

I would like to use another chart at this time, Senator. In an attempt to show that loan shark indebtedness induces other types of crime, this is an actual page taken from the records of a man arrested in New York City. He was arrested for being in possession of stolen property. Actually, his normal function was that of operating a restaurant. Through the indebtedness to all of these people, he was then offered an opportunity by some of them, who were loan sharks, in organized crime, to meet his payments to them by engaging in some illegal activity. One gentleman offered him an opportunity to take gambling bets for him, and he took both numbers and sports betting. Another gentleman offered him an opportunity of selling pornography, and becoming part of that operation, and he took that. And then of course he was handling the stolen property for which he was arrested.

This record—

The CHAIRMAN. Let me ask you a question. This record—is this the man who was lending the money?

Mr. SALERNO. No, this is the borrower. This is a borrower's record.

The CHAIRMAN. This man is referred to as "DD."

Mr. SALERNO. These are the identities of the people from whom he borrowed money. This date is the date the loan began, or was last renegotiated. The first column indicates the amount of weekly payments—these are weekly payments, with two exceptions, which are monthly, and this is the week-by-week record which runs from September to January of the following year.

At the very beginning of this chart, his weekly payment is \$880 per week. I have eliminated the monthlies—they are not included. The balance that he owes is \$18,595.

The weekly payment does increase slightly to \$920, and he is making this payment for 17 weeks. Although he is paying close to \$900, or \$1,000 each week, in the 17 weeks his indebtedness rises from \$18,000—he owes \$25,000—17 weeks later—although he has been paying \$900 per week.

This is one example on this top line of a special phrase you might be interested in, what they call "stopping the clock." This is one version of "stopping the clock." He has been paying \$250 per week. At this point, he evidently is running into some difficulty, and he will stop his payments for a little while. He is purchasing time at this point. And the purchase of time costs him \$1,250. That is added to \$8,750. The amount of the loan is made \$10,000, and that will remain constant for some time, until he can pick up payment. So they are kind of holding off the actual payments, they charge him an additional \$1,250 interest, and they have held back the clock for him temporarily.

The point that I did want to show here is that this is a man who had been pushed into three different forms of illegal activity—selling pornography, becoming a man who would take—is taking gambling bets in two different areas, and he was involving himself in receiving and selling stolen property for which he was arrested. And this was not his normal function. His basic problem was that he was a gambler himself, and he had been pushed into these three areas of illegal activity, only because of the need to meet some of these payments.