

State of California • Department of Justice
OFFICE OF THE ATTORNEY GENERAL
Edmund G. Brown Jr.

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Brown Forces Sub-Prime Auto Lender to Stop Harassing and Intimidating Borrowers

San Diego -- Attorney General Edmund G. Brown Jr. today forced Lobel Financial, a sub-prime auto lender, to stop its "illegal campaign of harassment and intimidation" against borrowers behind in their bills.

"This company charged its customers exorbitant interest rates for car loans and then waged an illegal campaign of harassment and intimidation when they couldn't pay up," Attorney General Brown said. "Now Lobel must stop its abusive tactics and comply with the law."

Lobel Financial is headquartered in Anaheim, Calif. but makes loans to customers in Los Angeles, San Diego, Sacramento, the Bay Area, the Central Valley, and other areas of the state.

Lobel provides financing to people with poor credit who purchase vehicles through used-car dealerships. The typical interest rate of their loans is between 21-23 percent. Lobel performed its own debt collection efforts when consumers failed to make the required payments.

In 2007, the California Attorney General's Office initiated an investigation into Lobel's debt collection practices. The investigation found that Lobel frequently violated California's Fair Debt Collection Act by:

- Calling its customers repeatedly and allowing the phone to ring continuously;
- Calling a customer's employer and family members; and

- Using a false name when calling.

Additionally, the company used more sophisticated "pre-texting" tactics to obtain confidential information of their customers.

For instance, Lobel deceived ATT Wireless into providing confidential telecommunications records of at least 190 California ATT customers.

Lobel also used a calling card scam to con consumers into providing their calling information. Lobel had a third-party vendor send the customer a "free" phone card; the company would then obtain information about the calls made by the customer using the calling card.

Hundreds of California consumers across the State were victimized by Lobel's constant harassment and illegal debt collection activities.

Lobel Financial will pay \$150,000 in civil penalties and \$100,000 to the State for attorneys' fees and costs.