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FRIDAY, OCT. 5, 2012  
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## MCDANIEL URGES CONGRESS TO OPPOSE PAYDAY LENDING BILL

*AGs warn against proposal to preempt state laws, undermine consumer safeguards*

LITTLE ROCK – Attorney General Dustin McDaniel today urged members of Congress to oppose a bill that would preempt states’ authority to regulate payday lenders, check cashers and other short-term installment loan providers.

McDaniel joined 40 attorneys general from across the nation in voicing opposition to H.R. 6139, known as the Consumer Credit Access, Innovation and Modernization Act. McDaniel warned that the bill would allow payday lenders to sidestep state regulation, and it would strip away the State’s ability to protect Arkansas consumers from predatory lending practices.

High-interest short-term loans such as payday loans are illegal in Arkansas, and McDaniel led the effort to shut down more than 250 storefront payday lending operations in the State. The Attorney General’s Office continues to pursue legal action against Internet-based payday lenders who attempt to offer illegal payday loans to Arkansas residents and debt collectors who illegally attempt to collect on payday loan debt.

“This proposed legislation is an end run around Arkansas consumers and our State’s constitutional protections against usurious lending practices,” McDaniel said. “We oppose any effort on any level to allow these kinds of businesses back within our borders.”

Arkansas and other states have their own established framework of regulations to protect consumers from the risks associated with nonbank credit service providers. However, the proposed bill would give those providers – payday lenders, installment lenders, car-title lenders, prepaid card issuers and check cashers – the ability to obtain a federal charter, thus preempting state regulation.

In 2008, it was estimated that Arkansas consumers were paying more than \$10 million annually in illegal interest to payday lenders.

The attorneys general warned about the negative effects of H.R. 6139 in a letter to House Speaker John Boehner, House Majority Leader Nancy Pelosi, Senate Majority Leader Harry Reid and Senate Minority Leader Mitch McConnell.

The bill is pending before a House subcommittee.