

The CHAIRMAN. Did "DD" reveal to you the names of the loan sharks who lent him the money, and if so, did each of them have a criminal record?

Mr. SALERNO. He did discuss this chart with us comparatively freely. He would not reveal the identity of the loan sharks. Independently, we were able to identify about one-third of the loan sharks. Almost all of them are people that we consider to be a part of organized crime, who do have criminal records going back quite some time; yes, sir.

Senator COTTON. These loan sharks whom you identify, did they have regular offices or places of business?

Mr. SALERNO. These gentlemen did not, sir. No; they did not.

Senator COTTON. They conducted their lending and their manipulations through the back door, privately.

Mr. SALERNO. Yes, sir.

Senator COTTON. They did not maintain any place of business.

Mr. SALERNO. None of these gentlemen did; no, sir, although I have been aware of loan sharks that do.

The CHAIRMAN. How did this loan shark get in touch with these men? Did he tell you how he got in touch with "DD," or "AL"?

Mr. SALERNO. On a regular basis or his first contact?

Some of them he met because he was an inveterate gambler himself. He would meet them at high stakes games. Some of his first indebtedness to some of them came from gambling losses. Some of them were patrons of his restaurant. He came to know them through that medium. Some he met through some of the others. He met some—when one of them might have thought he extended all the credit he would like to lend him, might have introduced him to another, as a person who could accommodate him.

The CHAIRMAN. All right, sir.

Go ahead.

Mr. SALERNO. The point that is offered for the consideration of this committee is that Federal agents now enforcing existing legislative acts are daily dealing with loan sharks and their activities. They are placed in the position of not having a direct jurisdiction, and at the same time being forced to withhold a referral of information to local authorities because a pursuit of the loan shark leads might prejudice the current Federal investigation of the Federal violation.

Internal Revenue agents trying to develop a tax case are working on someone engaged in loan sharking. If FBI agents are trying to establish an interstate gambling case, there is a good likelihood the man they are working with, if he is part of organized crime, is also engaged in loan sharking. It might very well be that the leads that they are picking up would be just as helpful in establishing a loan shark case if that were a Federal violation as it is with one that they are now trying to devote their attention to. It is difficult for them to make an immediate referral of this kind of information to local authorities where there might be a statutory act, because this might prejudice their investigation—if too many were working on the same person from different angles, it might prejudice the case. So that I do feel if loan sharking were made a Federal statute, this would not bring about the