

## Announcing the Winners in Our Prize Contest

# "Believe It or Not" the Answer Is

(With Apologies to Ripley)

### The Problem:

A mail order house advertises to sell you \$20.00 worth of merchandise on their easy payment plan as follows — \$4.00 cash and \$4.00 per month for four months. They add what they term "A Small Carrying Charge" of \$2.50 for this privilege. What rate of interest do you pay?

# 75%

The interest shown by the buying public in this contest has been highly gratifying to us. Hundreds of answers have been received together with letters of such a high degree of merit that the judges in this contest found it difficult to select the winners from a host of answers of almost equal merit. In many cases the correct rate of interest was given, this together with the best letter of criticism of high rate charged formed the basis upon which the awards were made.

We are pleased to congratulate the winners in this contest whose names appear below, together with a copy of the letters drawing 1st & 2nd prizes

## First Prize \$25.00

March 12th, 1931.

Carr Furniture Company, Inc.  
La Grande, Oregon.

Gentlemen:

Suppose someone offered to loan you some money and said they would charge you only 75% interest per year. I do not believe you would consider it a very great privilege to use the money and pay for it at this rate, nor would you call this a "small charge."

Likewise, if a mail-order house advertises to sell you \$20.00 worth of merchandise at \$4.00 down and \$4.00 per month until paid for and say they will do this for a "small carrying charge" of \$2.50, only the unthinking person would consider it an economy to buy in this way, for 75% per year or 6¼% per month is exactly the amount of interest you would be paying for this "privilege."

Why pay 6¼% interest per month or \$2.50 and send your money out of town to the mail-order house, when at Carr's you can buy the same amount of merchandise (not to mention any difference we might think there was in the real value of the merchandise received for the \$20.00 spent and the fact that we are patronizing a store owned and operated by La Grande people) with the same privilege of paying only \$4.00 down and \$4.00 per month with carrying charge here of 1% per month on the unpaid balance, or only 40c in all . . . a saving of \$2.10.

Figure it out for yourself:

1st month	\$16.00 bal. at 75% int.	\$1.00
2nd month	12.00 bal. at 75% int.	.75
3rd month	8.00 bal. at 75% int.	.50
4th month	4.00 bal. at 75% int.	.25

Total at Mail-order house	\$2.50
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1st month	\$16.00 bal. at 1% int.	\$.16
2nd month	12.00 bal. at 1% int.	.12
3rd month	8.00 bal. at 1% int.	.08
4th month	4.00 bal. at 1% int.	.04

Total at Carr's	.40
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Saving	\$2.10
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Yours very truly,  
Signed, L. L. Shepherd

## Second Prize \$10.00

March 14th, 1931

Buying Public,  
La Grande, Ore.

Carr's Furniture Company will sell you \$20.00 worth of merchandise at \$4.00 down and \$4.00 per month charging 1% a month on the unpaid balance as follows:

On a \$20.00 purchase you pay \$4.00 down.
16.00 balance at 1% per month you pay 16c
12.00 balance at 1% per month you pay 12c
8.00 balance at 1% per month you pay 8c
4.00 balance at 1% per month you pay 4c

This extension of credit has cost you exactly 40c

Be sure to figure out that "Small Additional Charge" that mail-order houses add for this privilege. Their "Small Additional Charge" on a sale of \$20.00 with \$4.00 down and \$4.00 per month is \$2.50, or 6¼% a month, or six and one quarter times what Carr's charges you on the unpaid balance or as your banker figures his interest per annum, it is exactly 75%. On a \$20.00 purchase you pay \$4.00

On the \$16.00 balance for 1 month at 75% per annum you pay \$1.00
On the 12.00 balance for 1 month at 75% per annum you pay .75
On the 8.00 balance for 1 month at 75% per annum you pay .50
On the 4.00 balance for 1 month at 75% per annum you pay .25

\$2.50

You may be the judge but I am sure you will agree that this "Small Additional Charge" is excessive and far out of proportion to any convenience extended for time payment when you can have this same privilege at Carr's at a saving of \$2.10.

The "Small Additional Charge" plan is one that has fooled many people for a long time. It is an excessive charge that people would not pay if they realized it was equal to 75% on the unpaid balance. But it would pay all of the people to figure out and analyze just what they are paying when they agree to pay that "Small Additional Charge."

The plan is a vicious one, it charges its good customers an excessive interest charge of 75% under a disguise of soft words. It would be better business, effecting great economy, to do your buying with a Home Merchant who figures his 1% as 1% and charges it on the unpaid balance only.

Yours Truly,  
Signed, C. Wells.

## The Next Three Prize Winners \$5.00 Each

Mrs. L. H. Larson, La Grande, Ore.

Mrs. H. H. Cleaver, La Grande, Ore.

Don A. Smith, La Grande, Ore.

Paragraphs Selected From Hundreds of Interesting Letters We Have Received in Answer to This Problem

### Mrs. L. H. Larson Says:

"In this case the rate of interest charged is 75% per annum; more than six times the customary carrying charge. Under the above plan a farmer who wished to borrow \$2000.00 in April to put in his crop, would in August have to pay out \$2500.00 from the proceeds of his harvest . . . \$500.00 for the use of this money for four months. Can you do that at the present price of wheat? Or you who live in town and wish to place a \$2000.00 mortgage on your home for five years, not compounding the interest, could at the end of the five year period buy your paper back for only \$9500.00. Homes on "Easy Payments."

### Mrs. H. H. Cleaver Says:

"It is three times as high as the interest rate on delinquent taxes about which the tax-payers of Union County just complained."

### Don A. Smith Says:

"Seventy-five per cent for the use of a commodity whether it be money or merchandise is seven and one-half times greater than most states allow as a legal rate of interest."

### Mrs. O. G. Rollins Says:

"Trade with your Independent Home Firm, save money and better your community."

### L. J. Gates Says:

"Another thing; mail order terms are generally strict; if you cannot meet the payment promptly—take back the merchandise. Now Carr's are human and if you can't meet the payment and show you are doing the best you can, they do not take your merchandise away from you, but give you all the chance one could ask." The writer knows this from many years experience and seizes this opportunity to express appreciation.

### Mrs. R. A. Fowler Says:

"The privilege of buying on a deferred payment plans as a business proposition ceases to be a convenience when the rate of interest charged becomes exorbitant."

We gratefully acknowledge the many excellent letters we have received and regret that limited space does not permit us to publish them.

# Carr Furniture Co., Inc.

Eastern Oregon's Largest Home Furnishers