

Payday loans enter governor's race fray

BY SETH BLOMELEY ARKANSAS DEMOCRAT-GAZETTE

Republican gubernatorial nominee Asa Hutchinson on Thursday accused his Democratic opponent, Mike Beebe, of having "sat on his hands" in dealing with payday lenders and asked for contributions to defend against "negative attack ads" he expects from Beebe.

Beebe responded by saying that in the Legislature he voted against a law allowing payday lending and has filed multiple lawsuits against payday lenders as attorney general. He said Hutchinson "doesn't know the law or is choosing to ignore it." He said only Republicans have run negative ads in the race so far.

Hutchinson also accused Beebe of an "apparent conflict of interest," saying Beebe accepted campaign contributions from payday lenders. Beebe said he may have accepted a donation from a relative of a payday lender but took no direct contributions from those businesses.

The exchanges between the candidates began Thursday morning when Hutchinson sent a fundraising e-mail to supporters, noting that he had begun running a television ad a couple of weeks ago and that "I need your help today to keep this ad airing statewide."

He added, "I have no doubt that my opponent will launch negative attack ads in the coming weeks in an effort to kill our momentum. We're not going to let him get away with it."

Beebe, in an interview at a campaign stop in Perryville, said, "We have not launched negative attacks, but we have been attacked."

Beebe said he was referring to a Republican-funded committee that ran ads in recent weeks critical of Beebe's votes on tax bills while he was a member of the Arkansas Senate.

Last week, former President Clinton said at a Beebe fundraiser in North Little Rock that Democrats in Arkansas won't "be swiftboated." It was a reference to ads against Democratic presidential candidate John Kerry in 2004 criticizing Kerry's war record. Clinton said Democrats in Arkansas fight back.

Beebe declined to say whether he had plans for any such critical ads against Hutchinson.

"I have tried to stay positive but we're not going to roll over and play dead if we get attacked," Beebe said.

Later Thursday, Hutchinson issued the news release regarding payday lending. In general, payday lenders operate by advancing money to people and are paid back by taking money out of people's paychecks. He said state law allows payday lenders to charge high rates of interest.

"I've made it clear that, as governor, I will take action to put a stop to abusive lending in Arkansas by revoking the 1999 Check Cashers Act, which has allowed unscrupulous lenders to exploit the poorest and most vulnerable of our state's citizens," Hutchinson's release said.

Hutchinson said he doubted Beebe shared that commitment because of campaign contributions from the industry. The release cited an Arkansas Business article that said Beebe's campaign received \$4,000 from payday lenders. It cited a study of finance reports by a group called Arkansans Against Abusive Payday Lending. The article doesn't mention the specific payday lenders that gave money to Beebe.

"As attorney general, Mike Beebe has had four years to take action against these bad actors and has failed to do so," Hutchinson said. "He has taken their money instead. He did not make reforming the predatory lending practice part of his legislative agenda as attorney general, and he failed to aggressively pursue legal action until now, during a campaign year."

Beebe said later in an interview while munching on cookies during a campaign stop at the Conway County library in Morrilton that he didn't accept money from payday lenders.

Regarding whether he opposed payday lending, Beebe laughed and said, "Duh! Spell that right. Duh!"

He then took a more serious tone: "All right, first of all, he needs to check the record because I was one of two senators who tried to stop this from even getting passed in the law [during a vote in the Senate]. Not only that, I voted against it in committee. Not only that, the next session [in 2001] I voted to do away with predatory lending as well. My record is unequivocal."

Beebe said that since then the state Supreme Court has banned payday lenders from charging

certain fees and that this has helped.

But he said some payday lenders in Arkansas that are based out of state are regulated by the federal government. He said action by Arkansas' state government can't challenge their right to do business. He said Congress could take action to help shut some of those operations down.

"[Hutchinson] doesn't know his facts," Beebe said. "He doesn't know the law or he's choosing to ignore it. He doesn't know my history. I voted against it from the get-go, and we've filed numerous lawsuits against them. I'm glad he's joined the fight."

Matt DeCample, a spokesman for the attorney general's office, said later that Beebe filed nine lawsuits to shut down payday lenders. All were filed this year, but DeCample said that had nothing to do with politics. He said that was when investigators concluded their case. He said Beebe concluded action on other suits filed by his predecessor, Mark Pryor.

Those suits were settled with the businesses being closed, De-Cample said.