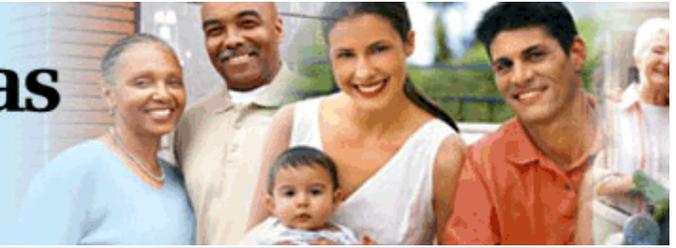




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THE ARKANSAS LEADER

TUESDAY, AUGUST 11, 2009

EDITORIAL >> Predatory lenders booted out at last

Starved for good news? Here's some. The last of the predatory lenders — the so-called check-cashing industry — have departed Arkansas for greener pastures.

These particular loan sharks flourished for nearly a decade under the benign gaze of the state government, but a hardy band of do-gooders and a persistent lawyer finally got the Arkansas Supreme Court to look squarely at the Constitution and rule on it. The court said, yes, triple-digit interest rates do violate the state's strict usury law.

Arkansans Against Abusive Payday Lending announced yesterday that First American Cash Advance, the final payday lender, had closed its last shop.



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Arkansas is now among 15 states that forbid check cashers from charging huge interest rates on payday loans. It should never have been among those that allowed it. Arkansas has had a rigid ceiling on interest since the adoption of the current constitution in 1874.

But the legislature passed a law permitting the exorbitant fees in 1999 and Gov. Mike Huckabee signed it into law, even though it clearly violated the Constitution. The act tried to say that the check cashers could collect big fees on their loans and not call them interest, although the Supreme Court a half-century ago said such ruses could not stand.

It took nine years to get the issue squarely before the Supreme Court so that it could not duck the question. Todd Turner of Arkadelphia, the lawyer who got it there, is now the state chairman of the Democratic Party. The attorney general, Dustin McDaniel, helped drive the lenders out even before the court's final unanimous order. Hank Klein, former president of Arkansas Federal Credit Union, also led the charge to kick out the payday lenders.

When Huckabee left office in January 2007, there were 275 payday lenders feeding off the poor and desperate.

The state lottery will shortly take their place. There will always be someone to prey upon the desperate and the poor. The respite may be brief, but it is welcome.

—*Ernie Dumas*

POSTED BY THE LEADER AT 10:27 PM 
