



Leicester  
City Council

**WARDS AFFECTED**  
All Ward

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet Briefing**  
**OSMB Agenda**  
**OSMB**  
**Cabinet**

**21<sup>st</sup> March 2011**  
**28<sup>th</sup> March 2011**  
**7<sup>th</sup> April 2011**  
**11th April 2011**

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**Illegal Money Lending and Delegation of Powers  
to Birmingham City Council**

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**Report of the Strategic Director, Development, Culture and Regeneration**

**1. Purpose of the Report**

To approve the delegation of enforcement and prosecution powers to Birmingham City Council to enable the Illegal Money Lending Section within Birmingham Trading Standards (IMLS) to undertake investigations into illegal money lending in the Leicester City area and take appropriate enforcement actions.

**2. Recommendations**

Cabinet are recommended to:

- 2.1 Delegate to Birmingham City Council the discharge of the enforcement function and powers under the Consumer Credit Acts 1974 and 2006 and any legislation which amends or succeeds the same, including any secondary legislation made there under in so far as they relate to illegal money lending in Leicester City and for such cases and investigations as are agreed between the Authorities.
- 2.2 Delegate to Birmingham City Council, for the exercise of this function and in so far as the law allows, powers in respect of any associated offence which may become apparent under other legislation or at Common Law including, but not limited to:
- The Administration of Justice Act 1970
  - The Business Names Act 1985
  - The Consumer Credit Act 1974
  - The Criminal Attempts Act 1981
  - The Criminal Justice and Police Act 2001
  - The Criminal Law Act 1977
  - The Fraud Act 2006
  - The Malicious Communications Act 1988

- Consumer Protection Act 1987
- Offences Against the Person Act 1861
- Theft Act 1968 and 1978
- Proceeds of Crime Act 2002
- Perverting the course of justice
- False imprisonment
- Kidnap
- Blackmail

2.3 To authorise the Divisional Director Environmental Services to sign the Protocol subject to the Head of Legal Services being satisfied as to its contents.

2.4 To authorise the Divisional Director Environmental Services to agree any amendments to the Protocol in the light of how the project develops, subject to consultation with the Cabinet lead.

### **3. Introduction**

3.1 Money lending in the UK is subject to statutory requirements and compliance is controlled by the Financial Services Authority, the Office of Fair Trading and also by local authorities through their trading standards services. The statutory requirements apply to the whole business process from advertising, canvassing of loans, information provision, loan settlement and debt collection. The price of loans – the interest rates – while not subject to any statutory interest ceilings must not be extortionate and are challengeable in courts.

3.2 Money lenders must be licensed by one of the authorising bodies before they can trade and a license can be refused or subsequently removed if they are found to be unfit to work in this sector, for example, because they have convictions for fraud or assault.

3.3 Government funded pilot illegal money lending units in Birmingham and Glasgow have confirmed the existence of money lenders who are unlicensed and engaged in unfair conduct including the charging of extortionate rates of interest and using intimidation and violence to recover loans.

3.4 The Government estimates that as many as 10,000 households in the East Midlands are exploited by loan sharks every year and believes that many of these will be located in the cities of Leicester, Derby and Nottingham.

### **4. Illegal Money Lending Pilots**

4.1 The illegal money lending pilot was set up in autumn 2004 in response to the 2001 Labour election manifesto commitment to tackle illegal money lending. Under the pilot, DTI funded two dedicated teams based in the Trading Standards Services (which have responsibility for enforcement against unlicensed lenders) in Glasgow City Council and Birmingham City Council, primarily to investigate offences of illegal money lending.

4.2 The work of the two illegal lending teams made a huge contribution to raising awareness of the nature and impact of illegal lending; understanding how best to tackle the problem; knowing where there are likely to be concentrations of

illegal lending; and understanding the need to provide victims of loan sharks with help to access affordable credit and other sources of support.

