

with, and as you might guess, a number of their contacts are people who have no connection with crime at all. Then, we have to interview those people they come in contact with. We have to overcome the fear of those who have in fact done business with the loan sharks, and if we are successful in doing that, we have to elicit from them their testimony under oath. And, then on top of that, we have to establish that the facilities of commerce are used. As I said before, these surveillances have not been very productive.

As a consequence—and I think our experience is shared by law enforcement generally—more and more of the individuals engaged in organized crime are moving into loan sharking—it is just so much safer—just so much safer than even gambling, for which the penalties are generally slight, or the more heinous offenses—hijacking, narcotics, extortion, or what have you. So, they move into loan sharking, and they are relatively safe from prosecution on either a Federal or State level.

Lately, there has been some suggestion with respect to legislation. One bill has been introduced that follows the antiracketeering statute, which is 18 U.S.C. 1952, which, generally speaking, would make it a violation of Federal law to use the facilities of interstate commerce to violate usury statutes of the several States.

I have some problem with that.

The difficulty, as I see it, is that there is absolutely no uniformity in the usury statutes of the States. The interest rates, just on a very preliminary survey, run from 6 to 48 percent. Some States—at least two States, I believe, have no usury statutes at all. Many States exempt corporations from the jurisdiction of their usury statutes. So to predicate Federal jurisdiction on the variable pattern of State law I think would present a real morass.

Professor Ruth has suggested a statute which would fix the interest rate at 75 percent. In terms of dealing with organized crime, I think that would be adequate—for the most part the interest rates do run beyond that. I do not think that there is any implication that Congress or the Federal Government would be approving interest rates at less than 75 percent if such a statute were to be enacted. I think legislation of that form I would leave to the States, where perhaps it has traditionally been, and may even belong, the regulation of small loan legislation as it relates to those who are engaged in legitimate business and who may from time to time vary their business practices and come close to violating a State law.

I think the two problems are somewhat distinct. On the one hand, we are dealing with people who are operating legitimately, and who may be forced because of a tight money market to vary their interest rates and at times come into conflict with the State interest provisions applicable under the law. And, on the other hand, we are dealing with a group of people who are committed to illegality on a daily basis, who are not concerned with the interest rates that may exist in a given State, but who are simply concerned with putting money on the street which they have earned illegally, in return for a high rate of interest.

Now, the present status of the legislation—I understand there is a bill in Congress called the Truth in Lending bill, which incorporates the first provision of which I spoke—that is, the bill that makes the