

# Court Says Check Cashers Act Violated Constitution

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The Arkansas Supreme Court ruled Thursday that the 1999 Check Cashers Act "unmistakably" allowed payday lenders to charge triple-digit interest rates in violation of the state constitution.

In a 6-0 decision, the court overturned a Pulaski County judge who last year ruled that the 1999 act was constitutional after justices sent the case back to his court without ruling on the law itself.

The state constitution limits interest rates on loans to 17%.

Justice Paul Danielson wrote that the act "clearly and unmistakably conflicts" with the constitution. The ruling says the fees charged by payday lenders are in return for borrowed money.

The court concluded the fees are the same as interest, and the rates are at levels not allowed by the state constitution.

Justices heard oral arguments in the case last week - the third time the challenge to the law had appeared before the state's highest court. In previous rulings, the court did not directly address the issue of whether the law was constitutional before sending the case back to Circuit Judge Barry Sims.

Newly sworn-in Justice Elana Wills, who previously worked in the attorney general's office, did not participate in the decision.

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