

SACRAMENTO REPORT

# Chapel Takes Up Long Battle Against Racketeer Loan Shark

The Honorable D. D. Watson, Commissioner of Real Estate, has told me that a hearing concerning the Superior Mortgage Co. will be held in his Los Angeles office, 541 S. Spring St., Nov. 15, 1954, at 10 a.m. In addition to the Superior Mortgage Co., defendants will include H. G. Gluskin, R. M. Calhoun, H. J. Calhoun, Viola Chervin, Richard Chervin, M. J. Howard Jr. and J. P. Barnett.

If any reader of this column has had any business with the Superior Mortgage Co., or with any of the above-named defendants, he should immediately write to the Commissioner of Real Estate, at the above Los Angeles address, and send a carbon copy of his typed letter to me at Post Office Box 777, Inglewood 1, Calif.

**Usury Law**  
Many people in the 46th Assembly District have been the victims of loan sharks who charge as high as 50 per cent interest on a loan. A person holding a real estate broker's license can charge any rate he wants for arranging a loan, under the existing law, but the person who actually makes the loan can charge only 10 per cent. By shuffling the poor borrower from the unethical real estate broker to the lender, the first person gets 40 per cent, or more, and the second person gets 10 per cent. In this way, the usury law is evaded. However, I believe that I have plugged up part of the leak, as you will understand if you read further in this column.

**Trust Deed**  
When I started my fight against loan sharks more than a year ago, I asked the Honorable Edmund G. ("Pat") Brown, Attorney General of the State of California, to help me plug up the legal loopholes that make it possible for loan sharks to stay out of jail. Also, I asked the Commissioner of Corporations to exercise his authority in supervising the traffic in trust deeds. In compliance with my request, the Honorable Herbert A. Smith, Acting Corporation Commissioner, requested an opinion of the Attorney General as to whether (1) A promissory note secured by a deed of trust or mortgage is a "security" within Section 25008 of the Corporate Securities Law; (2) a person dealing in promissory notes issued by others is a "broker" within the meaning of Section 25006 (a) of said law; and (3) whether a person dealing in promissory notes issued by others is a "broker" within the said Section. The answer to each of these questions by the Attorney General was in the affirmative.

Lawyers, real estate brokers and salesmen, title company officers, escrow company execu-

tives, bankers, and others who deal in loans should read the whole opinion by the Attorney General. It is found in the Official Advance Sheets sold by Hanna Legal Publications, 1029 Panama Avenue, Albany, Calif., and described as Volume 24, Sept. 7, 1954, Nos. 3 and 4, pages 60 to 64, inclusive. I regret that the State does not provide me with copies for distribution.

The Real Estate Commissioner, in a letter to me, said: "This opinion discusses the dealing in existing trust deeds and states that they are securities under the Corporate Securities Act. Regulation by the Division of Corporations in regard to the sale of existing notes should help clean out the loan racket situation. There was a gap in this field because the Division of Real Estate has no jurisdiction concerning existing paper of this sort and up until now the Division of Corporations did not regulate this kind of operation either."

**People in Distress**  
A survey by the National Consumer Finance Association, representing the majority of the licensed small-loan companies, shows that borrowers of small amounts are usually workers of a skilled or semi-skilled occupation, including many domestic workers and members of the armed forces of the United States, including junior officers. These borrowers usually earn less than \$400 per month and borrow to pay creditors who are pressing them too severely, or to consolidate many debts into one loan, to meet medical, dental, hospital or funeral expenses.

**Information Requested**  
In addition to information about the Superior Mortgage Company, mentioned above, I would like to have you tell me in writing (preferably a typed letter) what you know about Murray Goldman, doing business



READY FOR DEBUT . . . Putting last-minute polish on their lines for "The Curious Savage" which opens tomorrow evening are members of the cast of the Hampton Players' production. Shown here are Dominica Hauser, Harvey Spelman Jr., Ethel Dugan, Joe Muck-queen, Bruce Sutton, and Pat Rogers.



By ALBERT ISEN  
Guest Columnist

CHARLEY'S ON VACATION THIS WEEK—gone hunting for deer with a party of eight in the High Sierras. He tells me he hasn't had a vacation since he opened Daniel's Cafe (I think that was in 1886??). However, that must be poetic license on his part, because I personally know that he has had a few weekends off. Anyhow, with a little luck, Charley will probably be telling you in his column next week, "Come Eat With Charley—Bring your deer—and eat one of Charley's famous deer steaks." Well, we'll see . . .

CHARLEY'S been doing such a swell job in this corner plugging his famous bean soup, burgers and southern fried chicken, that he certainly doesn't need any help from me, and I'd like to use this space for a few comments on the bond issue and the special election on October 19, 1954.

