

## Payday lender case goes to court Tuesday

By TAMMY FRAZIER Staff Writer

Advance America Servicing of Arkansas, Inc., located in the Garden Oaks Shopping Center, is facing a bench trial Tuesday in a civil case filed by three plaintiffs who claim that the company violates the Arkansas Deceptive Trade Practices Act.

The three plaintiffs received payday loans in early 2006 and were still paying on the loans when the case was filed in July of this year. Their loan amounts were less than \$500 in each case, and Advance America charged around 150.30 percent annual interest rate on two of the defendants, and an annual rate of 295.12 percent on the third defendant, according to court records.

According to the Ouachita County Circuit Clerk's Office, Tuesday's proceedings will be handled in a bench trial, meaning that no jury will be present.

Payday loans are generally secured by a personal check along with bank account or credit card information.

According to the Credit Loan Web site, a person can write a post-dated check or agree to have the amount withdrawn from a bank account after a given time period, usually 14 days (14 days being the standard payroll period.) Todd Turner, a lawyer with Arnold, Batson, Turner & Turner of Arkadelphia, is representing the three plaintiffs in the case Tuesday and he told the Camden News today that his firm has been filing lawsuits against Advance America and other payday lending companies since 1998.

"Advance America, if you look at their Web site, they purport to be the largest payday loan company in America and they make these high interest, short-term loans," Turner explained. "And in Arkansas, our constitution sets a limit for interest rates. Our contention is that they are exceeding that limit."

Turner said that payday lenders lobbied the General Assembly in 1999. The Check Cashers Act was passed that year, stating that the industry could charge fees. However, the fees would not be considered interest.

"The Supreme Court struck down part of that act because, obviously... the constitution is superior to anything the General Assembly can do," Turner said. "That's kind of where we've been since 1998. These companies come in and ignore the constitution and make these outrageous loans and people, like these folks in Camden, pay a thousand dollars for a \$300 loan."

The law office of Wright, Lindsey & Jennings, LLP, of Little Rock, the firm handling the case for Advance America, did not respond to a request for a comment.

Many states have passed legislation against the payday/cash advance industry, saying that its practices are predatory and along the lines of loan-sharking, according to creditloan.com.

The Web site also states that more than 10 percent of Americans seek payday cash advances and, during the past 25 years, the payday lending business has grown from \$10 billion to \$25 billion annually.