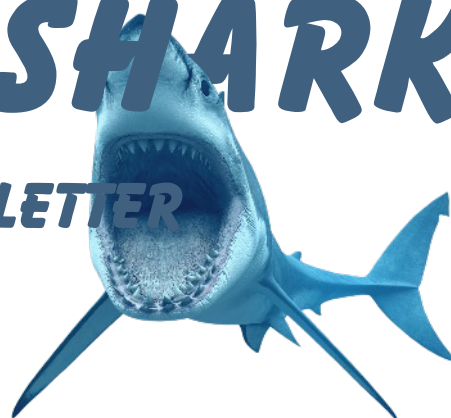


# ***STOP LOAN SHARKS***

***NATIONAL NEWSLETTER***



**Illegal Money Lending Teams to be funded through levy on credit companies**



Department  
for Business  
Innovation & Skills

 **Stop Loan Sharks**

To report a loan shark call our hotline  
on 0300 555 2222

**NATIONAL  
TRADING  
STANDARDS**

Protecting Consumers  
Safeguarding Businesses

# Illegal Money Lending Teams to be funded through levy on credit companies

Following an announcement from the Chancellor, a levy will be placed on consumer credit firms to raise the money required for the Illegal Money Lending Teams' budget. The Bank of England and Financial Services Bill is in the process of being amended to allow the Financial Conduct Authority to impose the levy on the companies.

Since their inception, the Teams have been both tackling loan sharks and the related criminal activity they are involved in, as well as raising awareness of the issue. Loan sharks prey on some of the most disadvantaged members of our communities and promoting the 'Stop Loan Sharks' message among members of the public, as well as ensuring that partner agencies who find themselves on the front line of debt management are skilled in spotting the signs of potential illegal money lending activity, is a key part of the Teams' work.

The Teams also support victims of loan sharks, giving them whatever help they need and empowering them to work towards financial stability.

Details of the levy are yet to be finalised, but the announcement ensures that the Teams will be able to continue their work in investigating and prosecuting loan sharks, which has so far led to 334 prosecutions, 212 years' worth of custodial sentences, £63 million in illegal debt wiped off and more than 26,000 victims of illegal money lending helped.

The news has been welcomed by agencies in the financial sector, including the Consumer Finance Association. Russell Hamblin-Boone, Chief Executive of the Consumer Finance Association, said: "The Consumer Finance Association and our members have long been supporters of the Illegal Money Lending Teams. All firms operating in the financial services sector have a responsibility to protect consumers and ensure that the Illegal Money Lending Teams are funded long into the future. A levy administered by the Financial Conduct Authority funded from across the financial sector is the correct way to go."

# Bromsgrove loan shark ordered to pay back £200,000

- Kevin John Donaghey ran his illegal lending business for over four years
  - Received a nine month sentence suspended for two years
- Ordered to pay back the £200,000 he made through his illegal lending business or face two and a half years in prison

Convicted loan shark Kevin John Donaghey has been ordered to pay back all the income he received from his illegal money lending, following a financial investigation by the England Illegal Money Lending Team (IMLT).

Donaghey, of Lickey End, Bromsgrove, was investigated by the IMLT, working in partnership with Worcestershire Trading Standards and West Mercia Police, and was previously convicted of five counts of illegal money lending at Worcester Crown Court in 2014. He had been running the illegal business for more than four and a half years. Following the conviction, he was sentenced to nine months custody, suspended for two years in addition to completing 200 hours of unpaid work.

On behalf of the prosecution, Ben Mills told Worcester Crown Court that Donaghey had made £200,000 over the time he ran his illegal money lending business and he was ordered to pay back this amount within three months or he will face two and a half years in prison.

Donaghey's assets consisted of the equity in two residential properties, money held in bank accounts and cash seized from him at the time of his arrest.

He was arrested in October 2013, when officers from the Team executed a warrant at his home. During the search they found notebooks with details of the illegal business and nearly £1,700 in cash. The documents showed that Donaghey had been running the business since February 2009. During that time he gave out over 500 loans, advancing more than £170,000 to his customers. This was without the required licence to lend money.

