of a business? The reasons are many. First, it gives them a means of legitimatizing their money. They can now show a legitimate source of income for tax purposes. They may use it as a means of attaining respectability in the community, and as an opportunity to make new and influential contacts.

I might add, parenthetically, that even in the underworld, the loan shark is held in a certain amount of respect or awe. It derives, no doubt, from the power he wields by being able to control other criminal activities.

The bookmaker needs him to pay off an unusually large hit; the narcotics dealer needs him to finance a shipment of drugs; and the fence needs him to buy a hijacked load of goods. Whatever else happens, the loan shark always gets paid, for they are going to need him again.

Control of a business by loan sharks is widely used to force an honest businessman to aid them in their illegal activities. A bar owner or candy store owner will be forced to accept wagers, or the loan shark will just move in and use the place as his office. A merchant is forced to store or fence stolen merchandise. A truckman can be forced to continuously feed them information on valuable cargo.

Once the underworld has a businessman in its clutches through a loan-shark deal, there is no end to the illegal deeds on which he can be forced to assist. If the loan shark takes over a business completely, he follows one of two courses. In the one case, he will go for a "bust out."

This is an operation in which the new operator orders a huge inventory, based on the past good credit rating of a company, disposes of it for cash, and then throws the firm into bankruptcy.

We saw this type of operation in the latest Johnny Dio operation. He went to work for a kosher provision firm in Brooklyn, and before long had control of the business. He moved then to the Bronx, where he became affiliated with another company. Immediately, there was a juggling of the assets of the two companies, and when the dust settled Bronx Kosher Provisions Co. was bankrupt. A business was destroyed, with the resulting loss of jobs and financial disaster for the creditors.

If the underworld figure plans to continue to operate the business, his competitors are placed at a tremendous disadvantage. The mobster can and does undercut his competition by the use of nonunion labor; shoddy, inferior material; lowering the price of merchandise or service below what a legitimate business can meet, by subsidizing the business with moneys from illegal sources. Once the competition is destroyed, the price is then raised to whatever the traffic will bear.

The loan-shark operation is not peculiar to any particular business. We have seen them move into every segment of the business community—auto agencies, bakeries, funeral homes, bars and grills, restaurants, real estate—anything. We have seen these harpies move in and completely destroy the life's work of honest, industrious businessmen.

It is very prevalent in the New York City garment area. There is what is known in the trade as the panic hour—the hour from 1:30 p.m. to 2:30 p.m. This is the time that checks previously issued are presented for collection. A businessman who has insufficient funds on deposit at this time "panics." He needs immediate short-term credit to cover his obligations and, if unable to get it, runs to the shylock. A