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ARKANSAS POLITICS **McDaniel sues payday lender**

Posted by Max Brantley on Tue, Aug 10, 2010 at 12:08 PM

Attorney General Dustin McDaniel has sued several defendants for doing **payday lending** over the Internet, at annual interest rates as high as 782 percent. Legal action has run the usurious lenders out of physical locations in Arkansas.

NEWS RELEASE

Attorney General Dustin McDaniel filed a lawsuit today against Arrowhead Investments, Inc., Galaxy Marketing, Inc., and Christopher Hodes. The complaint alleges that Hodes controls these two companies, which market payday loans to Arkansas consumers through various websites.

According to contracts provided to the Attorney General's Office by Arkansas consumers, these companies have loaned money to Arkansas consumers at an interest rate of 782%.

"With the closure of more than 250 payday lending locations in Arkansas, the state's consumers have saved millions of dollars in illegal interest payments," McDaniel said. "I will not retreat from my pledge to eliminate all payday lending, whether it occurs at a storefront in Arkansas or over the Internet."

In 2008, McDaniel demanded that all payday lenders in Arkansas cease operating. The State alleged that the lenders were violating Arkansas usury laws.

Arrowhead Investments and Galaxy Marketing have refused to comply with McDaniel's demands to stop their operations in the State.

The lawsuit seeks to bar the defendants from offering or collecting upon high-interest loans. In addition the Attorney General calls for the cancellation of all high-interest loans made by the defendants and the return of all payments to borrowers. The suit was filed in Pulaski County Circuit Court.

Arkansans having problems with an online payday loan or with a debt collector attempting collection on a payday loan may contact the Consumer Protection Division of the Attorney General's Office at 323 Center Street, Suite 500, Little Rock, AR 72201. The office can be reached by calling (501) 682-2341 or (800) 482-8982.

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