



Department of Investigation

Press Release

Release

EMPLOYEE AND RESIDENT ARRESTED FOR NYCHA LOANSHARKING OPERATION

Friday, March 19, 1999 -- Manhattan District Attorney ROBERT M. MORGENTHAU and New York City Department of Investigation (DOI) Commissioner EDWARD J. KURIANSKY announced today the indictment of a New York City Housing Authority (NYCHA) janitorial supervisor and a NYCHA resident for participating in a loan sharking operation.

JOHN HALE JR., the supervisor of janitors at Baruch Houses in Manhattan, and PAULA OWCZARCZAK, a resident of Rutgers Houses in Manhattan, were indicted on multiple counts of Criminal Usury in the First Degree. The defendants will be arraigned today on the indictment in Part 70.

The investigation revealed that HALE and OWCZARCZAK had run the loan sharking operation since 1994. The defendants made loan varying from \$25 to \$400, and all payments were typically due within one week. The interest rate charged by the defendants varied from yearly rate of 1300% to over 2000%. If a 'borrower' failed to repay the loan on time, the defendants charged even higher rates of interest and, in one case, threatened and intimidated late payers.

Most of the loans were made to NYCHA employees who were supervised by HALE. Other loans were made to NYCHA tenants living, or employees working in four complexes: Baruch, Rutgers, Smith and Vladeck Houses.

OWCZARCZAK, a resident of public housing and a public assistance recipient, also made loans and was responsible for picking up the repayments from 'borrowers'.

The indictment is the result of a joint investigation by DOI's Inspector General for NYCHA, the New York Police Department's Manhattan South Vice Squad and the Manhattan District Attorney's Office.

JOHN HALE, JR., 47, who resides at 257 Clinton Street, Manhattan, was appointed as a caretaker for NYCHA in 1974 and promoted to Supervisor of Caretakers in 1992. He is currently suspended from his \$38,534 a year position as a result of his arrest. PAULA OWCZARCZAK, 45, of 64 Rutgers Street, Manhattan, has been a NYCHA resident since 1956.

Both defendants have been charged with Criminal Usury in the First Degree and Conspiracy in the Fourth Degree. Defendant OWCZARCZAK has also been charged with Possession of Usurious Loan Records. Criminal Usury in the First Degree is a Class C felony punishable by up to 15 years in prison. Conspiracy in the Fourth Degree is a Class D felony punishable by up to 7 years in prison. Possession of Usurious Loan Records is a Class A misdemeanor punishable by up to one year in jail.

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Steven A. Pasichow, DOI's Inspector General for NYCHA, conducted the investigation with Confidential Investigator Frank Carubia, and NYPD Detective Frida Oquendo. Assistant District Attorney Robin Barton, who is assigned to the Rackets Bureau, will handle the prosecution.