- 4.3 Illegal moneylenders operate primarily in urban areas with high proportions of rented accommodation. They tend to target the most vulnerable in society, such as single mothers in receipt of benefits, people with drug dependency and people with mental health issues, although the profile of victims varies widely. Illegal lenders often impose penalty charges for missed payments and “top up” loans, with the result that borrowers do not know how much they need to repay nor for how long. Some loan sharks draw their victims into a criminal lifestyle if they are unable to pay their debts, for example receiving stolen goods, shop-lifting, providing false alibis and even prostitution. Investigations into illegal money lending have also uncovered offences relating to benefit and mortgage fraud, blackmail, drugs, firearms and counterfeit goods.
- 4.4 The evaluation of the pilots showed that the pilot teams had a clear impact in identifying cases of illegal money lending, instituting proceedings against illegal money lenders, and securing prosecutions (with others expected to follow

## **5. East Midlands Public Protection Project Team**

- 5.1 In January 2007 the Government announced the funding of a network of regional Illegal Money Lending Units to tackle illegal money lending directly and to facilitate access to alternative sources of information, advice and finance. The Government envisaged these Units being delivered by local government and working in close with Trading Standards Services and partners.
- 5.2 In the absence of any suitable regional local government institutional vehicle, Nottingham City Council volunteered to host the Illegal Money Lending Unit for the East Midlands and received the support of all the Heads of Trading Standards in the East Midlands.
- 5.3 In May 2008 Cabinet delegated enforcement of laws against illegal money lending to Nottingham City Council. An outline of their activity in Leicester is in Appendix B.

## **6. Establishment of the England Illegal Money Lending Team**

- 6.1 On the 29 December 2010 Business Minister Edward Davey announced that £5.2 million in funds will be available to continue the national Illegal money lending project for 2011/12 through the trading standards service.
- 6.2 In addition, the minister also announced that the Department For Business Innovation And Skills (BIS) intended to restructure the illegal money lending regional network by creating a three national team model. The Minister indicated that BIS were looking to maintain front line services whilst providing a value for money project.
- 6.3 Birmingham City Council were chosen to host the England team and provide the capability to investigate illegal money lending across England. The decision was made on the basis of the efficiencies associated with the expansion and the excellent track record of the Birmingham unit.

6.4 Since its establishment the Birmingham Unit has:

- Identified over 1,700 illegal lenders
- Arrested over 500 illegal money lenders (loan sharks)
- written off over £37 million of illegal debts (money victims would have paid back to illegal lenders if they had not acted)
- secured over 182 prosecutions, resulting in prison sentencing totalling over 107 years and one indefinite helped over 16,000 victims of loan sharks including the most hard to reach individuals
- referred over 600 victims to alternate (legal) sources of financial support

6.5 The benefit that this team can bring to Leicester City is significant. Leicester City Council, like most local authorities, is not able to provide and sustain the level of specialist resource to deliver this function. This is a good example of how sharing resources on specific issues can bring benefits otherwise unavailable in providing support to vulnerable consumers and tackling rogues.

## 7. Delegation of Powers

7.1 The Consumer Credit Acts 1974, 2006 and associated legislation place duties on local authorities to enforce the provisions on those acts in their area and enable them to authorise their officers to utilise certain powers such as powers of entry to commercial premises, power to access and seize documentation, to undertake surveillance, to apply for warrants.

7.2 The duties of a local authority, and the officer powers that flow from them, are generally confined to tackling legislative breaches occurring in the geographical area. An officer of one local authority is not able to investigate a legislative breach that occurs in another local authority area.

7.3 Therefore, in order to benefit from this new consumer protection resource Leicester City Council, on the advice of Legal Services, must delegate the enforcement function to Birmingham City Council. This delegation will enable Birmingham City Council to authorise IMLS (TS) staff to undertake investigations in Leicester City and to commence associated legal proceedings including prosecution of offenders.

## 8. The Protocol and operational arrangements

8.1 The intended operational arrangements between BCC and LCC are documented in the **PROTOCOL FOR ILLEGAL MONEY LENDING SECTION INVESTIGATIONS** (see Appendix A) and, subject to the agreement of the Head of Legal Services, the Protocol will be signed by the Divisional Director Environmental Services. From time to time, changes may be necessary to the Protocol. These will be agreed by the Divisional Director Environmental Services following consultation with the Cabinet lead.

8.2 The Protocol contains the following key provisions:

- BCC will be liable for the competence and actions of all persons employed within the IMLS.
- BCC will brief LCC on any operations underway and their conclusion
- BCC and LCC may agree for LCC officers to be transferred to work with the IMLS

- BCC may withdraw the delegation at any time but not unreasonably
- LCC will appoint a Contact Officer to liaise with BCC

8.3 Leicester City Business Regulation will assist in investigations and, by agreement, investigations may be transferred to and from Leicester City Trading Standards Service for further action including legal proceedings.

