

Of course, this is all without notice to legitimate creditors, employers, or other interested persons. The business suddenly becomes insolvent, in fact deeply in debt, and then is dissolved by way of the involuntary bankruptcy proceedings, usually instituted by one of the phony creditors at the right time. The underworld moves on enriched at the expense of the public and impervious to any of the subsequent repercussions.

Again you can see how honest businessmen can be indirectly hurt seriously by the underworld. You take the man who sold the meat. He will never know to this day why he lost a good customer that he had been doing a reasonable business with over a period of years.

Similarly with the liquor distributor, not to mention all the people who in the end extended various types of credit to the restaurant. This was a very large restaurant, so we are talking in large figures. These people then became recipients of 10 cents on the dollar if they were lucky.

Senator JAVIER. Why do you think this fellow did not disclose what has happened to him and come to you and the authorities in order to get help?

Mr. METZGER. By the time it got to that point, Senator, he was not in any position to go to anyone. He had actively permitted these gentlemen to use his premises for gambling, he had knowingly permitted—he had purchased stolen meat, stolen liquor. He knew very well that nothing could be done at this point to save his business. Moreover, he was—possibly the most important reason—he was afraid of getting killed.

The CHAIRMAN. All right, sir.

Mr. METZGER. Now—

Senator DOMINICK. I would like to ask a question.

You began this example by saying that the victim was unable to get a loan from the ordinary lending institutions—partly because they were reluctant to loan on businesses whose existence depend on licenses, particularly liquor license, I believe you said. Then you said that he turned to a loan shark. Now, does someone steer him that way? Are these people who have a better ear to the ground or does the lending institution officer send him there?

Mr. METZGER. In this particular case a union official had recommended the loan shark. The union representative, the business agent that represented the Hotel & Restaurant Workers Union, that happened to cover this particular area, in the discussion with this restaurant owner, said, "I know so and so who can help you out if you need that money."

Senator DOMINICK. Is this business agent part of that loan shark operation?

Mr. METZGER. Not directly, no; but he is associated, as a result of his character in the Hotel & Restaurant Workers Union; that is, the union that is headed by Mr. Fred Ferrari—that particular union, which by the way was the subject of extensive hearings before the Senate—the association is such that they do not have to be a member of a particular operation to make references.

A thought here at this point. If anyone had come to this businessman, who was rather successful, 2 years earlier and said: