of transaction now is declared unlawful by the small loan law if the amount of the loan is less than \$300. The department, however, does not have authority to investigate when the amount exceeds \$300.

Legislation is recommended making all such transactions unlawful and giving the department powers of investigation.

Other small loan lenders, including salary buyers and loan sharks should be regulated, the report says. Loans for \$300 or less made for a consideration in excess of that allowed by law would be declared void.

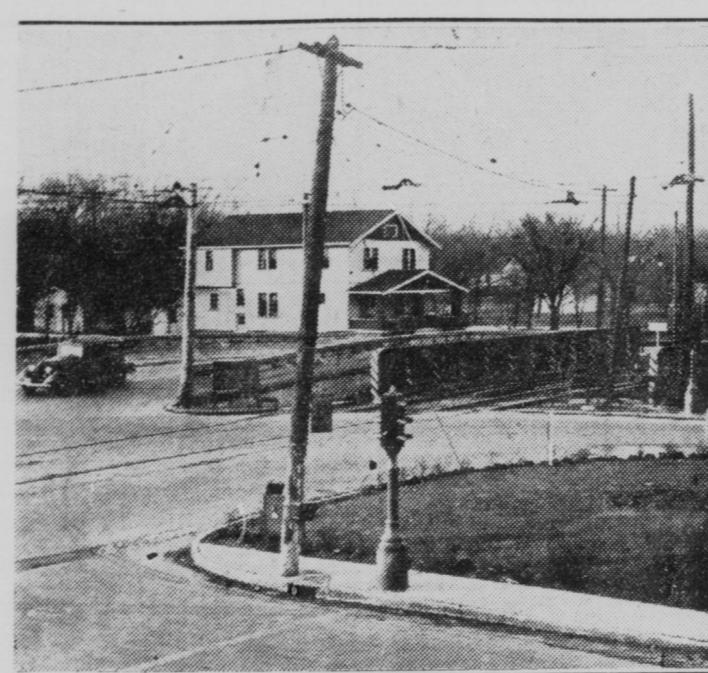
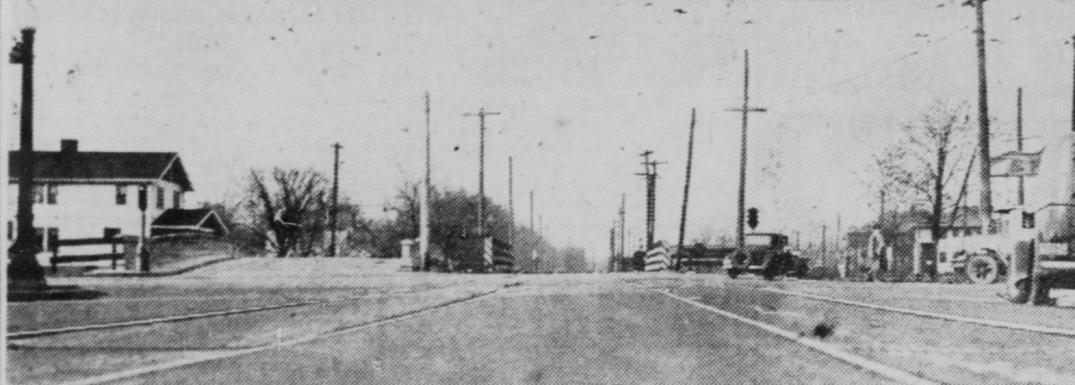
### A PERMANENT WAVE

As You Like It! By competent operators "at cost of materials only." It's smart to be thrifty.

### WHY PAY MORE?

**CENTRAL**  
209 Odd Fellow Bldg.  
Cor. Penn. & Wash. Sts.  
LI-0432

## TAKE STEPS TO CORRECT 35-YEAR-OLD TRAFFIC HAZARD



## GIVAN DENIES WEISS CHARGE AT GAS PROBE

Talk Was 'Misunderstood,'  
Insists Attorney for  
Users Firm.

(Continued From Page One)

although the franchise said gas never was to sell for more than 60 cents a thousand cubic feet.

Still on the offensive, he charged that Citizens had further violated its franchise since it had not since then had the city comptroller audit its books yearly and publish the results, as provided in the franchise.

Industries in Indianapolis would use between two-thirds and three-fourths more gas than they do now if the rate were lower and the quality better, said Mr. Givan, explaining that, "if you want to get a choice picture of the Citizens' finances, read the order of the Public Service Commission of 1931."

### Inquiry Is Adjourned

He said he knew nothing of the alleged division of the Middle West into monopolistic sections by large natural gas operators; that he believed that pipe line about six or seven miles east of Indianapolis was owned by a subsidiary of Columbia; and that he had frequently talked with former State Senator Perry Easton, Monroe County, about the gas situation.

Mr. Easton is known in the Statehouse as a lobbyist.

The committee adjourned until 8 tomorrow after getting Mr. Givan's promise to ask the nominal incorporators of Users to appear for questioning.

Meantime, the committee was exhorted from Columbus by John W. Smith, president of the Detroit City Council, to include in its investigation all natural gas operations in Indiana and not to stop with those in Marion County.

