

## Full Story Detail

**10:15 a.m. - Payday Lending Meltdown in Arkansas**

Reported by: *KARK 4 News*  
Thursday, Oct 9, 2008 @10:15am CST



The Arkansans Against Abusive Payday Lending (AAAPL) coalition today announced that a survey of payday lenders indicates another 65 payday lenders have stopped making loans, shrinking the statewide total to just 33—a significant decline from 237 in March of this year.

AAAPL's 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 October 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.

Just 33 payday lenders are still, as of today, making loans in Arkansas, AAAPL research shows—27 stores operated by First American Cash Advance and six stores operated by Cash Now.

These latest developments marking the meltdown of payday lending in Arkansas come eight months after 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, 2008, ordered all 156 payday lenders licensed and regulated by the Arkansas State Board of Collection Agencies (ASBCA) to stop making loans.

Following McDaniel's order, 101 of the 156 stopped making loans. Additionally, ASBCA's five-member board voted 4-1 on August 27, to notify the remaining payday lenders—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 September 12 letter from ASBCA's executive director were given until October 15 to comply with the board's vote. Advance America announced Sept. 23 that it would close down all 30 of its Arkansas stores by October 31.

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.

"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," said AAAPL Chairman Michael Rowett, Research and Communications Manager for AAAPL member Southern Good Faith Fund. "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. Consumers are the ultimate winners."

Rowett also commended H. C. "Hank" Klein, founder and President of AAAPL and primary author of six research reports on the payday lending industry issued by AAAPL between September 2004 and July of this year. The reports consistently called for payday lenders to charge no more than the Arkansas Constitution's maximum limit of 17 percent annual interest for consumer loans—and for all payday lenders in Arkansas to be subject to full and comprehensive regulation

pending resolution of the Check-cashers Act's constitutionality.

When AAAPL's first comprehensive report was issued in March 2006, there were 275 payday lenders in Arkansas, and just 24 percent were regulated by ASBCA. By the time AAAPL's most recent report was issued in July 2008, the total number of payday lenders had shrunk to 137 and 60 percent were regulated.

"Arkansas consumers owe Hank Klein an enormous debt of gratitude," Rowett said. "Hank has dedicated countless hours of his time, energy, and expertise over the last several years to help AAAPL expose how payday lenders unconscionably fattened their pockets at the expense of consumers who were charged outrageously high interest rates and drowned in mountains of debt. Hank had the guts to tell it like it was, and our state is a much better place for consumers because of his efforts."

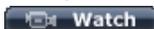
The Arkansas Supreme Court in the two decisions in early 2008 (one in January and another in February) indicated that payday lenders charging triple-digit interest rates were violating the Arkansas Constitution's usury limit of 17 percent annual interest for consumer loans; the Arkansas Deceptive Trade 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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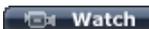
**5:35 p.m. - Exercise Guidelines for Pregnant Women** 

**5:40 p.m. - Study: Kids on Antidepressants Not Getting Therapy**

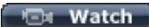


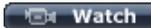
**5:30 p.m. - Nerf Blaster Under Recall** 

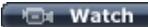
**5:30 p.m. - Little Rock Painted Pink** 

**5:25 p.m. - 46,000 Expected to Race for the Cure** 

**5:30 p.m. - Hard Times for Retail** 

**Big Thursday 10/9/08** 

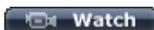
**5:20 p.m. - Survivors Treated to Spa Day** 

**5:16 p.m. - MLK Commission Reaches Out To Voters** 

**4:25 p.m. - Will Economic Downturn Slow the State Fair?**

**4:15 p.m. - Man Hospitalized after Haskell Explosion** 

**4:05 p.m. - Foster Parent Requirements Changing in Arkansas**



**3:25 p.m. - Stock Market Free Fall** 