

(The complete prepared statement and supplemental information submitted by Mr. Metzger follows:)

STATEMENT OF NEW YORK COUNTY ASSISTANT DISTRICT ATTORNEY
MICHAEL H. METZGER

I

Mr. Chairman and members of the committee, I would like to extend greetings from District Attorney Frank Hogan and Chief Assistant Alfred J. Scotti.

We appreciate your according our office the honor of participating in your hearings and we consider it a privilege to have this opportunity to appear before your committee.

As I understand it, this committee is currently inquiring into the infiltration, by Organized Crime, into legitimate business with emphasis on "loansharking" an increasingly important activity of the organized underworld.

At the outset I believe it will be helpful to discuss some of the terms that are commonly used by law enforcement agencies in connection with this subject matter.

There is no legal distinction between "organized crime" and any other criminal conduct. Because there is no legal distinction, and for other reasons, the expression "organized crime" is not subject to easy or precise definition.

As you know, any group of individuals who organize or join together for the purpose of committing an unlawful act are—by legal definition—conspirators and are accomplices of each other in any completed crime that they commit together.

We do not, however, classify all conspiracies as "organized crime". Such a broad-based definition would, of necessity, include groups of criminals who are clearly not members of the organized underworld. Organized crime, as the expression is employed by law enforcement agencies, does not, for example, embrace local "burglary rings"; groups of car thieves or "gangs" of muggers. Nor does the expression contemplate those conspiracies involving subversive activities although such conspiracies are indeed highly organized.

Organized crime refers to that confederation of underworld elements who utilize a distinctive mode of operation in the pursuit of their criminal activities and whose operations are conducted within the framework of a recognized hierarchy and structure enjoying a durable existence.

The organized underworld—unlike other criminal conspiracies—does not depend for its existence, on any particular individual or individuals but has a continuity which exists despite its periodic and sometimes violent, changes of leadership.

Although individual members of the underworld may, from time to time, commit so-called "street crimes" such as burglary, robbery, etc., for sustenance [while waiting to climb the corporate ladder of the underworld,] Organized Crime typically is concerned with (a) Gambling operations, (b) Labor Racketeering, (c) Narcotic Traffic, (d) Loansharking.

The organized underworld, it may be said, exists by supplying illegal services, sought after by willing "victims"—at least in the beginning.

The principal feature of the Organized Underworld is its authoritarian nature. This feature is evident in both external and internal activities. Internal authority is ruthlessly enforced and fealty is guaranteed by the ever present threat of "gangland" style murder. The external activities of the Organized Underworld are similarly marked by rigid control. In the area of labor unions for example, the organized underworld seeks to infiltrate and exert influence in both labor and management.

The nature of organized criminal activity generally guarantees enormous financial reward and the continuity of control and influence that sustains the underworld and immunizes it from successful penetration by law enforcement.

Profit is of course the dominant motive of all underworld activity. The underlying advantage enjoyed by organized crime—which makes their activities possible—is the ability and willingness to employ fear, based on the express or implied threat of violence, whenever necessary and ample revenue, ever-ready to be used for the corruption of public officials.

II

Until recently the legal maximum interest rate in New York was 6%. The Penal Law prohibited rates in excess of 6% on loans [to individuals] not exceeding \$800. Violation of the applicable statute was a misdemeanor. There were many