

1 first case I talked to Mr. Gentry about, where the moving
2 entity got the money and used it. Another table would
3 show contingent debt. These debts are debts, not present
4 debts, but are situations which could, if the first third
5 person, which is obligated to pay defaulted, ripen into
6 a general obligation, and these are shown on the balance
7 sheet, so that the investor, this sophisticated investor
8 examines not only what the outstanding debt is, but
9 what might be the debt in case of default by third persons.
10 Any good sound bond circular or prospectus must show this
11 information.

12 DR. BARD: I think if this is so and the lat-
13 ter could drive to a far greater degree than the former,
14 and as I visualize this, this is certainly possible, that
15 is, this endorsement of credit could go way beyond the
16 actual outstanding indebtedness of the State itself.

17 MR. CASE: That is correct.

18 DR. BARD: If this be so, then I do believe
19 that there ought to be some limit on this, and it seems to
20 me that the mere nature of the twenty-five limit, and I
21 am involved in school activities, too, is important. I do