witness at the New York State Commission of Investigation hearings on the loan-shark racket testified to the shylock's being present right in the bank to service people who were turned down by the bank.

No discussions of loan sharking can be complete without a mention of factoring. Factors were originally, in American trade, commission merchants known as old-line factors. There are various types of factoring, all of which are legitimate and integral parts of our financial structure. However, it is also a device which the underworld has used in its shylocking operations; by setting up ostensibly legitimate business ventures through which mob money is channeled out to commercial accounts.

Some of the criminal figures who have been active in this field are Salvatore Bonanno, doing business as Republic Finance Co.; Julio Gazio, doing business as First National Discount & Servicing Corp.; Joe Cataldo, doing business as Coral Credit; Carmine Lombardozzi, operating as Forsgate Trading Corp.; and others. The titles are deceptive, the offices are ornate, but the ultimate services they dispense are those of the shylock—mayhem and fear.

Gentlemen, this committee is to be commended for recognizing the tremendous evil influence loan sharking wields, particularly in the area of small business. Regardless of what other results might be achieved by this hearing, I think the business community has been served by highlighting the dangers involved in dealing with other than established, reputable lending institutions.

The CHAIRMAN. All right, sir, Mr. Cottell. Thank you very much.

I want to ask you one question. On page 10 you list Salvatore Bonanno doing business with the Republic Finance Co., and the First National Discount. Now, are those particular companies licensed by the State of New York?

Mr. COTTELL. The situation that existed at that time—it is my understanding that no license was required. Mr. Metzger has testified here prior to 1966 there was no law that covered commercial financing. And these people used this as a device to set up these dummy corporations, which put them just outside the law, and engage in making usurious loans to business firms.

The CHAIRMAN. Actually, then, they used these names, but they were not actually incorporated companies nor were they licensed.

Mr. COTTELL. They were not licensed by the State; no, sir.

The CHAIRMAN. All right.

Mr. METZGER. Mr. Chairman, we have also submitted to this committee certain conversations between one Sebastian Aloi and Ralph Lombardo, and others. They are marked "Conversations one through four."

These conversations were obtained by surreptitious eavesdropping devices, by the New York City Police Department, pursuant to court orders. We have these tapes. They are quite audible. However, again, you will see that they contain language which the committee may find offensive. However, we would submit the transcripts in evidence. I would ask Inspector Cottell to give a brief description of Ralph Lombardo, since he was subpenaed by this committee.