You will get to vote twice, because the new civic center is on your ballot as proposition #1 and the swimming pool as proposition #2.

I've been hearing about a swimming pool for Torrance since the 1920's when I was in High School. There was a lot of talk about a swimming pool for the Torrance kids during the entire time that my daughter went through Torrance Elementary and High School, but it never came about. Now Lorna has been married for a year and a half, and maybe if we get going and put this bond issue over, I may have a grandchild who will learn to swim in the Torrance Municipal Swimming Pool.

The crowded conditions at City Hall are a disgrace to a city of the size of Torrance, with its great civic consciousness.

Despite the adverse working conditions, our Police Department has an excellent record for law enforcement. I do not have the statistics, but they would certainly be interesting to compile, and I wager that the crime rate here per capita is among the lowest in the country. Let's keep it that way by giving an efficient Police Department the proper premises and accommodations from which to work.

If you haven't already done so, I would suggest that you visit the Building Department (if you can find the space). Building permits and blue prints must be processed, and in the cramped quarters we now have, we have succeeded for the past several years in being at the top in new building construction, and the joke of it all is, if you want to talk to the Supt. of Building, he doesn't even have a private office in which to receive you!

The plans for the new civic center are tremendous. When Torrance reaches 100,000 population (and I don't think it will be too long), the buildings and parklike grounds will still be adequate and there will be room for still greater future growth.

You've already been told, and you know it's true, that industry will pay 70% of the bond issue—and we can have all of this and all it will cost you per year. Mr. & Mrs. Average Taxpayer, is about one-half of what your dinner check would be at Charley's reasonable prices for a fine meal.

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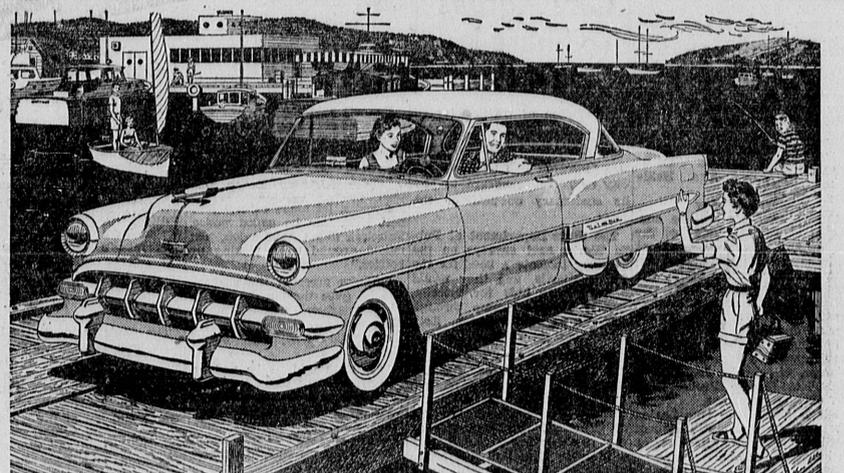
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as Gould Investment Company; Estate Commissioner, an accountant hired by the Corporation Commissioner, the Attorney General and his deputies, the California Department of Insurance, the Division of Corporations, the Franchise Tax Board, the District Attorney of Los Angeles County, the Bunco Squad of the Los Angeles Police Department, and several private detectives have worked with me in the loan shark investigation which is now coming to a head. Incidentally, the loan sharks are doing everything possible to defeat me at the polls on November 2.

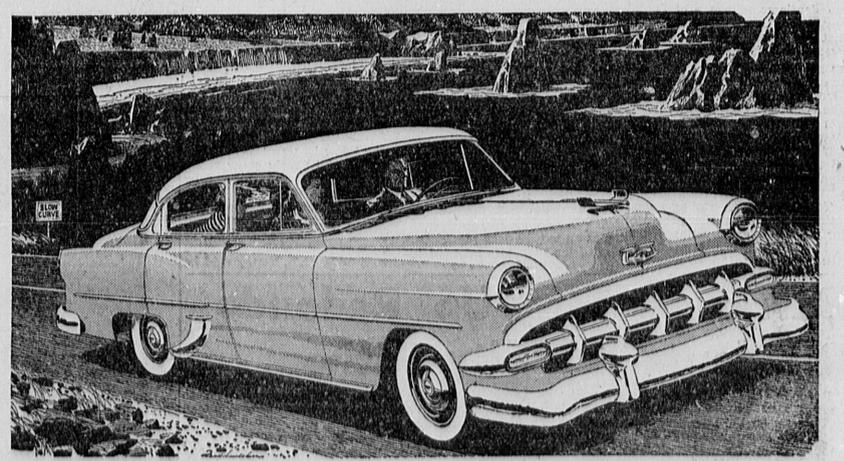
**Co-operating Agencies**  
Several deputies of the Real Estate Commissioner, the



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