



Super Losers:
Inside News Ltd



Battle Royal over
Di's divorce demands



Aircraft noise:
The poll promises

The Sydney Morning Herald

2 NEWS REVIEW

SATURDAY, MARCH 2, 1996

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The customers were creating, the staff were stealing, investors went bankrupt. At the end of the day there was a \$9 million hole in the books, and an army of vipers.

Australia lay in ruins.

BEN HILLS investigates the fall of the Apia Club.

THE club was the epitome of a failed business. The food, the service, the atmosphere, the staff, the investors, the members, the club itself, the very essence of the club was gone. The club was a disaster.

It was a club that was once a place of pride and honor, a place where people went to relax and enjoy themselves. But now it was a place of shame and disgrace.

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THERE WERE DEATH THREATS, FEUDING, GUNFIRE, BASHING, THEFT, AND A SEVERED GOAT'S HEAD, A TRADITIONAL MAFIA WARNING.

THE CLUB THAT DIED OF SHAME



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Food fight... The Apia Club's dining area where the Mother's Day lunch was held. **Senior Manager Tony Scudliffe.** "The scenery was coming in, but it was getting out through holes".

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Since the banning of organochlorines, the biggest threat to your home isn't high interest rates.

The reason is the organochlorines proved to be more of a health risk than... ZINCOLUBE

The club that died of shame

From page 27

against the security of the club's freehold.

Almost from the start, however, the club began defaulting on its repayments - it was running at a loss, needed another \$1 million to rebuild and refurbish its rundown premises, and had no money to pay off the mortgage. This week, with its debt ballooned to more than \$7 million, the Monte del Paschi finally ran out of patience.

"We recognise the importance of the club to the Italian community here," said the new managing director, Giorgio Guano, sent to Australia a year ago to shut down the bank's fledgling branch network and write off bad debts rumoured to total tens of millions of dollars.

"We have done more than most to keep the club afloat, but we must protect the interests of our shareholders. The club is in a very serious situation. It cannot stand up and is not even capable of meeting its day-to-day obligations."

There were other debts, too. The bank had lent another \$500,000 or so to three directors to pay for improvements to the clubhouse, and is now suing to recover the money. They intend to fight the case. One of the three, a builder named Ron Orsati, who was the club's last president, lost his business and was driven into bankruptcy.

There is also something of a mystery surrounding another \$600,000 or so, raised in debentures from the club's members, who now seem unlikely to be repaid.

Mr Mann, the administrator, says: "Some of them [the amounts] were a bit questionable - they were for jobs done or work performed. The records are a bit hazy."

The bank's decision has triggered an extraordinary outbreak of recriminations, accusations and legal action. Almost everyone interviewed for this article has had his life threatened. There are at least six claims before the courts seeking the recovery of money - including \$17,000 said to be missing from a trust account - and damages for defamation. Trade creditors are clamouring for another \$350,000.

A new professional manager was brought in late last year who spruced up the premises, but failed to endear himself to the members when he asked them to use English instead of Italian in their club. Tony Jeffcott departed after five months for the Rooty Hill RSL and says: "I am just happy to be working now in a place where things are done professionally. I can't believe this can be happening [the Apia Club going broke] at a time when the clubland is going through the biggest boom of all time."

A series of desperation measures in recent months did nothing to reverse the club's terminal decline. The club gave away wine, prizes and



The pool room ... one writer alleges the pannetone was left here - with the flies.

money for the poker machines, says John Szetu, who was Apia's last finance manager. "Petty cash" used to wine and dine patrons went up to \$5,000 a week.

"We were giving away bottles of champagne, meals - you name it - but nothing worked. In the end, the club went on a spending spree we couldn't afford and the losses just kept accelerating."

In December, normally the club's most profitable month, the losses hit a record \$62,000, and it was obvious to John Mann that the end was in sight.

And now the questions begin -

questions about whether the authorities, the police and the Liquor Administration Board, all of whom were well aware of the problems, should have done more to probe the club. APIA has been frequently prosecuted for breaches of the Licensing Act - offences such as under-age drinking and disturbing the peace - but more serious allegations of misconduct have resulted in no action.

Spagnolo was particularly tenacious. He spent \$25,000 on legal fees and wrote to everyone from then-premier Nick Greiner to the police, newspapers, and the Cor-

porate Affairs Commission, as well as the Liquor Administration Board, the industry watchdog which, he says, has a fat file on the club. Nothing happened.

No doubt spurred into action by Franca Arena - who telephoned his office and has threatened to call for a full-scale investigation in Parliament - the Minister for Gaming and Racing, Mr Richard Face, sent an investigator to the club last week. A spokesman for the minister said the club's finances were now being investigated to see whether there were grounds for prosecution, but he had no idea why previous complaints had not been acted on.

As the countdown continued towards next Friday's creditors' meeting, there seemed little hope that the APIA Club could be saved. The vultures began to gather.

Sky TV arrived to cut off the racing channel, one of the club's few money-spinners, because the fee had not been paid since November. Mr Mann's men came to count the chairs and the cutlery, the only hope the creditors have of getting a few cents in the dollar.

The only consolation is that the club has a new chef and the food in the downstairs bistro - four varieties of pasta, a rolled roast of veal, whitebait fritters were among the offerings - is now both cheap and tasty, if a sampling last week is anything to go by.

Unfortunately, there was hardly anyone there to enjoy it. After that Mother's Day disaster, most people never came back. Sydney's Inner-west Italian community is now, in a final irony, more likely to be found drinking, dining and playing the poker-machines with their World War II enemies at the Five Dock RSL than at the club their friends and fathers founded 40 years ago.

Disgusted of...

IT was a nightmare, the worst Mother's Day outing of my 21 years as a mother. - A. P.

OUR entrees were average, the main meals - the best way to describe them was rubbish... We could have got a better meal in a pub for a counter lunch. - B. M.

THE meat wouldn't be fit for a dog and the chips were cold. How could you expect a child to eat this rubbish. The pannetone was left in the pool room with flies all over it. - A. T.

WE were informed that the meals would be served at 12.30 pm - the entree did not arrive until 2.15 pm and the main course not until 3.15 pm - but the chicken was blood red, the pork underdone, the pasta cold and the potatoes hard as rocks. - D. P.

WHAT we thought was going to be a wonderful day turned into a disaster. The service and the meal were disgusting. It was our first meal at the Apia and certainly our last. I would never have expected a club with your years of service and experience to serve meals of this nature. - L. T.

THE children's food was disgusting. The meat was like compressed dog food and the chips greased in oil. - J. M.

THERE was a tray of tripe that looked like it was cooked about a week ago and the pasta was horrible. The rest of the dishes did not look appetising. I paid \$101.50 and none of us were happy with the meal and left the club to go and have pizza. - S. M.

* Extracted from letters sent to the club after last year's Mother's Day lunch.