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### Payday lenders ousted



A coalition that has fought **payday lenders** announced today that the **last payday lending operation in Arkansas had closed its door**. There are many heroes in this battle, notably including Arkadelphia lawyer **Todd Turner** (the current state Democratic Party chair), who labored long and hard in a battle that sometime seemed like nailing Jell-o to a wall. The bloodsuckers employed every trick, including a compliant legislature, to try to evade the Constitution and simple justice.

A summary of the battle is on the jump.

Something tells me that this is but one more chapter in a never-ending battle against usurers.

NEWS RELEASE

LITTLE ROCK—Arkansans Against Abusive Payday Lending (AAAPL) formally announced today that the last payday lender has left Arkansas, declaring victory on behalf of all those victimized by a predatory industry that drowns borrowers in triple-digit interest rate debt.

AAAPL hosted a news conference today near a former payday lending store in Little Rock once operated by First American Cash Advance. First American, the final payday lender to cease operations in Arkansas, closed its last store on July 31. AAAPL released its latest independent research report, which highlights developments over the last year that ultimately culminated in payday lenders leaving the state for good.

The formal end of payday lending in Arkansas occurs eight months after the Arkansas Supreme Court ruled that a 1999 payday lending industry drafted law violated the Arkansas Constitution, and 16 months after Arkansas Attorney General Dustin McDaniel initiated a decisive crackdown on the industry. Payday lenders charged borrowers triple-digit interest rates—despite the Arkansas Constitution’s interest rate cap of 17 percent a year on consumer loans. The industry-drafted Check-cashers Act as enacted in 1999 was designed to evade the Constitution by contending, nonsensically, that payday loans were not loans.

Speakers at today’s news conference included AAAPL Chairman Michael Rowett of Southern Good Faith Fund; Arkansas Deputy Attorney General Jim DePriest; and Arkansas Democratic Party Chairman Todd Turner. Turner, an Arkadelphia attorney, represented dozens of payday lending victims in cases that ultimately led to the Arkansas Supreme Court’s landmark ruling against the industry.

“Payday lending is history in Arkansas, and it is a triumph of both conscience and constitutionality,” Rowett said. “Arkansas is the only state in the nation with an interest rate cap enshrined in the state’s Constitution, which is the ultimate expression of the state’s public policy. More than a decade after payday lenders’ initially successful attempt to evade this public policy, the Constitution’s true intent has been restored. Arkansas consumers—and the rule of law—are the ultimate victors.”

Arkansas joins 14 other states—Connecticut, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Vermont, and West Virginia—plus the District of Columbia and the U.S. military, all of which are protected under interest rate caps that prevent high-cost payday lending. The industry’s exemption to an interest rate cap in Arizona is expected to expire in July 2010, bringing the total to 16 states.

Rowett said a significant share of the credit for ending payday lending in Arkansas goes to the Attorney General’s office, Turner, and H.C. “Hank” Klein, who founded AAAPL in 2004.

“Hank Klein’s tireless devotion, knowledge, and research gave our coalition the expertise it needed to focus on educating Arkansans about the pitfalls of payday lending,” Rowett said. “Ultimately, it was the decisive, pro-consumer actions of Attorney General McDaniel and his dedicated staff and the tremendous legal victories won by Todd Turner that made payday lending extinct in our state.”

DePriest noted that McDaniel in launching his March 2008 crackdown on payday lenders had cautioned it might take years for all payday lenders to leave Arkansas.

“We are exceptionally pleased that it took just over a year to accomplish what we set out to do,” DePriest said. “Payday lenders ultimately recognized that their attempts to justify their existence and continue their business practices weren’t going to work.”

Turner said that Arkansas consumers ultimately are better off without payday lending.

“In Arkansas, it was a legal issue of following our Constitution, but there’s a reason why all these other states don’t allow payday lending—it’s inherently predatory,” Turner said. “Charging 300 percent, 400 percent and even higher interest rates is, as our Supreme Court accurately noted, both deceptive and unconscionable.”

Posted by Max Brantley on August 11, 2009 10:55 AM | [Permalink](#)

## Comments

Congrats to all involved.



