shark business that is part of, or affiliated with La Cosa Nostra. Certainly in the large cities of the New England, Middle Altantic and Midwest States, law enforcement personnel believe that high percentage of this business is controlled by organized crime. In Philadelphia, many of those who lend money at grossly usurious rates are not directly connected with the Cosa Nostra family operating in the city. However, law enforcement personnel have found that whenever a serious dispute arises with a nonpaying debtor, a Cosa Nostra representative appears at the settlement conference and usually dictates the final settlement terms. Violence is employed only occassionally and its results appear in the media just often enough to frighten any existing or potential borrower about the consequences of nonpayment.

A description of the implication of loan shark transactions reveals in part why I believe organized crime presents a serious threat in this country. If all loan sharks were independent entrepreneurs, perhaps the degree of concern would be much less. However, with organized crime involved in so many different kinds of crime and acquiring so much power, the activity in each kind of crime bolsters the success of other criminal enterprises. Organized crime uses loan sharking in tandem with its gambling and other operations. In addition, the debtor-victim becomes a pawn in furthering other criminal activity of the organization and in broadening the legitimate business base of organized crime's holdings.

But as with much of our knowledge about organized crime, there is much yet to be learned here. Why do people continue patronizing such a vicious racket? Are there any suitable alternatives that government or business could provide? How much revenue is really involved? What percentage of borrowers successfully repay their obligation to the loan shark? Is most of the fear inspired in debtors a matter of reputation or a matter of actual threats conveyed person-to-person? To what extent are bank employees involved in loan shark operations? These are only some of the unanswered questions, and answers to these and other unknowns are vital in the building of a positive program to counteract the evils of loan sharking.

Specific statutes directed at loan shark operations will no doubt be of some assistance. As you know, the Senate-House Conference Committee of the Banking and Currency Committees is considering a loan shark amendment to the truth-in-lending bill. This will afford Federal jurisdiction somewhat broader than that now available under sections 1951 and 1952 of title 18. In addition, many State legislatures have pending criminal usury statutes similar to that passed in New York State.

But the ever-present problem of evidence gathering in organized crime cases sometimes nullifies any potential effect of a substantive criminal provision. For example, in New York County there are only about 12 prosecutions per year under the New York criminal usury statute. The extremely competent office of District Attorney Hogan reports that, as a result of fear and other reasons for lack of victim cooperation, the debtors simply will not testify. And even when they talk with enforcement officers, many times fear compels the telling of a story that fails to portray accurately the true nature of the transactions.