



EDITORIALS

In Our Opinion

Bloodsucker lenders

"Payday lenders" and check cashers have settled in this area like so many vultures picking over road kill.

And like vultures disturbed by a passing car, when these operations are bothered by a lawsuit or unwanted regulation, they back off, then reassemble in a slightly different configuration. But they are still vultures, and they are still picking clean their prey.

It's no accident that Jacksonville, home of the Little Rock Air Force Base, is home to six of these operations.

Nobody loves the military like check cashers and "payday lenders." They know that most personnel aren't making a great deal of money; they know that the government issues paychecks regularly and that the checks are good.

"Payday lenders" loan \$40 billion a year and collect \$6 billion in interest, according to the Consumer Federation of America. We used to call people like these loan sharks. Now we call them "payday lenders."

Somehow, "payday lenders" got the state law rewritten for them in 1999 to allow them to charge usurious interest rates.

As a result, a finance company, charging 24 percent to 48 percent interest can't operate in Arkansas, but a so-called "payday lender" can regularly charge about 400 percent annual interest.

The trick is, the law that enables them to operate declares that the loans they make aren't loans and the interest they charge isn't interest.

Therefore, they aren't regulated by the laws governing loans and interest and they are not technically guilty of usury. If your neighbor beat you severely with a ball bat, but called it a deep tissue massage, could he escape the consequences of his action? We don't know what the legislators were thinking when they decided in 1999 that these unprincipled lenders could gouge the low-income and needy.

The only state senators to vote against that law were Mike Beebe, now the attorney general, and Mike Ross, now a U.S. congressman. But we do know that a coalition of consumer groups has organized to change the law—groups including the Arkansas Federal Credit Union, Arkansas Advocates for Children and Families, the Consumer Federation of America, ACORN, AARP, the Better Business Bureau and the Cooperative Extension Service. We know that the Family Support Center at Little Rock Air Force Base alerts airmen and their families to the problems with "payday lenders."

Now that there is a local coalition, headquartered right in front of the air base, we would hope base officials would send a representative or liaison to Arkansans Against Abusive Payday Lending.

And there is no longer any excuse for the state's senators and representatives to plead ignorance on this issue. We call on our area representatives to right this wrong in the January session of the General Assembly and outlaw "payday" lending.