One victim who had a loan from Donaghey could not afford to keep up repayments. Donaghey turned up at his place of work shouting and swearing. The victim described his life as a living hell because of his involvement with the loan shark.

Another victim, who borrowed £5,000, was told he needed to give up his driving licence and passport as security for the loan. He didn't receive any documentation regarding the loan and had to pay £1,000 a month in interest until he could afford to pay the £5,000 back in one lump sum. By the date of the warrant, this victim had paid back £7,000 in interest only.

# Loan shark who charged 400,000% and targeted own family sent to jail

- Christopher Harvey preyed on disadvantaged members of his family
- Took bank and post office cards and helped himself to their money, giving his victims only small amounts to live on
- Also took out fraudulent payday loans in the name of a former girlfriend of one of his victims
  - Sentenced to three years and four months in jail

Christopher Harvey was jailed for three years and four months at Cardiff Crown Court on the 18th December, following an investigation by the Wales Illegal Money Lending Team. Harvey had earlier pleaded guilty to two counts of illegal money lending, three charges of theft and four charges of fraud. Harvey, 53, of Hengoed near Caerphilly, South Wales described himself as the 'patriarch' of his family and took money from eight disadvantaged members of his extended family and their associates over a ten year period. He took control of his victims' post office and bank cards and helped himself to more than £22,000 of their own money – giving them only small sums to live on in return. Harvey would then lend their own money back to his desperate victims – charging interest up to 400,000% APR.



Prosecutor Timothy Evans said “It was deliberate and sustained abuse of vulnerable members of his own family. He acted in a truly predatory way and was seen by these people as a friend...the phrase loans shark conjures up predatory creatures taking advantage of smaller fish around them. It seems an appropriate image for those who do that – prey on victims who are naïve and vulnerable. They are seen by the people they lend to as friends, and there is a cycle of further loans, further debts, and this can be a form of psychological abuse. These victims have learning difficulties, an inability to read and write, and no understanding of financial matters. Victims may be grateful and may not understand the amount of interest mounting against them. This case involves the lengthy and systematic financial abuse by Chris Harvey of members of his family and extended family.”

In addition to the lengthy pattern of theft and unlicensed lending, Harvey took out a series of fraudulent payday loans in the name of a former girlfriend of his nephew. This was particularly traumatic for her due to her physical disabilities and learning difficulties. She was left scared and confused as she was bombarded with numerous letters from debt collectors after Harvey had taken out the loans in her name.

Sentencing Harvey, Judge Michael Fitton QC said the loan shark had abused the high

degree of trust his victims had in him. “You abused family and friends and you have shown yourself to be a man who seems to think that you’re somehow entitled to do it and somehow you’re superior to those who are less fortunate than you. You have an arrogant and controlling personality. You were a self-appointed bank manager and you paid your victims peanuts of the state benefits to which they were entitled. You gave them the absolute minimum you could for them to survive.”

Stephen Grey, Investigations Manager of the Wales Illegal Money Lending Team said: “This was a particularly despicable case which displayed a cold-heartedness and utter lack of respect for the victims, who were very vulnerable as they suffered from mental and physical impairments. Some victims had not eaten for days when they were contacted by the team. I’m pleased to say that in addition to this court action, the team has been working closely with the victims, giving them the help and support they deserve to ensure they can start to rebuild their lives.”



# 21 suspected loan sharks arrested across 14 operations in England

The Illegal Money Lending Team in England is continuing its work to tackle loan sharks across the country. In recent months, more than 20 suspected loan sharks have been arrested across 14 operations from Rochdale to Torquay. These investigations are ongoing, as the team looks to add to the hundreds of convictions already secured against loan sharks who prey on the most vulnerable members of society.



# ***EVENTS***

## **Bishop Auckland Theatre Hooligans win Stop Loan Sharks Award**



### **Winner**

Bishop Auckland Theatre Hooligans (BATH) developed six short plays around illegal money lending – performed at Auckland Castle and King James 1 Academy – which are now part of the academic programme. BATH won £1,000, which will help embed this in the school curriculum and set up a school bank.