### Secret Agreement Charged

"The Columbia Gas and Electric Corp. and the United Light and Power Co.," Mr. Smith charged, "have entered into an agreement to form a dummy company for the purpose of building a natural gas

## DETENTION HOME ISSUE TO BE TOPIC AT PARLEY

Policy to Be Decided Tomorrow at Conference of Committee and Commissioners.

A policy to be pursued in the Marion County Detention Home problem will be decided tomorrow when a special committee meets with the Board of County Commissioners.

Dow Vorhies, president of the commissioners, recently named a new committee to consider the detention home setup. Commissioner John Newhouse is president of the committee and the Rev. Lewis Brown, former pastor of St. Paul's Episcopal Church; J. Russell Newell, Juvenile Court referee; William A. Brown, County Councilman; Edward C. Boren, insurance and bond salesman, and Mrs. Marie Westfall, 1410 Carrollton-av., are members. Commissioner Ernest Marker also will serve.

Retention of the present site at 223 E. Michigan-st. purchase of a new site from the 24 proposals offered to the board, purchase of ground and erection of a new home, or lease of another building loan as alternatives for the board in the problem.

Opposition to purchase of any old building is expressed by the County Board of Charities and Corrections in a report filed in Circuit Court by James Marlowe, secretary.

## BANDIT SUSPECT HELD; WOUNDED

Arrested With Young Wife at Home; Faces Grilling on Speedway Raid.

Ernest Tait, 24-year-old wounded bandit suspect, faces a severe grilling by police today in connection with the attempted burglary of the Speedway State Bank.

Tait, who was arrested with his wife, Doris Tait, 21, on a raid on their home at 839 S. Rybolt-av. last night, is believed by police to have been one of three bandits who

escaped from a prematurely sprung police trap at the Speedway bank Friday night. One of the thugs was believed then to have been wounded in the flight.

The suspect was lying on a couch suffering from shotgun and rifle bullet wounds. He told police he had been shot by hijackers in St. Louis.

In a thorough search of the house and grounds, police found what they described as a complete set of burglar tools, \$60 in 50-cent pieces, \$259 in bills, road maps, folders giving descriptive matter of shotguns,

## BRUNO WEEPS AS WIFE BACKS ALIBI ON STAND

Mate Was With Her Night of Lindbergh Murder, She Testifies.

(Continued From Page One)

prosecution failed to break down in any essential his own version of the tangled maze of finances that brought him from comparative poverty early in 1932, to a man of substance in 1934.

For four days the Bronx carpenter beat back against one of the most biting examinations in the history of American criminal trials. Sometimes brought to raging outbursts by the maddening questions thrown at him by the fiery Mr. Wilentz, he nevertheless had resisted every attempt of the prosecutor to condemn him out of his own mouth.

He had denied, with shouts, every insinuation of the state that he was associated either in the kidnaping, the murder, or the Lindbergh extortions, and clung to his story that Isidor Fisch left the ransom money with him in a shoe box—and that he never knew he had it until a month before his arrest.

His coolness under fire was remarkable. Although he came close to the breaking point on more than one occasion, and charged the Attorney General with lying to him, he never lost the natural cunning that enabled him to escape the traps that were being set for him.

There were times when he had to have recourse to falling back on the time-honored method of saying "I can't recall, I don't remember, I don't know." But never once did he let any overwhelmingly damaging admission pass his tight lips.

Once in a while he would smile that crooked smile of his when he realized the obvious attempts of Mr. Wilentz to trip him up.

In the final moments of the vigorous drum-fire sent against him, he appeared to become even more at ease in the witness chair than on previous days. He sat back as though he knew the end was in sight, and he was pleased about it.

## MEXICAN PAINTINGS TO BE SHOWN AT HERRON

Exhibit to Be in Connection With Lecture by Blanche Stillson.

An exhibit of lithographs by contemporary Mexican artists will open tonight at the John Herron Art Institute in connection with the lecture to be given by Miss Blanche Stillson at 8 at the Herron Galleries.

**The selection, buying and preparation of the right kinds of Turkish tobaccos for making Chesterfield Cigarettes is a business in itself...**



WE have buyers in all the tobacco markets of Turkey and Greece, including Xanthi, Cavalla, Smyrna and Samsoun.

And at Smyrna Chesterfield has built the most modern tobacco plant in the Near East.

Here the spicy, aromatic Turkish leaf is sorted and graded under the eyes of our own tobacco men.

Then it is put away to age in its own climate for two years or more to make it milder and better-tasting.

When you blend and cross-blend the right kinds of aromatic Turkish tobacco with mild ripe home-grown tobaccos as we do in Chesterfield you have...

**the cigarette that's milder  
the cigarette that tastes better**

On the air —

MONDAY LUCREZIA WEDNESDAY LILY SATURDAY RICHARD  
BORI PONS BONELLI  
KOSTELANETZ ORCHESTRA AND CHORUS  
8 P. M. (C. S. T.) — COLUMBIA NETWORK