

AG sues tax service over refund anticipation loans

BY ARKANSASONLINE

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Attorney General [Dustin McDaniel](#) announced Monday that he has filed a lawsuit against a tax preparation business for charging consumers fees that are prohibited under the [Arkansas Refund Anticipation Loan Act](#).

The suit says Memphis-based Mo' Money, which has recently changed its name to MoneyCo USA, also failed to provide disclosures required under the act.

Mo' Money has operated from several locations in Arkansas. According to the attorney general's office, the company facilitates short-term loans secured by a consumer's anticipated income tax refund through a product known as a Refund Anticipation Loan.

In 2009, the Arkansas Legislature passed the Refund Anticipation Loan Act, which requires tax preparers to provide specific disclosures when facilitating Refund Anticipation Loans. Additionally, the facilitator is prohibited from charging fees other than the loan fee charged by the lender, unless such fees are charged to all tax preparation customers, not just those customers who receive a loan.

McDaniel's suit was filed in Pulaski County Circuit Court.

"Frankly, Arkansans shouldn't have to pay high fees to borrow their own money, when, in reality, RALs are not much faster than a direct deposit from the IRS," McDaniel said

McDaniel's lawsuit follows an investigation initiated after a study by Arkansans Against Abusive Payday Lending found that Arkansas tax preparers, including Mo' Money, were not fully complying with the Refund Anticipation Loan Act.

This article was published December 6, 2010 at 12:31 p.m.

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