

charging an interest rate of above, as was suggested yesterday, 75 percent would be per se usurious?

Mr. METZGER. I cannot think of any legitimate transaction wherein a true annual interest rate could exceed 75 percent.

The CHAIRMAN. It has been suggested if the Federal Government does that, it would therefore be inversely implied that any interest rate that was under 75 percent would be legitimate. Do you think that is a valid complaint?

Mr. METZGER. Not at all. That certainly could be handled by a statement of the intent of Congress in the preamble.

The CHAIRMAN. It is your judgment, is it not, that this loan sharking activity is increasing in a degree that is dangerous to our system of doing business?

Mr. METZGER. I think so. According to the information that has been developed by Inspector Cottell and his men in the New York City police department, it is an increasingly important area, and it poses threats that are as serious in some ways as those posed by other forms of subversion.

The CHAIRMAN. We can, therefore, conclude that you and Mr. Cottell and District Attorney Archer, who represents the Queens County District Attorney, would strongly urge this Senate to sponsor and to pass into law a bill setting up criminal usury in terms of Federal statutes?

Mr. METZGER. Yes, sir; we would.

The CHAIRMAN. All right, sir.

I want to thank each of you. Mr. Archer, did you have something you wished to add at this point?

Mr. ARCHER. No. I was just saying, Mr. Chairman, whatever bill will be sponsored by your committee should be broad in its scope, and not limited only to business people, because I have here files where the small person in the street has been borrowing money from others, and has been paying back 6 to 5. And this involves people who work at the airport, J. F. Kennedy Airport, employees there. I think your bill should cover not only business enterprises, but also broad enough in its scope to encompass other persons who are—laymen who are borrowing 5 for 6, as the traffic will bear.

The CHAIRMAN. In other words, as Mr. Metzger pointed out earlier, one of the faults of the original statutes in New York is that it could only be applied to corporations and businesses, and did not protect individuals. And that is what you have reference to.

All right, sir.

Gentlemen, we thank you very much. You have been most helpful in the testimony you have given, and the witnesses you have provided for us.

I must say it has made a very strong impression on me. I am satisfied it has on the other members of the committee who were privileged to hear you. We do believe that before we finally conclude our labors this year, we will recommend to the Senate some type of a criminal usurious statute making it an offense for loan sharks, speaking in the broad concept of the word, to operate as they now do.