### **Highly Commended**

MoneyWise Haringey – CAB created a beach and used it as an opportunity to engage with the public and talk to them about illegal money lending.



Lincolnshire Financial Inclusion Group helped the IMLT access agencies and communities across Lincolnshire. They were particularly proactive in promoting the Stop Loan Sharks lesson plans, ensuring an excellent take up.

City of Lincoln Anti-Poverty Strategy - City of Lincoln Council, working alongside partners including CAB, food banks, Lincoln City FC and HMP Lincoln delivered a four month campaign which aimed to connect financially vulnerable people with organisations that could help.



Saltash CAB and Brunel Academy in Cornwall worked together to spread the Stop Loan Sharks message and build partnerships to ensure people didn't need to go to illegal money lenders.

Riverside Housing in Liverpool ran a campaign against loan sharks including using Lego figures to get the message across and supporting a victim to speak to local and national media.





# Stoke Hospital Security Awareness Day



University Hospitals of North Midlands NHS Trust has joined forces with the England Illegal Money Lending Team to become official campaigning partners. Security Awareness days in November were held for patients and staff at the Hospital. Posters and leaflets with the hotline number for reporting loan sharks displayed at various locations around the hospital.

John Simpson, the Security Management Director of University Hospitals of North Midlands, was delighted that the Trust is now a campaign partner of the Illegal Money Lending Team England. "This is just another way that we are working with other crime prevention agencies in Staffordshire to help protect staff, patients and visitors from criminal activity. The security team are very much looking forward to working with our new campaign partner."

## Moorlands Week of Action

The England Illegal Money Lending Team joined forces with Staffordshire Police, Staffordshire Moorlands District Council, and Your Housing Group to launch a campaign to raise awareness of the dangers of loan sharks. Throughout the campaign the aim was to encourage people to turn away from loan sharks and to report the crime if they have been a victim. Events during the campaign included:

- Loan Shark article included on the council website and Leek Post
- Event at Leek markets with our mascot various partners that work within Moorlands to raise awareness of the Illegal Money Lending team
- Posters and leaflets distributed to all partners involved in the campaign
- Leaflets delivered to properties in Leek, Biddulph and Cheadle
- Presentation from the Team to job clubs in Leek and Cheadle
- Police input at Leek Police station
- Training session to frontline staff to the dangers of borrowing from Loan Sharks
- Posters displayed in council buildings and local Police stations

# Stop Loan Sharks hits social media

The Stop Loan Sharks message hit social media at the start of December through the National Stop Loan Sharks week.

Running from 30th November to 6th December, the #standuptoloansharks campaign reached a staggering 2.5 million people through various social media channels. There were also initiatives run by both the Welsh and Scottish teams, making sure that the message got to people throughout the UK, including a follow-up campaign of the 12 tweets of Christmas.

Alongside the online campaign, there were events including training, door knocks, community events and charter signings to engage the public with the Stop Loan Sharks message.



# Bolton University poster competition



Graphic design students at Bolton University created posters as part of a campaign to raise awareness about the dangers of illegal money lending, with the winning designs being displayed across the country.

Pictured above are winners Nicola Murphy (left, with her poster addressing equality issues) and Marta Pacholak (right, with her poster to provide community reassurance) with Noel Spencer, Life President for Bolton at Home and Councillor Derek Burrows.

# Sentencing coming up next quarter

The Illegal Money Lending Team is continuing its work to prosecute loan sharks and empower their victims to take back control of their lives and their finances. In the next quarter of 2016, the following cases are due to be heard in court. The results of the cases will be carried in the next edition of the IMLT national newsletter.

- A 65-year-old woman sentenced in February, having pleaded guilty to running an illegal money lending business in Scarborough. She was lending within the Filipino community, making over 160 loans to more than 25 separate borrowers over a four-year period.
- A 55-year-old man sentenced in February, having pleaded guilty to running an illegal money lending business in Manchester. He led his victims to believe he was running a legitimate loan company, despite never having the proper license.
- One man and one woman to be sentenced in Exeter in March, having pleaded guilty to running an illegal money lending business in Torquay.
- Two men to be sentenced in March, having pleaded guilty to illegal money lending in Preston.