**ARKANSAS**

**Driving**



By: Doug Sm  
Of 98,640 #  
787 (0.79 p  
talking on a

Now us cash strapped prols will go back to doing what we did before the usurpers came along - writing hot checks and paying the banks \$35 for the luxury of keeping our lights on and heaters running.

Posted by: 70%er  | [August 11, 2009 11:29 AM](#)

I am glad to see payday lenders go. In the past, I used such services to make ends meet between checks. But using those services always reminded me of the scene from "Cool Hand Luke" when the prison bosses are trying to break him by making Luke dig holes...over and over and over.

Sad truth is most people repaid those payday loans. The even sadder fact is that "local" banks would rather tell you to go piss in the wind than to make small personal loans of a few hundred to a few thousand dollars.

Posted by: Scottie  | [August 11, 2009 11:37 AM](#)

And I don't know if there are any places around Little Rock that do this, but a few years ago one of my friends in Paragould almost lost her car to a place that would loan money in exchange for the title her paid-for car.

Posted by: Scottie  | [August 11, 2009 11:41 AM](#)

I wondered why the neighborhood bookie was so happy....back in bidness!!

Posted by: dowhat  | [August 11, 2009 12:03 PM](#)

dowhat...I would rather put my trust in a bookie these days than the crooks at the big banks. At least my bookie won't charge me a 40 dollar overdraft fee for bouncing a \$10.50 check when I only had \$10.49 in my account...which amounts to a 4000% loan.

Posted by: Scottie  | [August 11, 2009 12:38 PM](#)

Hey, lay off the banksters. After all they may decide to cancel America.

Posted by: eLwood  | [August 11, 2009 02:10 PM](#)

Congratulations Todd! Next would you start on pawn shops who routinely charge 360% interest in there amusing game of "buying and selling."

Posted by: eLwood  | [August 11, 2009 02:14 PM](#)

Scottie, I don't disagree with you, but the banks wont even do business with the folks using the "payday shops".

Posted by: dowhat  | [August 11, 2009 02:58 PM](#)

Congratulations! Now the residents of Arkansas have fewer financial choices that are more expensive. Great job exporting jobs and income to offshore internet lenders.

I hope someday the self-righteous people who feel they need to take care of the rest of us will leave us alone.

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## EDITORIAL

### Birds of

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Posted by: Exine  | [August 11, 2009 03:29 PM](#)

All this teary-eyed "Fond farewell, payday angels, you upstanding providers of 500% interest loans--we'll miss you," has the aura of apologist mob lawyers rationalizing the excesses of their bloodthirsty bosses. Give me a break.

Arkansas' Constitution clearly and unmistakably sets an interest rate cap that these lenders brazenly violated for 10 years until Attorney General McDaniel and the Arkansas Supreme Court finally put a stop to it. Following the Constitution may be a novel idea to some people, but others take it a bit more seriously.

Here's the deal: if payday lenders wanted so much to "provide a service", why do they always tuck tail and run whenever states crack down and require the industry to charge less than triple digit interest rates?

The answer is clear: because the payday lending business model is based entirely on screwing and gouging borrowers. If they can't charge an arm and a leg and a torso, they have no interest in providing their "service."

Farewell, payday leeches, and good riddance.

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Posted by: muckraker  | [August 11, 2009 04:46 PM](#)

Leeches? Perhaps. Userers? Certainly.

But, please, don't use this as an argument for shutting them down:

"Arkansas' Constitution clearly and unmistakably sets an interest rate cap that these lenders brazenly violated for 10 years.."

Have you ever been late on a Capital One or Household credit card payment? Once you are, your interest rate goes well beyond anything that is allowed by so-called Arkansas law. And then there are penalties, late payment charges, etc. Very easy to have an increasing \$1500 bill on a credit card that started out with a \$500 limit. The action to remove these bad guys is one that was surely instigated by the more reputable leeches and Userers, who simply don't want the competition in ripping people off. To the ripped-off, it really doesn't matter if it is done by one of these outfits or that nice bank down on the corner. If the bank doesn't see anything else they can squeeze the victim for, they deny them. If "Payday" is willing to do business with that victim, I don't see why they shouldn't be allowed to. But, then again, most of us around here aren't too big on personal choice.

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Posted by: [RickBaber](#)  | [August 11, 2009 05:10 PM](#)

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