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AG sues tax preparer over loans

Posted on 06 December 2010

Arkansas News Bureau

LITTLE ROCK — Arkansas Attorney General Dustin McDaniel said today his office has filed a lawsuit accusing a Memphis, Tenn.-based company of violating Arkansas' payday lending law.

McDaniel said Mo' Money Tax Service, a tax preparation service that has operated at several locations in Arkansas, provided Arkansas customers with short-term loans in anticipation of their tax refunds.

The lawsuit alleges that the company violated the Refund Anticipation Loan Act of 2009 by failing to provide mandatory disclosures and by charging fees for facilitating refund anticipation loans other than the fees charged by the lender.

The company, now known as MoneyCo USA, did not immediately returned a call today seeking comment.

McDaniel said he filed the suit in Pulaski County Circuit Court following an investigation triggered by a study by Arkansans Against Abusive Payday Lending.

The study found that some Arkansas tax preparers were not fully complying with the 2009 law.

Among other things, Mo' Money allegedly failed to disclose to customers that when a tax return is filed electronically, the full anticipated refund can be deposited in the taxpayer's bank account in as little as eight days, according to the lawsuit.

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