8.4 Birmingham City Council and the IMLS will adhere to statutory codes of practice including those relating to the use of regulatory powers, surveillance and information processing and disclosure.

8.5 The Divisional Director Environmental Services recommends that Cabinet approve the recommendations as set out in paragraph 2.

## **9 Financial Implications**

9.1 Birmingham City Council are hosting the ILMS and are responsible for its financial management.

9.2 Funding for the East Midlands Illegal Money Lending Unit is being provided from the Government's Financial Inclusion Fund and will cease at the end of March 2011. There are no financial implications for Leicester City Council.

9.3 The funding agreement between Birmingham City Council and HM Treasury covers all the running costs of the ILMS and provisions to cover the costs of expected legal proceedings and no resources will be required from Leicester City Council.

*Martin Judson, Head of Finance, x297390*

## **10 Legal Implications**

10.1 Section 161 of the Consumer Credit Act 1974 requires each local weights and measures authority to enforce the provisions of that Act within their local authority boundary. Under the provisions of the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, it is necessary for the Cabinet, as the current Leicester City Council Executive to formally delegate this function to Birmingham City Council under sections 13 and 19 of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000

10.2 The enforcement Powers under the various consumer credit acts and associated legislation is an Executive Function and requires Cabinet approval for its delegation to another local authority.

10.3 Delegation of the enforcement Powers in respect of illegal money lending is necessary from Leicester City Council to Birmingham City Council in order to enable Birmingham City to properly authorise its employees to undertake investigations, including surveillance, in the area of Leicester City and to commence legal actions against identified offenders and their assets.

*Anthony Cross, Head of Litigation, x296362*

## **11 Other Implications**

<b>OTHER IMPLICATIONS</b>	<b>YES/NO</b>	<b>Paragraph References within this report</b>
Raising Standards	NO	
Equal Opportunities	NO	It is often the poorer and more vulnerable members of society who become victims of illegal moneylenders and find it difficult to access appropriate support and help.
Policy	NO	
Sustainable and Environmental	NO	
Crime and Disorder	YES	<p>4.5, 5.2</p> <p>Illegal moneylenders invariably target low-income households and the most vulnerable members of society. This can mean that their activities have disproportionate implications for the more deprived areas and action taken against them therefore supports the policy priorities associated with crime and disorder and protecting the more vulnerable members of the community.</p> <p>Illegal money lending has a serious detrimental effect on both individuals and the community. Tackling the root causes and providing legitimate alternative sources of credit will contribute to reducing stress and pressures on many individuals and communities.</p> <p>Marginalising rogue traders creates an environment which supports and encourages legitimate credit providers and reduces the fear of crime.</p>
Human Rights Act	YES	6.3 Birmingham City Council as a public body complies with HRA, DPA, RIPA.
Elderly/People on Low Income	YES	4.3
Corporate Parenting	No	
Health Inequalities Impact	No	

12.

<b>RISK ASSESSMENT MATRIX</b>			
<b>Risk</b>	<b>Likelihood</b>	<b>Severity Impact</b>	<b>Control Actions (if necessary/or appropriate)</b>

	L/M/H	L/M/H	
Breaches of investigation confidentiality	L	M	IMLS reports on current investigations channelled through LCCCO.
Threats to health & safety of victims and officers	M	H	Assured confidentiality for complainants and data; Single Points of Contact between local authority and IMLS; secure liaison with police and other law enforcement agencies through LCC Intelligence Officer; documented protocols.
Inappropriate use of investigatory powers in Leicester	L	L	Recruitment of suitably qualified and trained staff and managers; specialist legal advice available.
Disproportionate use of statutory sanctions against Leicester based offenders	L	M	Application of the Regulators Compliance Code and Prosecutors Code.

L - Low      L - Low  
M - Medium    M - Medium  
H - High      H - High

**13. Background Papers – Local Government Act 1972**

Illegal Money Lending and Delegation of Powers to Nottingham City Council,  
Report of the Corporate Director (Regeneration and Culture), Cabinet 12 May 2008

**14. Consultation**

Heads of Trading Standards for Leicestershire County Council, Northamptonshire County Council, Derbyshire County Council, Lincolnshire County Council, Nottingham City Council and Derby City Council.

