

loopholes and exemptions in this law. In 1966 the Penal Law was amended and now prohibits the charging of interest rates in excess of 25% on all loans. Denominated Criminal Usury, the statute classifies the crime as a felony.

Despite what might appear to be a fairly high legal interest rate (25%) it should be noted that the typical loanshark transaction involves interest rates between 100 and 350 percent per year with an average of 262% (6 for 5). (Borrow five—pay back one dollar per week for six weeks).

As I previously mentioned, the organized underworld has become increasingly active in the area of loansharking. Loansharking is attractive to the underworld because the practice offers (a) an outlet for the use of illegally acquired cash obtained from gambling and narcotics operations, (b) enormous profits with little if any risk, (c) a vehicle for penetration into legitimate business. It is thus abundantly clear why the underworld finds loansharking attractive—the question naturally arises; why would a borrower be willing to pay excessive interest rates? The answer is, of course, that very frequently the shark is the only available source of a loan. The loanshark, like his ocean-dwelling namesake, feeds upon weak or distressed victims. A business in financial trouble is the natural prey of the loanshark.

It should be noted that all loansharks are not affiliated with the organized underworld. There are some "private" sharks just as there are some "private" bookmakers whose association with the organized underworld is extremely tenuous and in many cases non-existent. Such private sharks rarely survive. Obligations incurred by borrowers dealing with unaffiliated loansharks are rarely collected by extortive methods and such loans are, of course, not made as freely as those made by sharks who are, because of their underworld association, ready, willing and able to use violence to collect delinquent debts.

It is generally agreed that most loan-shark transactions are amicably conducted with both parties satisfied. To many, the local "shark" is a desirable and necessary institution. There are enough situations, however, where the borrower becomes so enmeshed with the shark that he cannot extricate himself. Where the shark is affiliated with the organized underworld the consequences of delinquency are always serious. Where the borrower is a businessman and cannot re-pay a loan to an underworld affiliated shark, the underworld will eventually take over all or part of the borrowers business or will exact some *avored position* with respect to the borrower's business. In any case the delinquent borrower will end up aiding and abetting the organized underworld in its various criminal pursuits. Resistance, of course, is never tolerated and the use of physical violence will be resorted to if all other persuasions fail. Where the borrower has no tangible business, the underworld will compel him to become a tool in some criminal venture. An illustrative example of this is the case of Gerald Wolff.

Nathan Sackin, the owner of a chain of dry cleaning establishments, became indebted to a shark affiliated with John "Sonny" Franzese (see criminal record). Sackin had difficulty in repaying and soon thereafter agreed to act as a shark for Franzese. Sackin cultivated, as a loan customer, one Gerald Wolff who was then employed in a major stock brokerage house in Manhattan. This victim became more and more enmeshed in various loan transactions with the shark Sackin and soon found that he could not extricate himself. At this point he was informed—for the first time—that he had borrowed "underworld" money. He was advised that he would be mutilated or murdered if he continued to be delinquent. During one such conversation, he was pushed from a moving auto and sustained serious injury. The underworld, in this case, had no intentions, however, of merely letting Wolff off with a beating. Wolff was designated to become a tool of the underworld. In the beginning he was permitted to "work off" some of his debt by supplying the shark with new customers. He did this [and thus incidentally became an accomplice of the shark in further acts of Criminal Usury and Extortion]. Not satisfied with his recruiting abilities, the underworld decided to use this victim—with his connections on Wall Street—as a conduit for the sale of stolen stock certificates obtained by the underworld through other aspects of its criminal activities.

Wolff, in the interim, had the good fortune of confiding in a friend who directed him to the Office of the District Attorney. When the plan to deal in stolen stock certificates was first proposed to him, he was already acting under the directions of the District Attorney's Office and was carrying, concealed on his person, a small recording device. [Wolff-Sackin tape]

Following this conversation Wolff—at the direction of the District Attorney's Office—introduced a "buyer" to Sackin. After prolonged negotiations, Sackin turned over \$100,000.00 worth of stolen stock to the "buyer" who was in fact a New York City detective. Sackin and his accomplices (Bishansky and Greene), were all placed under arrest. They were subsequently convicted of various crimes growing out of these transactions. Nathan Sackin—if called as a witness—could