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Check Cashers Act II

What part of No don't they understand?

BY [THE ARKANSAS DEMOCRAT-GAZETTE](#)

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LITTLE ROCK — HERE many of us thought Arkansas would never again have to deal with payday lenders, aka loan sharks. We underestimated the power of money, or at least the love of it. Because, like a sequel to a horror movie, they're . . . BACK!

They no longer call themselves payday lenders, or check cashers, or anything that'll draw bad press. But that's what these types are, and they've shown up once again at the current session of the Legislature-like a noxious plague. Even if they don't like to be called what they are-parasites. But if it bites like a tick, and sucks blood like a tick, and feeds off others like a tick . . . Well, if the name fits, it fits. And, boy, does it.

There's a bill floating around the Legislature this session that would, no kidding, establish this "small-loan industry" in Arkansas once again. It's House Bill 1846, and it would "assist underserved consumers with obtaining equal access to consumer credit and financial opportunities." Which is the most euphemistic turn of phrase since gambling became gaming. Shylock might as well have advertised himself as an "investment counselor" in old Venice.

Oh, joyous day! These kind-hearted people have returned to help the poor, underserved consumers of Arkansas. They offer equal access! Financial opportunities! Just the way Freddie Mac and Fannie Mae did.

NATURALLY this bill would allow for all sorts of rake-offs-excuse us, fees-like charges for late payment, for bounced checks, even for recording documents. What, the poor sucker won't be charged for walking through the door? Of course, none of this is interest, you understand. That'd be illegal, unconstitutional, unenforceable. So the moneylenders have come up with all kinds of ways to call interest anything but interest. It's not just the poor suckers who are getting the runaround in the case of this bill, but the plain meaning of the English language.

In a more clear-eyed time, the state's Supreme Court finally, finally took a good look at the Check Cashers Act of 1999 and said the obvious: It was unconstitutional. It was just a way of getting around the state's limits on interest. And no matter how slick the act's sponsors, interest is interest is interest.

As for this latest scam, Jim DePriest, who's a deputy attorney general, calls it "essentially the Arkansas Check Cashers Act of 1999 warmed over, brought back in the hopes that you will pass it again."

No, thank you. We've been served this mess of worms before. Remember the bad old days, which were 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 finds 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 ?)

Let it be noted that this new version of this same old racket was largely drafted by an entity titled the Arkansas Installment Lenders Association, a mouthful that should raise suspicion immediately.

A committee of the Arkansas House has already okayed this thing-thanks to the help and guidance of Robbie Wills, the former speaker of the House now turned lobbyist. And who, by strange coincidence, turns out to be the current executive director of the Arkansas Lenders Installment Association. But somehow you guessed that, didn't you?

"IT TOOK us 10 years to undo the harm of the Check Cashers Act of 1999," Counselor DePriest notes. That act was the great legacy of an Arkansas attorney general by the name of Mark Pryor, who gave it the green light despite the counsel of his aides, and who would collect thousands in campaign contributions from the loan sharks. (He's since gone on to bigger and worse things as a U.S. senator. At the moment, he's busily trying to save Congressional earmarks in the federal budget.)

If the Ledge passes a Check Cashers Act II this year-it really should be named for Mark Pryor-little payday loan shops will spring up all over the state again, like worms coming out after a storm. And the litigation it'll take to get rid of the things could take another decade, or even longer. All that time the loan sharks would be siphoning off money from the poor and desperate who are their prey.

Then, when the state's Supreme Court rules this newest legislation unconstitutional, too, the Small Loans Industry can propose still another bill with a different title but the same low intentions. And we get to do this all over again.

How about not?

Lawmakers should not be in the business of setting up the least of these for the country's predatory lenders.

Let's tell these bloodsuckers to get lost this time. For good. And make careful note of any and all legislators who aided and abetted this replay of a familiar scam.

We can hardly wait to see the roll call on this bill so we can reprint it in big, bold type. It'd be a sure guide to which legislators need to be voted out of office at the first opportunity.

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