**15. Report Author/Officer to contact:**

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## Appendix A

### DEPARTMENT FOR BUSINESS INNOVATION AND SKILLS (BIS) ILLEGAL MONEY LENDING PROJECT

#### PROTOCOL FOR ILLEGAL MONEY LENDING SECTION INVESTIGATIONS

##### Interpretation

For the purposes of this Protocol –

“**BCC**” means Birmingham City Council

“**LCC**” means Leicester City Council

“**IMLS**” means the Illegal Money Lending Section

“**Delegated Power**” means the discharge of the function of the Enforcement of Part III of the Consumer Credit Act 1974 granted to BCC by LCC in pursuance of section 101 and 222 of the Local Government Act 1972, Regulation 7 of the Local Authorities (Arrangements for Discharge of Functions) (England) Regulations 2000, sections 13 to 19 of the Local Government Act 2000 and any other legislation enabling the discharge

“**Commencement Date**” means the date the Delegated Power is granted

“**Term**” means from the date of signing of this protocol to 31<sup>st</sup> March 2015

“**Birmingham Trading Standards**” means Regulatory Services of BCC

“**LCC Contact Officer (LCCCO)**” means the relevant person appointed by the Head of Business Regulation of LCC to liaise with the Head of Illegal Money Lending Section on matters relating to and in connection with the Illegal Money Lending Project

“**Appropriate Contact Officer**” means The Director of Regulatory Services, Head of  
of  
Trading Standards or the Head of Illegal Money Lending of Birmingham  
Regulatory Services or any person nominated by the Council or authorised by them

#### 1. Application

1.1 This Protocol applies to the DBIS / HM Treasury funded ‘Illegal Money Lending Project’ and covers the following issues:-

- The conduct of investigations and associated working practices for the IMLS officers when conducting investigations or operating in LEICESTER.
- The mechanisms whereby LEICESTER CITY COUNCIL is updated on the progress of the project and any significant issue relating thereto.
- The exchange of intelligence and information between the IMLS and LCC
- The institution of legal proceedings.



## **2. Protocol**

- 2.1 The purpose of this protocol is to facilitate the delegation of powers to BCC and officers employed within BCC's IMLS to enforce the provisions of the Consumer Credit Act 1974 within the area of LEICESTER CITY COUNCIL. The protocol encourages the exchange of information and a working partnership approach between BCC and LCC in relation to the Consumer Credit Act 1974.
- 2.2 This Protocol will come into force on the Commencement Date and terminates at the end of the Term.
- 2.3 Notwithstanding the terms and conditions of this Protocol, this Protocol does not prejudice the right of LCC to withdraw the Delegated Power at any time during the Term. However LCC undertakes not to withdraw the Delegated Power unless it considers there is good reason to do so. The Delegated Power is not to be unreasonably withdrawn by LCC.

## **3. The IMLS**

- 3.1 It is recognised that officers in the IMLS will need authority to initiate and/or undertake investigations and/or the prosecution of potential offences falling within the scope of the 'Illegal Money Lending Project' where such potential offences fall entirely outside of the BCC boundaries. This protocol and also the Delegated Power is deemed to provide such authority to BCC and its officers regarding all matters.
- 3.2 The IMLS will comprise of a team manager and up to 45 staff directly employed by BCC. The Head of Illegal Money Lending Section will be responsible for the day-to-day operation and supervision of the IMLS.
- 3.3 The Head of Illegal Money Lending Section will report directly to the Director of Regulatory Services or nominated officer as appropriate.
- 3.4 The Head of the Illegal Money Lending Section BCC will, when required, provide quarterly progress reports, from the Commencement Date, to the Head of Business Regulation of LCC giving details of investigations, (unless there is a significant risk that any such disclosure may jeopardise an investigation, such a decision is within the discretion of the Director of Regulatory Services or Head of Trading Standards BCC) prosecutions being pursued or concluded and developments concerning or affecting the Illegal Money Lending Project in LEICESTER.
- 3.5 It is recognised that after Delegated Power is granted to BCC, all decisions concerning the pursuance of relevant investigations, decisions to prosecute and the laying of charges and/or information on such relevant matters within LEICESTER Council, shall be taken by BCC and in accordance with the relevant Code for Crown Prosecutors and BCC's Enforcement Policy.

## **4. Working Arrangements in the LEICESTER CITY COUNCIL Area**

- 4.1 LCC will designate and appoint a LEICESTER City Contact Officer (LCCCO).

