

# Arkansas News Bureau

& Stephens Media Company



Thu, Nov. 6, 2008

[CONTENT & ONLINE PARTNERS](#) | [INFORMATION](#)

## CONTENT

### FRONT PAGE

### NEWS

### COLUMNISTS

[John Brummett](#)
[Dennis Byrd](#)
[David Sanders](#)
[Doug Thompson](#)
[Harry King \(Sports\)](#)
[Roby Brock \(Business\)](#)
[Joe Mosby \(Outdoors\)](#)
[Micki Bare \(Lifestyles\)](#)

### HARVILLE'S CARTOONS

### WASHINGTON D.C. BUREAU

## Political Blog

*From the Stephens Media team in Arkansas and Washington D.C.*

### Today's Vic Harville Cartoon



Click on image for a larger view or more cartoons

[SAVE THIS](#) [EMAIL THIS](#) [PRINT THIS](#)

## Breaking News: State Supreme Court strikes down Check Cashers Act

Thursday, Nov 6, 2008

LITTLE ROCK - The 1999 Arkansas Check Cashers Act is unconstitutional because it allows payday lenders to charge interest rates above the limit set by the state constitution, the state Supreme Court ruled today.

In a 6-0 decision, the court reversed a Pulaski County circuit judges' ruling that the law was constitutional.

Opponents of the law asked the state's highest court to decide the constitutionality of the law earlier this year following the ruling in Pulaski County Circuit Court. The Supreme Court had previously considered challenges to the law but before Thursday had never ruled on its constitutionality.

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

"Because the Check Cashers Act clearly authorizes loans charging usurious rates of interest in contravention of the limits set forth in Article 19, Section 13, we hold that the act, in its entirety, clearly and unmistakably conflicts with our constitution and is unconstitutional," Justice Paul Danielson wrote in the court's opinion.

The court rejected arguments that the fees payday lenders charge are not interest. The fact that the Check Cashers Act labels the charges as fees rather than interest rates "does not make it so," Danielson wrote.

Earlier this year, Attorney General Dustin McDaniel issued cease-and-desist letters to payday lender operations in the state, accusing them of violating the state constitution. The attorney general demanded the practice stop and that outstanding debts be forgiven.

Copyright © Arkansas News Bureau, 2003 - 2008