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Garrick
Feldman

Candidates vow to ban loan sharks

The payday lenders are in big trouble. For seven years, ever since the Legislature passed the check cashers law, they've charged fantastic interest rates on their loans.

They bought off the political establishment as they set up shop around the state and made millions off the backs of the working poor and members of the military. Gov. Huckabee has been strangely silent on this moral issue and has let the money changers do as they please.

But now both candidates for governor say they'll seek legislation that would put the payday lenders out of business. Candidates for lieutenant governor and attorney general have

► Feldman

Continued from Page 1A also spoken out against the usurers. It's about time.

Asa Hutchinson, the Republican candidate for governor, and Attorney General Mike Beebe, his Democratic opponent, say they would repeal the 1999 check cashers law that lets predatory lenders charge as much as 3,000 percent on their loans.

Beebe has flip-flopped on this issue several times. He voted against the payday lenders while he was on the Senate Judiciary Committee but voted for the Payday Lenders Act on the Senate floor, where the vote was 35-0. Sort of like Sen. John Kerry, who voted for the war in Iraq before he voted against it.

By the way, we've been reporting erroneously that Beebe was one of just two senators who opposed the check cashers law. Not true. After his nay vote in the committee, he cracked and voted with the majority, although we should add that in 2001, he voted to repeal this terrible act. With a tough election fight looming, Beebe says he's definitely, absolutely against the check cashers.

Hutchinson told the American Association of Retired Persons last week, "It's time for somebody to step up and do away with this exploitative practice.

"The system worked well before 1999, when we had usury limits in place," Hutchinson said. "It was the 1999 act that opened the barn door to abusive payday-lending practices."

Hutchinson also would fine payday lenders who charge above the 17 percent annual interest limit for consumer loans allowed by the state Constitution.

Beebe says he, too, would ask the Legislature to act against the payday lenders, but except for one lawsuit he filed against a Jonesboro check casher, he hasn't done a whole lot to end the exploitation of the working poor and members of our military. The Jonesboro lawsuit doesn't even involve a typical payday lender but has more to do with an Internet rebate scam the Jonesboro outfit is running.

Beebe spokesman Zac Wright had to tiptoe over his candidate's stand on this issue, mentioning only that he voted as a state senator in 2001 to repeal the 1999 law, ignoring his favorable vote on the Senate floor.

"He's taken action. He voted to repeal the law five years ago. He would get rid of it as governor. This is not a new position for him," Wright said, not quite accurately.

"As governor, he'd go a step further because repealing it is not enough. He'd support legislation speciously targeted at curbing the practice."

Well, good for him. Let's see if he flip-flops again.

Other candidates for office this year are coming out against payday lenders, but where has Gov. Huckabee been all this time? He has looked the other way while the money changers rip off working Arkansans. Former Attorney Gen. Mark Pryor, now the junior senator from Arkansas, should have put an end to the exploitation while he was the state's top law-enforcement official. He could have done more to stop the industry's excesses by insisting the lenders must not violate the state's 17 percent usury limit.

Pryor reads the Bible, and you'd think he would have found plenty of passages condemning usury. Gov. Huckabee, a former Baptist minister, is also familiar with the Bible and should have chased the money changers all the way to the state border.

Instead, he watched as the Legislature sold out to the payday lenders, did nothing to stop them and will now let his successor lead the charge against the usurers. Better late than never, but what a blemish on his record. The same goes for Pryor, Beebe and all the state's politicians who accepted campaign contributions from payday lenders and betrayed the people of Arkansas.

But the tide is turning. Saline County Prosecuting Attorney Robert Herzfeld, a Democrat, and Gunner DeLay, a Republican, who are running for attorney general, say they're for shutting down the payday lenders. Herzfeld, though, says DeLay, too, has flip-flopped on the issue, just like Beebe. DeLay voted for the 1999 act and later voted twice not to repeal it while he was in the state Senate.

As we say, the tide is turning: Rep. Jay Martin, D-Little Rock, and Sen. Tim Wooldridge, D-Paragould, both lieutenant governor candidates, are pushing a bill that would ban usurious loans.

State Sen. Tracy Steele, D-North Little Rock, who tried but failed last year to abolish the check-casher law, has proposed new legislation for next year that would amend the act.

Chances of success look better for next year as more politicians, especially the candidates for governor, jump on the anti-payday lenders bandwagon.

Hank Klein, a former credit union executive who, along with the AARP and consumer groups, has been leading the charge against check cashers, says he's glad politicians are finally speaking out against payday lenders. But he wants more than words: He wants action.

"When they're elected to office, we want to make sure they keep their word," Klein said.

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