



THE LEADER

25¢

LARGEST PAID NON-DAI NEWSPAPER IN ARKANSAS

WWW.ARKANSASLEADER.COM

VOLUME 20 NUMBER 6

FOUNDED IN 1987

• WEEKEND EDITION • COVERING LONOKE, WHITE AND NORTH PULASKI COUNTIES

SATURDAY, MARCH 18, 2006



Garrick Feldman

Payday lenders still in charge

A couple of local women wept during a meeting of the Joint Senate and House Judiciary Committees at the Capitol Thursday as they talked about their nightmarish experiences with so-called payday lenders in Jacksonville.

These are the storefront lenders who take your personal check for \$500, give you a little more than \$400 in cash, but if that check isn't good in two weeks, you could wind up paying more than \$3,000.

That's pretty much what happened to Hazel Lavern Lynch and Glenda Malone, who found themselves short of money and went to their neighborhood check cashers to borrow a few hundred dollars.

When they couldn't pay, they were threatened and harassed, their lives made miserable by goons who work at these storefront businesses, until help came along from consumer groups that called off the dogs.

The women tearfully told lawmakers it was the worst experience of their lives.

They would have been better off going to a mob-connected loan shark, who wouldn't have had the heart to charge 3,600 percent interest as some of these check cashers do.

That may explain why the mob, as far as we know, isn't in the busi-

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ness of payday advances. "It would make them look bad," a consumer advocate told us before the meeting.

Glenda Malone, who works in Jacksonville and used to have a sunny personality, looked distraught when she gave her testimony at the committee hearing. She explained that her husband had suffered an injury on the job and retired with a small disability check. They weren't making enough money, so she decided to go to a payday lender.

She might as well have walked through the gates of hell.

"Payday lenders have practices that weren't very pleasant," she said, holding back tears. "They're abusive. They'll harass you. They'll harass you at your job. They threaten to call your boss. They go to the bank and try to cash the check."

There was an overdraft charge every time they presented the check to the bank, as well as a service charge by the payday lenders.

Desperate for money, she went to another check casher to pay the first lender.

When the nightmare ended, she said, "I paid over \$1,400 for a \$500 check."

Hazel Lavern Lynch, an elderly black woman, was another witness. Mark Johnson, a lobbyist for AARP, which supports legislation that would chase payday lenders out of Arkansas, helped her get seated behind a microphone and seemed to help her get comfortable, which was a moving scene, since many people think of his father, Jim, as an old segregationist.

She lives on Social Security and had a part-time job in Jacksonville, but when she found herself out of work, she needed \$500 to visit her family and go to a class reunion.

"I hoped to get back to work and hoped to repay the loan," she told lawmakers.

She was eligible for a \$300

loan and wrote a check for \$350.

"I didn't get the job back, so I couldn't pay. They began to call me at home. They called my 84-year-old mother. They came to my home and went to my neighbors. They were asking them a lot of questions. They continued to call. I told them I'd pay them when I got the money. All I had were Social Security payments. They went to my bank. They knew they were direct deposited."

They cashed her check when the Social Security money was deposited, so the old woman didn't have her Social Security money that month and had to borrow from another check casher so she could pay the rent.

The old woman was a poignant witness, but she didn't get much sympathy from legislators. While Johnson's acts of kindness must have impressed others in the room, a black representative named Booker T. Clemons, a term-limited legislator from Pine Bluff, heaped mostly abuse on her.

He wanted to know why she didn't repay the first loan. She told him she didn't have a job. With these payday lenders, you can't make a partial payment. They want it all, or nothing.

Even some of the money changers in the hearing room seemed moved by the women's plight, and these lenders are seldom moved by anything except at the sight of money.

But they don't have to worry about the Legislature ending their abusive practices anytime soon: They've bought enough legislators that it will be tough to pass meaningful reforms in Little Rock. What's really amazing is not so much the sight of legislators who are bought, but how Arkansas has allowed these check cashers to make usurious loans in violation of the state Constitution.

Next: How the check cashers were allowed into Arkansas and how to get rid of them.