

2A:105-5

November 19, 1968

LEGISLATIVE HISTORY R.S.2A:105-5
(Loan Sharking)

Prior bills introduced.

1965, S274

- April 26 - Introduced.
- April 26 - State, County, and Municipal Government Committee.
- May 3 - Reported, 2nd reading.
- May 10 - Passed in Senate.
- May 10 - Received in Assembly.
- May 10 - No Reference, 2nd reading.
- May 17 - Amended.
- May 17 - 2nd reading, amended.
- May 24 - Lost in Assembly.
- May 24 - Laid over.

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Amendments, but no statement to bill.

185 W. State Street
Trenton, N. J.

1966, S92

- January 18 - Introduced.
- January 18 - Business Affairs Committee.
- February 14 - Reported with Committee amendment.
- February 14 - 2nd reading.
- April 25 - Passed in Senate, amended.
- May 2 - Received in Assembly.
- May 2 - Revision and Amendment of Laws Committee.

Amendments, but no statement to bill.

1967, A858

- Died in Committee.
- No amendments and no statement to bill.

1968, S729

- May 6 - Introduced.
- May 27 - Passed in Senate.
- June 24 - Passed in Assembly.
- September 10 - Vetoed by Governor.

Statement, but no amendments to bill.
(copies of bill and veto enclosed)

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Source of present law is:

- L. 1968, chapter 83-S574
 - March 14 - Introduced.
 - April 1 - Passed in Senate.
 - June 13 - Passed in Assembly.
 - June 21 - Approved, chapter 83.

No statement and no amendments to bill during passage (copy bill enclosed)

Hearings and Reports:

No recent hearings or reports on this subject were found.

Articles found in periodicals:

(only New Jersey Law Journal checked)

Landy, Eugene W., "Usury - an Anachronism"
90 New Jersey Law Journal 377, June 8, 1967.

See Vertical File for newspaper commentary under -
"New Jersey - Credit"

"New Jersey May Raise Risks for Loan Sharks,"
Sunday Times Advertiser, Trenton, New Jersey
December 5, 1965

JK/mau

SENATE, No. 574

STATE OF NEW JERSEY

INTRODUCED MARCH 14, 1968

By Senators FORSYTHE, McDERMOTT, BATEMAN
and CRABIEL

(Without Reference)

AN ACT concerning loan sharking and supplementing chapter 105 of
Title 2A of the New Jersey Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Any person who, with intent to obtain the payment or re-
2 payment of the principal of any loan or any part thereof or interest
3 on said loan or any part thereof from any other person, injures or
4 causes to be injured such person or any other person, or threatens
5 to kidnap or steal or forcibly take away such person or any other
6 person, or threatens to kill or to do bodily injury to such person or
7 any other person, unless such principle or interest or any part
8 thereof be paid or other thing of value be delivered, is guilty of a
9 high misdemeanor and shall be punished by imprisonment for not
10 more than 30 years or by a fine of not more than \$100,000.00, or
11 both.

1 2. This act shall take effect immediately.

SENATE, No. 729

STATE OF NEW JERSEY

INTRODUCED MAY 6, 1968

By Senators McDERMOTT, FORSYTHE, DICKINSON, SCHIAFFO,
KNOWLTON, HAGEDORN, H. A. KELLY, MILLER,
ITALIANO, DELTUFO, MATTURRI, DOWD, SISCO, GIULIANO,
WALLWORK and RINALDO

Referred to Committee on Law, Public Safety and Defense

AN ACT concerning crimes and supplementing subtitle 10 of Title 2A
of the New Jersey Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Any person who, not being authorized or permitted by law so
2 to do, charges, takes or receives any money, property or other
3 thing of value as interest on the loan or forbearance of any money
4 or other property at a rate exceeding 50% per annum, or the
5 equivalent rate for a longer or shorter period, is guilty of a mis-
6 demeanor and shall be punished by a fine of not more than \$5,000.00,
7 or by imprisonment for not more than 5 years, or both.

1 2. Any person who knowingly participates in any way in the
2 use of actual or threatened force, violence, or fear in connection
3 with a loan or forbearance prohibited by section 1 of this act, or
4 who conspires so to do, shall be guilty of a high misdemeanor and
5 shall be punished by a fine of not more than \$10,000.00, or by im-
6 prisonment for not more than 25 years, or both.

1 3. Any person who engages in the business of making loans or
2 forbearances prohibited by section 1 of this act, or who conspires
3 so to do, shall be guilty of a high misdemeanor and shall be pun-
4 ished by a fine of not more than \$10,000.00, or by imprisonment for
5 not more than 25 years, or both.

1 4. Any person who knowingly possesses, maintains or exercises
2 control over any paper, writing, instrument or other thing used to
3 record any loan or forbearance, or any part of such transaction,
4 prohibited by section 1 of this act, shall be guilty of a misdemeanor
5 and shall be punished by a fine of not more than \$25,000.00, or by
6 imprisonment for not more than 3 years, or both.

1 5. This act shall take effect immediately.

STATEMENT

The within "Loan Sharking" bill is recommended by the Joint Legislative Committee to Study Crime and the System of Criminal Justice in New Jersey to implement recommendation 9 in the April 22, 1968 Report of the Joint Committee.

The bill creates indictable offenses related to criminal usury. Senate Bill No. 359, now awaiting action by the Governor, would make a person who charges interest in excess of legal limits a disorderly person. Enactment of Senate Bill No. 359 and this bill will provide prosecutors with an alternate for use in more serious usury cases.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

September 10, 1968

SENATE BILL NO. 729

To the Senate:

I herewith return Senate Bill No. 729, without my approval, for the following reasons:

This bill would prohibit, and punish as a high misdemeanor, certain criminal offenses commonly known as loan sharking. However, an essential element of the offense so prescribed would be a showing that interest at a rate exceeding 50 per cent per annum had been charged. After consultation with numerous law enforcement officials, I must conclude that proof beyond a reasonable doubt of that essential element of the crime would be virtually impossible. Senate Bill No. 729 would serve to protect rather than punish loan sharks.

Common experience tells us that loan sharking is not some polite form of commercial transaction where neat records of interest charges are kept which may be subpoenaed by the prosecutor and introduced into evidence. We are not dealing with the occasional businessman who would engage in sharp practices to overreach his customers -- an activity reasonably deterred by Senate Bill No. 759 which I have signed into law as chapter 256 of the Laws of 1968. Rather, we seek to root out a brutal racket where records are kept in the heads of gangsters and the method of collection is the threatening phone call, the midnight visit and the brutal beating. If we are serious about eliminating the evil practice of loan sharking then we should look at and punish the actual and provable activities of those who engage in that heinous crime. Senate Bill No. 574, which I have signed into law as chapter 83 of the Laws of 1968 does exactly that and in fact provides for more severe penalties than those which would be imposed by Senate Bill No. 729.

Finally, we should consider the potentially disastrous effects upon the administration of justice which could be produced if Senate Bill No. 729 were to become law and in the trial of a person indicated thereunder proof disclosed that

STATE OF NEW JERSEY
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only 49 per cent interest had been charged. The law then would appear to license a terrible crime.

For these reasons, I herewith return Senate Bill No. 729 without my approval.

[seal]

Respectfully,

/S/ RICHARD J. HUGHES

GOVERNOR

Attest:

/S/ ALAN J. KARCHER

Acting Secretary to the Governor