

You have indicated in your opening statement that it does not really take any special business acumen to go into the loan business. On the other hand, that is not true of gambling. In gambling, for example, one of the requirements is a steady stream of information in order to establish odds, point spreads, on different sporting contests. So this is one of the things that is required—information is a necessity to a successful gambling operation. We find to a considerable degree that the bookmaking operations, for example, are not conducted on the street. So you need premises, off-the-street locations. Telephones—very widely employed. And trained personnel to man those phones. I do not think just anyone would sit at the other end of a telephone in a bookmaker's office and be what we call a sheet writer. A man has to have certain capabilities.

There must be alternates to all three of these. An alternate premise, alternate telephone locations and alternate personnel. If police attention is directed to one location, you must have an alternate ready to move to. If the telephones are seized in a gambling raid, there must be alternates in order to continue in business the very next day. If personnel have come to police attention, the gambler feels he has to cool off one employee, he must have alternates.

There is other operating overhead. Having been a law enforcement man I choose to use this very charitable term. Some people call that graft and payoff. But we know this is a cost of being in the gambling business.

There are arrests, any number of them. There are convictions. And from time to time there is more than just a fine, there can be a jail sentence.

If you make a comparison to loan sharking, you will find you do not really need any particular steady stream of information. No premises are necessary. You can operate from your wallet in your inside coat pocket. Telephones are not a big necessity. You do not need trained personnel. Some people might say what about the strong-arm man? If you have established a reputation of being a part of organized crime, you really do not have to use the strong-arm men that frequently. The fear is usually sufficient. You do not need the alternatives. I have never heard of there being any kind of payoff of any nature to anyone in the criminal justice system in order to run a loan shark operation. That does not exist to my knowledge.

Arrests, convictions, and jails almost never happen in the area of loan sharks. This is the judgment that has been made by many people—that in comparing the two, loan sharking is the best business that organized crime has. It may not equal gambling in dollar volume, but on the bottom line net profit, as to risk, loan sharking is a much better business than is gambling.

The CHAIRMAN. Mr. Salerno, do you want us to ask questions as they occur to us?

For example, you mention the necessity of alternate personnel in illegal gambling operations. I do not want to anticipate what you may be saying in your statement.

Senator NELSON. Perhaps it might be better if he finished his statement before entertaining questions.

The CHAIRMAN. Go ahead, Mr. Salerno. We will withhold questions until you have finished your statement.