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## arkansas business news story

### Number Of Payday Lenders Shrinks To 33 Since AG's Order

By Arkansas Business Staff  
10/9/2008 10:52:10 AM

A coalition opposing payday lenders announced Thursday that another 65 of the lenders have stopped making loans, bringing the total number in the state to 33 from 237 in March.

The Arkansans Against Abusive Payday Lending coalition said that results of a survey of payday lenders indicates that the statewide total has declined 86 percent.

The survey comes on the heels of the nation's largest payday lender, Advance America, [announcing two weeks ago that it would close](#) all 30 of its Arkansas stores no later than Oct. 31. The announced shutdown date for Advance America in Arkansas will come one day after the Arkansas Supreme Court hears oral arguments in a case that likely will determine the constitutionality of the Check-cashers Act, the 1999 law designed to provide payday lenders legal cover to operate in the state.

The remaining payday lenders, according to the coalition, include 27 stores operated by First American Cash Advance and six stores operated by Cash Now. Click [here](#) for a complete list of those stores.

Eight months ago the Arkansas Supreme Court issued two major rulings against payday lending in the state. Responding to these rulings, [Attorney General Dustin McDaniel on March 18 ordered](#) all 156 payday lenders licensed and regulated by the Arkansas State Board of Collection Agencies to stop making loans. Following McDaniel's order, [101 of the 156 stopped making loans](#).

The coalition's board voted Aug. 27 to notify the remaining payday lenders-

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including the 55 that initially defied the attorney general's order-that these lenders would now be subject to state regulation. These lenders in a Sept. 12 letter were given until Oct. 15 to comply with the board's vote.

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Like Advance America, the other payday lenders that have stopped making loans have remained open and are attempting to collect their existing loans, but are refusing to grant new loans to consumers, according to the coalition.

"Payday lenders have finally recognized the writing on the wall-that charging triple digit interest rates to Arkansas consumers is no longer business as usual in our state," AAAPL Chairman Michael Rowett, who is also research and communications manager for Southern Good Faith Fund, said in a news release. "We commend Attorney General McDaniel, his staff and the four pro-consumer members of the State Board of Collection Agencies for [taking the decisive steps](#) that helped trigger the meltdown of this predatory industry in Arkansas."

The Arkansas Supreme Court in the two decisions in early 2008 indicated that payday lenders charging triple-digit interest rates were violating the Arkansas Constitution's usury limit of 17 percent annual interest for consumer loans; the Arkansas Deceptive Trade Practices Act; and the rules and regulations of the Arkansas State Board of Collection Agencies. In the case before the Supreme Court on Oct. 30, the high court will be asked to determine the constitutionality of the Check-cashers Act.

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