



San Diego City Attorney Jan I. Goldsmith

NEWS RELEASE

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Poway Woman Pleads Guilty to Loan Sharking *San Diego City Attorney's Office recovers \$24,000 in restitution*

San Diego, CA: Lirio Ramos, a 56 year old woman from Poway, pleaded guilty in San Diego Superior Court today, to one misdemeanor count of operating a loan sharking business. She was placed on probation for three years and must pay her victims \$23,953 in restitution, pay a \$1,000 court fine, and complete 100 hours of community service. Lirio Ramos loaned money to co-workers at exorbitant interest rates that exceeded 480% per year.

The Consumer and Environmental Protection Unit of the San Diego City Attorney's Office received a complaint from the Small Claims Court in Kearny Mesa that Lirio Ramos was trying to enforce debts which appeared to carry unlawfully high interest rates. The City Attorney's investigation revealed that Ramos had loaned financially strapped co-workers, many of whom were dealing with personal emergencies, money and charged a minimum of 20%-30% interest that she compounded every two weeks. This would equate to in excess of 480% of interest per year.

The investigation also revealed that short term, high interest rate loans are more common in some cultures. An individual, for instance, may need a \$500 loan, but, in return must then pay the loan shark \$600 in a short time frame, for instance, two weeks. These loans are sometimes referred to as "5/6 loans" and are illegal in California.

"Taking advantage of someone for illegal financial gain needs to be stopped." said City Attorney Jan Goldsmith. "We will prosecute those involved in loan sharking and charging a high rate of interest on a loan."

Californians may make personal loans to friends and family members, who in turn may use those loans for personal, family or household purposes, but only at an annual interest rate of 7 to 10%. Any interest charged in excess of that legal amount may run afoul of California's usury laws. If a Californian wanted to loan a co-worker \$1,000 to be repaid in one year then the maximum interest charge would be \$70 for the entire year. If the deal was in writing then a maximum of \$100 interest could be charged for the year. Businesses such as payday lenders or banks that are regulated in other ways, by either the State of California or the Federal Government, are not subject to these limitations. Those businesses are subject to disclosure rules and other consumer protection laws.

(MORE)

Many families are struggling month-to-month to meet their financial obligations. Because of these financial difficulties, some people have seen their credit ratings drop to the point that they cannot qualify for a traditional loan at a bank or credit union. There are a number of restrictions on alternative lenders such as payday lenders who, for instance, can only loan up to \$300 for a payday loan. In the event of an emergency people may become vulnerable to loan sharks who offer misleading and highly exploitive loans to desperate borrowers. There is no such thing as a legal loan shark.

[The Consumer and Environmental Protection Unit](#) of the San Diego City Attorney's Office has a Consumer Help Line at (619) 533-5600. For more consumer tips and information on California usury laws check out the Consumer News on the City Attorney's webpage, <http://www.sandiego.gov/cityattorney/media/newsletters>

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