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Loan sharks are circling

Dustin McDaniel sounds the alarm

BY THE ARKANSAS DEMOCRAT-GAZETTE

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LITTLE ROCK — LET US NOW praise
Arkansas' attorney general, Dustin Mc-
Daniel, not only for his role in driving loan sharks out of the state but doing his best to keep them out. Despite the attempt at this year's session of the Ledge to open the door for them again. And to ruinous, nigh-eternal debt for the poorest and most desperate of our people, that is, the least of these.

The state's constitution (Amendment 89) limits annual interest rates to 17 percent a year. But that's not enough for the kind of high binders who would love to start soaking the poor again. This time their dual vehicle is Senate Bill 568 and House Bill 1572, which would let the Legislature set the maximum rate for loans of less than $5,000. The bills require a three-quarters' vote to get past the House and Senate, and the Ledge could then adopt a higher interest rate for small loans by a simple majority vote.

Remember the bad old days just a few years ago when payday lenders were everywhere, operating hundreds of store fronts in the state, and charging annual interest rates that in some cases went as high as 400 percent, if not higher?

In states that are still in the grip of payday lenders, these bloodsuckers are allowed to charge 36 percent interest plus fees as high as $150 on the front end. Then they're permitted to roll the loans over till the poor debtor may find himself in nigh-perpetual hock. It's about as close to involuntary servitude as the law allows. A little $500, 12-month loan at an annual interest rate of 36 percent and a $150 "acquisition fee" could add up to the equivalent of an interest rate of 66 percent a year. (What, no pound of flesh, too?)

Thank goodness, Arkansas' attorney general is having none of it. Dustin McDaniel warns that these bills now pending in the Legislature "could reopen this state to the unscrupulous, predatory lenders" that plagued Arkansas for a decade. They got away with it in large part because the then attorney general, Mark Pryor, proved a sleepy watchdog indeed. He even pocketed some $15,000 in campaign contributions from the payday lenders. What a sorry chapter in consumer "protection" that episode was.

Dustin McDaniel isn't about to repeat that sad performance. He's given the Ledge a wake-up call-and it needs to respond by turning down these attempts to declare open season on the state's poor and desperate once again. Good for him.

Here's hoping the Legislature is listening. Even if a former speaker of the House, Robbie Wills, is now representing the outfit that drafted these grabby bills. Mr. Wills may have spent too much time in a legislature that's been notoriously slow to protect the folks who most need protecting-like the ones loan sharks prey upon.

These days even the state's disgracefully regressive grocery tax, aka The Shame of Arkansas, is finally being eliminated, if all too slowly. You'd think that by now even Robbie Wills would have learned not to associate himself with legislation as unsavory as these attempts to get around the state's limit on interest rates. But he doesn't seem able to restrain himself.

It's still not too late for Mr. Wills to learn better, listen to General McDaniel, and stop pushing this awful idea. An idea Arkansas has tried before-with shameful results.

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