

# Beebe's office sues lender for charging 500 percent interest

JONESBORO, Ark. (AP) -- The Arkansas Attorney General's Office on Tuesday asked a judge to order a payday lender in Jonesboro to halt business on grounds that the company charged interest rates as high as 520 percent. Money in a Flash.net allegedly charged "unconscionable and unlawful interest rates," according to a news release from Attorney General Mike Beebe's office.

"This is an especially egregious example of a company using deceptive practices to take advantage of consumers through illegal high-interest loans," Beebe said. "This company not only charged outlandish interest rates to customers who received these rebates, but they also withdrew the money directly from their bank accounts if they did not pay in cash on schedule. We will not allow this in Arkansas."

A woman answering the phone at the Jonesboro business said she had not heard of the lawsuit, said no one with the company could comment and quickly hung up.

Beebe's office said Money in a Flash.net would style its loans as "rebates." Borrowers would have to make payments every month or every two weeks. The sums the borrowers had to pay equaled annual percentage rates as great as 520 percent, Beebe's office said.

"Under the terms of some contracts, consumers would be obligated to pay \$1,560 in a year in exchange for \$300 in 'rebates,'" the news release said.

Additionally, Money In A Flash.net is accused of charging borrowers up to one-third who tried to terminate their one-year contracts early. Beebe's office said Money in a Flash.net would draw the money from borrowers' bank accounts if they didn't make the payment.

Named in the lawsuit are Money in a Flash.net owners Dwight Blake, Elaine Blake, Robert Blake and Yvonne C. Clark.

The lawsuit, filed in Pulaski County Circuit Court, accuses the four of misrepresenting the contracts as arrangements for Internet access. The suit accuses them of generating sham transactions to mask high-interest loans.

Beebe's office is asking Circuit Judge Tim Fox to issue an injunction to stop the loans and to order restitution for borrowers plus assess civil penalties.