- 4.2 The Head of Illegal Money Lending Section will at any time the Head of Illegal Money Lending Section considers necessary and prudent, or at the request of the LCCCO, brief the LCCCO on any intelligence gathered, any progress made on investigations and/or prosecutions pending or otherwise, relating to or affecting LEICESTER City and/or its residents.
- 4.3 Further to Clause 4.2 above, all reasonable steps will be taken by the Head of Illegal Money Lending Section to keep the LCCCO updated on the progress of investigations and enquiries being carried out in LEICESTER City and any changes made or introduced by BERR concerning the 'Illegal Money Lending Project'. It is incumbent on the Head of Illegal Money Lending Section to maintain regular dialogue/communication with the LCCCO.
- 4.4 The IMLS will have regular contact with the Police and other Government agencies. The Head of Illegal Money Lending Section will consult the LCCCO to identify any local arrangements, investigations and protocols before any investigation is commenced in pursuance of the 'Illegal Money Lending Project'. Wherever possible, the Head of Illegal Money Lending Section will actively involve the LCCCO and seek to develop close links between those agencies and BCC.
- 4.5 The Head of Illegal Money Lending Section will as soon as reasonably practicably inform the LCCCO of the outcome of any concluded prosecution proceedings conducted within LEICESTER City.
- 4.6 BCC, where possible, will consult with LCC in good time before issuing any press release concerning any prosecution pursued by BCC pursuant to this Protocol. Any contact with local government bodies, other police forces, credit unions or similar organisations that may be locally funded or may involve local sensitivities will be agreed with the LCCCO in advance. Upon being notified of an intention to contact such a body, LEICESTER City Trading Standards may arrange for one of their own officers to accompany the relevant officer of the IMLS on any visit.
- 4.7 Where the Head of Illegal Money Lending Section and the Head of Business Regulation of LEICESTER CITY COUNCIL agree that an officer or officers of LEICESTER City Business Regulation will be actively involved in an investigation, that officer will remain an employee of LCC but for the purpose of that investigation, will come under the control of the IMLS team manager. Such agreement will be subject to the Head of Illegal Money Lending Section being satisfied that the officer's or officers' participation will not compromise any investigation or endanger any member of the IMLS, supporting staff or witnesses, that the officer has the appropriate training and experience to undertake the task; and upon any other terms that the Head of Illegal Money Lending Section and the Head of Business Regulation of LEICESTER CITY COUNCIL consider necessary and/or appropriate.
- 4.8 Unless there is prior agreement with the Head of Illegal Money Lending Section for assistance in an investigation, which is accompanied by an official purchase order from BCC, no reimbursement will be made for time spent on activities supporting the 'Illegal Money Lending Project' or expenditure incurred by any LCC officer.
- 4.9 The exercise by BCC of these arrangements shall be at no cost to LCC

- 4.10 BCC shall have an Appropriate Contact Officer.
- 4.11 In the absence of the IMLS Head of Service, the role, duties, and responsibilities of the Head of Illegal Money Lending Section shall be discharged and carried out by the other Appropriate Contact Officers as nominated.

## **5. Referral of Information/Intelligence to the Illegal Money Lending Section**

- 5.1 It is recognised that the IMLS will rely on receiving information about Illegal Money Lender activities.
- 5.2 LCC will endeavour to provide as much relevant information and intelligence as reasonably and practicably possible to the IMLS concerning any investigation being carried out within LEICESTER City having regard to any statutory limitations/restrictions, the time likely to be expended, resources available and costs likely to be incurred by LCC in providing the same.
- 5.3 Information and intelligence will be provided by the LCCCO to the Head of Illegal Money Lending Section or a person designated by him/her.
- 5.4 BCC IMLS will not, as a matter of routine, investigate individual complaints received concerning alleged Illegal Money Lender activities. However, such complaints may be used by the IMLS as a source of intelligence.
- 5.5 BCC, IMLS and LCC agree to process personal data only in accordance with the requirements of the Data Protection Act 1998 and to disclose information only in accordance with the requirements of the Enterprise Act 2002.

