

(The letter referred to follows:)

THE FEDERAL LIQUOR STORE,
Bridgeport, Conn., May 16, 1968.

HON. DONALD J. IRWIN,
Longworth Building, Washington, D.C.

DEAR CONGRESSMAN IRWIN: I am a retail liquor merchant, owning the Federal Liquor Store, 2410 Main Street, Bridgeport, Connecticut, for a period of 22 years.

Approximately seven years ago, my store was broken into and burglarized. The following year the building in which my store is leased, caught fire and caused damage resulting from heat, fire, water and smoke.

Eight months after the fire, the building had to be re-painted, repaired and partially rebuilt by my landlord. It was during this period of reconstruction which seriously reduced the volume of my business.

The loss resulting from the burglary and the fire coupled with the rebuilding, totaled about \$30,000. Insurance covered about 20 per cent. This entire disaster forced me into a long period of desperate borrowing in order to remain in business. I developed one loan upon another. This pattern resulting from the State Statute whereby: All permittees must pay all purchases in thirty days. This thirty day law is workable, provided a permittee has sustained and developed a good "working capital fund" throughout the years; otherwise it is essential to work through a system of loans.

I have reached the stage where the only effective means for normal business function is to refinance completely in the amount of \$65 to \$70 thousand dollars. This would remove all loans of excessive interest rates, redevelop my working capital and design a promotional program. This refinancing program was submitted to three banks and refused.

Congressman Irwin, I deeply ask you to give this business problem of mine your kind consideration and submit this request to the Small Business Administration for their consideration. Thank you very much for any interest you may have in this matter.

Very truly yours,

MILTON S. COHEN.

The CHAIRMAN. Mr. Williams.

Mr. WILLIAMS. Mr. Chairman, I want to check one statistic that was given. Seventy percent of loan applications are approved?

Mr. MOOT. 76 percent.

Mr. WILLIAMS. This is not to say that 70 percent of the people who come in the door receive loans?

Mr. MOOT. No.

I think I might qualify that. That might be better. We have found through long administrative experience that it is well to do a pre-screening of interviews, as they come in, in order that we do not incur costs for the applicant of getting accounting statements and so forth, and furthermore, that we do not create a psychologically wrong impression of handing out applications to everyone that comes in, and then having to decline a good many, because a good many of the interviews we conduct involve management assistance that Mr. Maness provides rather than financial assistance. So it is true that we are currently approving three out of every four applications that we provide. On the other hand, this is not a complete story because we are conducting about 400,000¹ interviews with small businessmen or those who would like to be small businessmen each year throughout the country. As you can tell from looking at our statistics, we are making an average of about 20,000² loans in total, so that actually means that we are making, about 5 percent of the inquiries are being translated into specifically approved financial assistance loans.

Mr. WILLIAMS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Mitchell, our counsel.

¹ 305,711, fiscal year 1967, all programs. 302,886, fiscal year 1968 (10 months), all programs.

² 13,867, fiscal year 1967, all programs. 23,989, fiscal year 1968 (10 months), all programs.