

Settlement Ends Bid To Collect On Payday Loans

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LITTLE ROCK — A Kansas company has agreed to cancel more than \$2.7 million in payday loan debts of Arkansans and will pay the state \$200,000 to settle a lawsuit over its collection efforts, the state attorney general's office said Thursday.

The agreement by National Credit Adjusters LLC, outlined in a consent judgment filed Thursday in Pulaski County Circuit Court, affects 5,810 loans that the attorney general's office contended were illegal.

"This out-of-state company misrepresented to thousands of Arkansas consumers that the debt it attempted to collect on was enforceable and collectible, even though it clearly is not under Arkansas law," Attorney General Dustin McDaniel said in announcing the settlement.

The lawsuit filed last year alleged NCA had violated the Arkansas Deceptive Trade Practices Act by attempting to collect on payday and high-interest installment loan debt that is "usurious, unconscionable and void under Arkansas law."

NCA purchases from lenders the right to collect on delinquent debt. In doing so, the company purchased a large number of debts from payday loans and high-interest installment loans. The loans carry exorbitant interest rates that exceed the amount allowed by Arkansas law.

In addition to the \$200,000 payment, which will go to higher education institutions, NCA agreed to pay an additional \$400,000 if a court determines that it violated terms of the consent judgment within the next five years.

The company also would face additional monetary penalties if it fails to notify affected consumers in writing that their debts have been cancelled, the attorney general said.