## **6. Conduct and Control of Investigations**

- 6.1 The conduct and control of all investigations undertaken and prosecutions by the IMLS in LEICESTER City will be the responsibility of BCC. Investigations will be undertaken in line with the BCC's published Enforcement Policy and subject to the policies and procedures approved and adopted by Birmingham Trading Standards.
- 6.2 BCC will be responsible for all aspects of the investigations and responsibilities under the Criminal Procedure and Investigations Act 1996, Regulation of Investigatory Powers Act 2000, the Data Protection Act 1998, the Freedom of Information Act 2000 and the Enterprise Act 2002.
- 6.3 BCC will be solely responsible for the Health and Safety of IMLS officers and any other officer or person within the direct management of the IMLS providing support and assistance in any investigation undertaken by the IMLS.
- 6.4 Where breaches of Part III of the Consumer Credit Act 1974 are identified, action will be taken in accordance with the enforcement policy and procedures adopted by Birmingham Trading Standards.
- 6.5 When the Head of Service, IMLS BCC, recommends a prosecution under Part III of the Consumer Credit Act 1974, if required, LCC will be provided with a copy of the relevant prosecution file, which will consist of a detailed case summary, schedule of issues, aggravating and mitigating factors, reasons justifying prosecution and any other material fact that LCC ought

reasonably to be aware of. LCC will be invited to communicate any comments it considers appropriate and necessary concerning the intended prosecution to the Director of Regulatory Services, the informant for BCC. Such comments will be given due attention and consideration by the informant for BCC.

**7. Responsibilities and Actions of the Authorities**

- 7.1 BCC shall be liable for the actions and competence of the persons employed within the IMLS and shall ensure that the IMLS shall comply with all legislative requirements and take all reasonable steps to ensure any actions taken are lawful and within the spirit of the protocol.
- 7.2 LCC shall be liable for the actions and competence of persons within its employ and shall take all reasonable steps to ensure the competence of those persons in carrying out their functions and that they comply with legislative requirements and the spirit of this protocol.
- 7.3 Information / intelligence provided between BCC and LCC shall be used for the purpose intended and shall not be divulged to third parties unless to do so would be lawful and in pursuant of an investigation / enquiry subject to this protocol.
- 7.4 BCC and LCC endorse a joined up working approach to the enforcement of the Consumer Credit Act 1974. The partners will attempt to promote consistency in enforcement. However, this protocol does not attempt to restrict the powers of authorised officers of the IMLS or BCC from discharging their duties, as appropriate.

Commencement date: April 2011

Signed

Adrian Russell  
Divisional Director Environmental Services  
LEICESTER CITY COUNCIL

Signed

Jacqui Kennedy  
Director of Regulatory Services  
BIRMINGHAM CITY COUNCIL

**Appendix B: East Midlands Public Protection Project Team activities**

## Awareness Raising

Objective: to raise awareness of illegal money practices and impacts on individuals

Activities: Leaflet delivery, presentation at team and management meetings, talks to multi agency meetings, conference speeches

Extract of recent activity:

Leicester	Spinney Hill Police Station	Police	November 2010
Leicester	Hinckley Police Station	Police	November 2010
Leicester	Leicester ARC Team	Police	November 2010
Leicester	Blaby Police Station	Police	November 2010
Leicester	Leicester Mercury	Media	November 2010
Leicester	Leicester Money Advice	Advice Centre	November 2010
Leicester	Hinckley Road Police Station	Police	October 2010
Leicester	Leicester City Council	Council	September 2010
Leicester	MAC	Advice	September 2010
Leicester	Leicester City Council	Council	September 2010
Leicester	Leicester Adult Education College	Colleges	September 2010
Leicester	Salvation Army New Parks	charity	September 2010
Leicester	Leicester Customer Service Point	Council	September 2010
Leicester	Leicester City Council Revenue Benefits	Council	September 2010
Leicester	Leicester Library New Parks	Council	September 2010
Leicester	Sure Start New Parks	Surestart	September 2010
Leicester	Neighbourhood Manager	Housing	September 2010
Leicester	LILAC	Advice	August 2010

## Intelligence Gathering

Objective: to increase understanding of who is involved in illegal money lending, their modus operandi and victims.

Activities: receipt and analysis of tip offs from public, community and public organisations, businesses; interviews with debtors; surveillance and intelligence sharing.

15 hotline calls in total from a variety of sources including police authorities and the public in 2010. 5 pieces of intelligence being followed up in Leicester/Leicestershire.

## Enforcement Operations

Objectives: To protect debtors  
To disrupt and stop illegal money lending

Operations undertaken since April 2009 in Leicester: 14

## Case Studies

Operation Angel was an investigation into an allegation of illegal money lending by Sushil Darji, 102 Edward Avenue, Leicester LE3 2PD. On 7<sup>th</sup> January 2008, a father of a victim called on the hotline but no details of the illegal lender were given. Another call was taken from a victim the following day, which resulted in the lender

still remaining anonymous.

