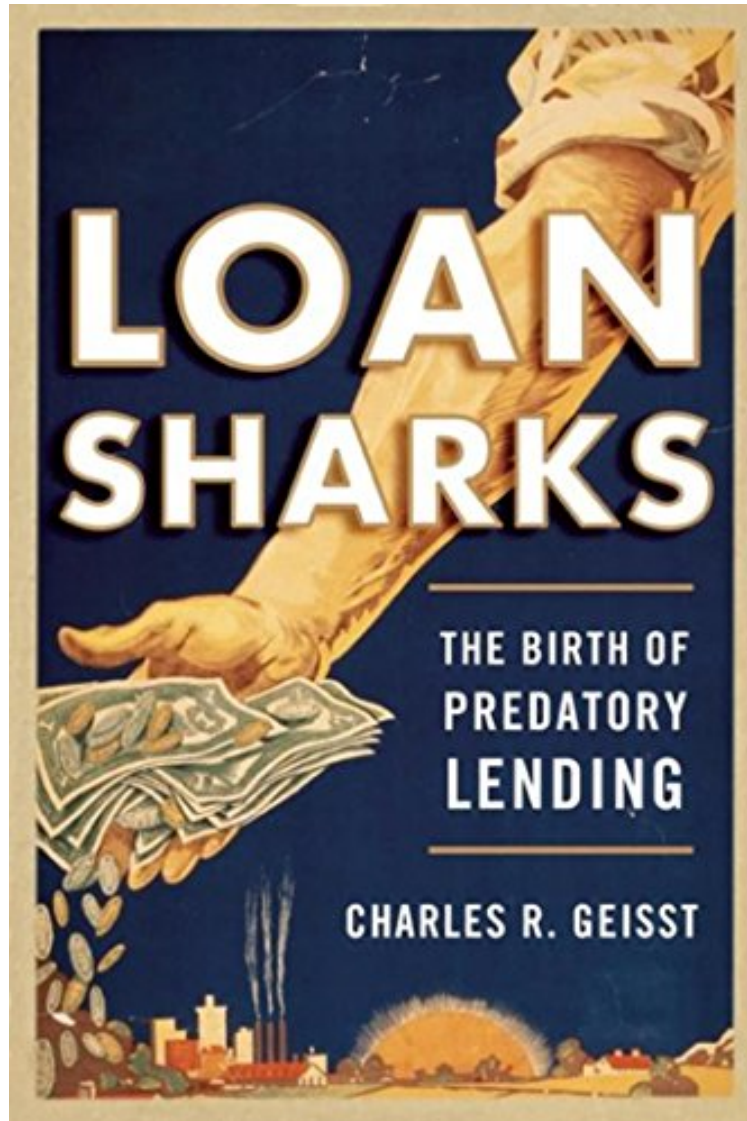


Loan Sharks: The Birth of Predatory Lending

Charles R. Geisst

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Charles R. Geisst : Loan Sharks: The Birth of Predatory Lending before purchasing it in order to gauge whether or not it would be worth my time, and all praised Loan Sharks: The Birth of Predatory Lending:

Predatory lending: A problem rooted in the past that continues today. Looking for an investment return that could exceed 500 percent annually; maybe even twice that much? Private, unregulated lending to high-risk borrowers is the answer, or at least it was in the United States for much of the period from the Civil War to the onset of the early

decades of the twentieth century. Newspapers called the practice “loan sharking” because lenders employed the same ruthlessness as the great predators in the ocean. Slowly state and federal governments adopted laws and regulations curtailing the practice, but organized crime continued to operate much of the business. In the end, lending to high-margin investors contributed directly to the Wall Street crash of 1929. *Loan Sharks* is the first history of predatory lending in the United States. It traces the origins of modern consumer lending to such older practices as salary buying and hidden interest charges. Yet, as Geisst shows, no-holds barred loan sharking is not a thing of the past. Many current lending practices employed today by credit card companies, payday lenders, and providers of consumer loans would have been easily recognizable at the end of the nineteenth century. Geisst demonstrates the still prevalent custom of lenders charging high interest rates, especially to risky borrowers, despite attempts to control the practice by individual states. Usury and loan sharking have not disappeared a century and a half after the predatory practices first raised public concern.

Loan Sharks recounts the fascinating history of America's undeclared and ill-defined war on usury and loan sharking from the late nineteenth century through the Great Depression. Geisst gives us a well-documented intellectual history of the struggle with the nation's predatory lenders and their effects on American life, weaving our current and ongoing debate over consumer lending through a larger narrative of the history of American monetary policy and banking regulation.—Brian M. McCall, Associate Dean and Orpha and Maurice Merrill Professor in Law, University of Oklahoma
In *Loan Sharks*, Charles Geisst takes us on a vivid, detailed historical tour of the “gangsters and bankers” that “had more in common than their desire for gain.” Probing the moral, political, and financial repercussions of usury from the Civil War to the Great Depression, Geisst expertly reveals the extent to which the extortion of high loan interest from those in society least able to afford the burden exemplifies a rigged and sinister market place and must be thwarted as such. Those themes held as true then as they do today.—Nomi Prins, author, *All the Presidents' Bankers*