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[CONTENT & ONLINE PARTNERS](#) | [INFORMATION](#)

CONTENT

FRONT PAGE

NEWS

COLUMNISTS

[John Brummett](#)
[Dennis Byrd](#)
[David Sanders](#)
[Doug Thompson](#)
[Harry King \(Sports\)](#)
[Roby Brock \(Business\)](#)
[Joe Mosby \(Outdoors\)](#)
[Micki Bare \(Lifestyles\)](#)

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More payday lenders regulated by state

Thursday, Nov 23, 2006

By Jason Wiest
Arkansas News Bureau

LITTLE ROCK - More payday lenders are being regulated by the Arkansas State Board of Collection Agencies, but 45 percent still aren't, a coalition of groups seeking to end payday lending in Arkansas claimed Wednesday.

The coalition's numbers are disputed by the state board regulating payday lending.

Of the 265 payday lenders operating in Arkansas as of September, 146, or 55 percent, were licensed and regulated to make payday loans by the board, according to Arkansans Against Abusive Payday Lending.

Coalition founder and president H.C. Klein said the numbers came from the agency and showed that while another 107 businesses were licensed, they weren't regulated. The remaining 17 stores, or 7 percent, were neither licensed nor regulated, according to Klein.

"In anybody's book, 55 percent is still failing," Klein said. "If the state decides they're going to regulate somebody, shouldn't the goal be to regulate all of them?"

Klein and the coalition are reporting the numbers incorrectly, executive director of the Arkansas State Board of Collection Agencies Peggy Matson said.

Matson said Arkansas has 280 licensed payday lenders, and "if they're licensees, it means they're regulated."

"With the exception of one man that we're trying to hunt down, I don't know of a single payday lender in Arkansas that doesn't have a license," she said.

Matson said the coalition's reports are usually wrong.

The coalition's report counts 19 payday lenders operated by out-of-state banks as noncompliant. But the law specifically excludes banks, Matson said.

"To say I'm frustrated is an understatement," she said.

Another type of lender the coalition says is unregulated is being

Today's Vic Harville Cartoon



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investigated by the agency, Matson said

The coalition, which includes the AARP, the AFL-CIO and the NAACP, gathered data in March and found that only 24 percent of the 275 payday lenders in Arkansas were both licensed and regulated by the state.

Although more businesses are being regulated now than were earlier this year, according to coalition numbers, all should be regulated until the Check Cashers Act's constitutionality is decided.

Earlier this month, the Supreme Court sent the case back to Pulaski County Circuit Judge Barry A. Sims for the second time. Both sides hope Sims will finally rule on the act's constitutionality.

"I understand why they don't like check cashing, but I have to enforce the law and I have to enforce it exactly like it was given to me," Matson said of the coalition.

"Until [Klein] sees the law as it actually is, he's going to keep going off on these tirades."

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