On 27<sup>th</sup> August of 2008 a victim called. He stated he had been assaulted by a male named 'Gary' who had been in the company of Sushil Darji. He stated he had borrowed money from Sushil Darji and Gary had told him he had 4 days to pay.

On 3<sup>rd</sup> September 2008, the same victim gave the team a witness statement, stating the following:

- In 2003, the victim borrowed £20 from Darji. Around October 2006 the victim had developed a gambling problem and was in financial difficulties. He called Darji and asked for £150. He was given the money the following day and was told he had a month to repay the money.
- He repaid the money six weeks later and when Darji asked if the victim was going to give him any on top, the victim gave him a further £20.
- Around April 2007 the victim asked Darji for another loan this time £2000. This time he stipulated that the money must be repaid within six weeks and the victim would need to repay £3000. Six weeks later the victim gave £3000 in repayment of the debt to Darji's sister in law at her home address.
- Further to this Darji made a series of loans to the victim mainly in India totalling £11,750. However there were two loans that took place in England; £500 in June 2008 and a further £500 in mid August 2008.
- The victim now believed he owed £17,750 to DARJI £11,750 in loans (£1,000 of which was loaned in England) and £5,500 in interest.
- On 26<sup>th</sup> August 2008 the victim met with Darji, and asked him for £10,000 and was subsequently assaulted by a man named Gary who was with Darji. Gary told the victim to pay the money and struck a blow to his left ear and jaw.
- The victim's brother had made a token payment of £500 to start paying off his brother's debts.

Enquiries commenced and a Warrant was executed at Darji's home address on 10<sup>th</sup> November 2008 resulting in various items being seized due to possible offences under other legislation. Those items being:

CS Spray (*analysed and found to be CS*)

Bag containing white rock (*analysed and found to be 9.99 grams of Cocaine*)

Rolled up bank notes with white powder at both ends (*analysed and found to have traces of Cocaine*)

Self Seal bag containing traces of white powder (*analysed and found to have traces of Cocaine*)

Bin Bag containing large quantity of Tadalafil Tablets (*counted and found to be 12859 tablets, analysed and found to contain Sildenafil*)

Box containing boxes of Kamagra Tablets (*counted and found to be 1,344 sachets Kamagra Oral Jelly, analysed and found to contain Sildenafil*)

Box containing numerous 'Kamagra' Tablets Blister Packs (*counted and found to be 6,396 tablets, analysed and found to contain Sildenafil*)

Also seized at that time:

Bank of England Notes (uncounted) (*counted and found to be £2,665 in Bank of England Notes*)

Container containing cash (*counted and found to contain £88.12 in cash*)

Uncounted Dollars (*counted and found to contain \$600 [American]*)

Sushil Darji was sentenced on 10<sup>th</sup> December 2010. He got a 9 month sentence suspended for 18 months plus a residence order for 3months, after pleading guilty.

## **Operation Balloon**

Richard Jordan of 55 Amadis Road, Leicester pleaded guilty at Leicester Crown Court to operating an illegal money lending business without the appropriate Consumer Credit Licence between January 2000 and August 2009. He received a 6 month custodial sentence suspended for 18 months, resident's condition to reside at a designated address for a period of 18 months and the sum of £4,175 to be confiscated within 28 days. No order was made for court costs.

Richard Jordan lent money to 4 victims living in the Leicester area over the period and it was calculated that he benefitted to the sum of £20,000 - £25,000. A victim living in Leicester had rang the team in 2009 on the Hotline making a complaint about Richard Jordan acting as an illegal lender.

Over the course of 8 years, the victim and his wife had taken out 7 to 8 loans of around £1000 each. Interest had been paid on each loan. The victim's mother had also taken out 4 loans that she had paid interest on. Also his friend had had 7 or 8 loans over a period of time, each for around £1000. One of his loans was given jointly by Jordan and his partner. Repayments had been made via envelopes containing money being posted through the front door.

Search warrants were executed by the team and evidence relating to the offences found at his property. These included a white board where figures/names had been written down in a list format.

The Judge residing at the Leicester Crown Court felt that although there was no evidence of any violence towards his victims he felt that Jordan had clearly exploited them by charging extremely high rates of interest and knew full well that his victims could not get access to legal affordable forms of lending but they felt that they had no option but to use his services.