



Arkansans Against Abusive Payday Lending

www.StopPaydayPredators.org

FOR IMMEDIATE RELEASE
Aug. 11, 2009

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Payday lending is history in Arkansas

With exit of last holdout, state bids farewell to predatory industry

LITTLE ROCK—Arkansans Against Abusive Payday Lending (AAAPL) formally announced today that the last payday lender has left Arkansas, declaring victory on behalf of all those victimized by a predatory industry that drowns borrowers in triple-digit interest rate debt.

AAAPL hosted a news conference today near a former payday lending store in Little Rock once operated by First American Cash Advance. First American, the final payday lender to cease operations in Arkansas, closed its last store on July 31. AAAPL released its latest independent research report, which highlights developments over the last year that ultimately culminated in payday lenders leaving the state for good.

The formal end of payday lending in Arkansas occurs nine months after the Arkansas Supreme Court ruled that a 1999 payday lending industry drafted law violated the Arkansas Constitution, and 17 months after Arkansas Attorney General Dustin McDaniel initiated a decisive crackdown on the industry. Payday lenders charged borrowers triple-digit interest rates—despite the Arkansas Constitution’s interest rate cap of 17 percent a year on consumer loans. The industry-drafted Check-cashers Act as enacted in 1999 was designed to evade the Constitution by contending, nonsensically, that payday loans were not loans.

Speakers at today’s news conference included AAAPL Chairman Michael Rowett of Southern Good Faith Fund; Arkansas Deputy Attorney General Jim DePriest; and Arkansas Democratic Party Chairman Todd Turner. Turner, an Arkadelphia attorney, represented dozens of payday lending victims in cases that ultimately led to the Arkansas Supreme Court’s landmark ruling against the industry.

“Payday lending is history in Arkansas, and it is a triumph of both conscience and constitutionality,” Rowett said. “Arkansas is the only state in the nation with an interest rate cap enshrined in the state’s Constitution, which is the ultimate expression of the state’s public policy. More than a decade after payday lenders’ initially successful attempt to evade this public policy, the Constitution’s true intent has been restored. Arkansas consumers—and the rule of law—are the ultimate victors.”

Arkansas joins 14 other states—Connecticut, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Vermont, and West Virginia—plus the District of Columbia and the U.S. military, all of which are protected under interest rate caps that prevent high-cost payday lending. The industry’s exemption to an interest rate cap in Arizona is expected to expire in July 2010, bringing the total to 16 states.

Rowett said a significant share of the credit for ending payday lending in Arkansas goes to the Attorney General’s office, Turner, and H.C. “Hank” Klein, who founded AAAPL in 2004.

“Hank Klein’s tireless devotion, knowledge, and research gave our coalition the expertise it needed to focus on educating Arkansans about the pitfalls of payday lending,” Rowett said. “Ultimately, it was the decisive, pro-consumer actions of Attorney General McDaniel and his dedicated staff and the tremendous legal victories won by Todd Turner that made payday lending extinct in our state.”

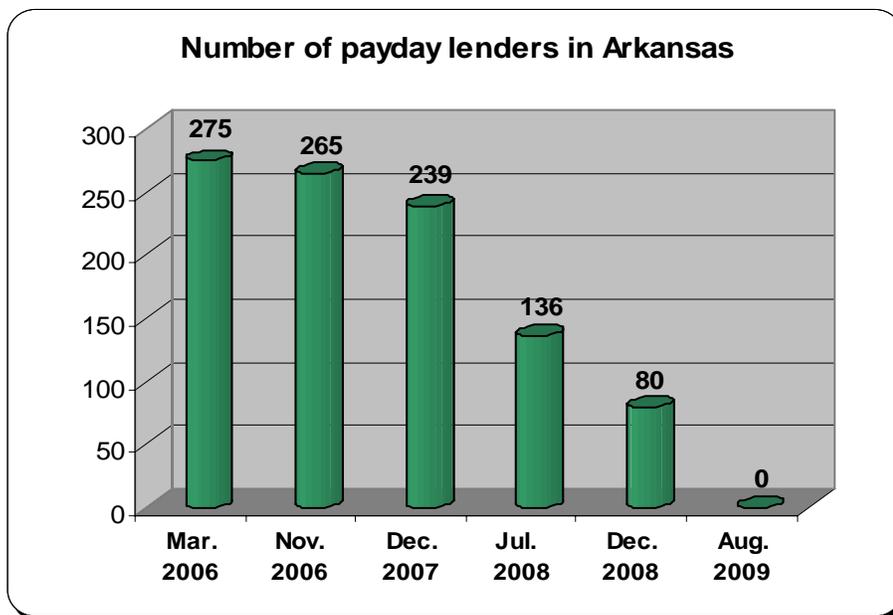
DePriest noted that McDaniel in launching his March 2008 crackdown on payday lenders had cautioned it might take years for all payday lenders to leave Arkansas.

“We are exceptionally pleased that it took just over a year to accomplish what we set out to do,” DePriest said. “Payday lenders ultimately recognized that their attempts to justify their existence and continue their business practices weren’t going to work.”

Turner said that Arkansas consumers ultimately are better off without payday lending.

“In Arkansas, it was a legal issue of following our Constitution, but there’s a reason why all these other states don’t allow payday lending—it’s inherently predatory,” Turner said. “Charging 300 percent, 400 percent and even higher interest rates is, as our Supreme Court accurately noted, both deceptive and unconscionable.”

The chart below illustrates payday lending’s decline in Arkansas. At the industry’s peak in early 2006, payday lenders operated 275 stores across the Natural State—more than twice the number of McDonald’s restaurants in Arkansas.



Arkansans Against Abusive Payday Lending (AAAPL) is a coalition of Arkansans dedicated to improving the lives of their fellow citizens (particularly the working poor) by removing the abuses of payday lending from our state. This coalition consists of: AARP Arkansas; Air Force Sergeants Association - Chapter 658; Arkansas Advocates for Children and Families; Arkansas Consumer Law Center; Arkansas Education Association; Arkansas Hunger Coalition; Arkansas Trial Lawyers Association; Arnold, Batson, Turner & Turner, Attorney-at-Law; Association for Community Organizations for Reform Now (ACORN); AFL/CIO; Best Credit Services, Inc.; Better Business Bureau of Arkansas; Central Arkansas Development Council; Clark County Quorum Court Justice of the Peace Wayne Bowen; College Station Community Development Corporation; Community Development Department of the City of Jacksonville; Consumer Credit Counseling Service (CCCS); Crawford-Sebastian Community Development Council, Inc.; Family Council; Family Service Agency; Family Support on Little Rock Air Force Base (ex officio); Federal Reserve Bank of Little Rock; Jewish War Veterans of the U.S.A. - Arkansas Post 436; League of Latin American Citizens (LULAC); Legal Aid of Arkansas, Inc.; Military Officers Association of America (MOAA) - Arkansas Council of Chapters; NAACP/Arkansas; Nicholson Communications; North Little Rock Ministerial Alliance; Private Citizens; Pulaski County Cooperative Extension Service; Silver Haired Legislators Alumni Association (SHLAA); Southern Good Faith Fund; Springer’s of Granite Mountain; The Interfaith Alliance of Arkansas; The Law Offices of Blankenship & Warner; United Way - Heart of Arkansas; U.S. Citizens for Fair Credit Card Terms, Inc.; and victims.