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MONDAY, MARCH 05, 2007

EDITORIALS>>Payday stooges

It's easy to make fun of payday lenders and their lobbyists, who have a reputation of showing up at the Capitol in their checked suits and wide ties, smelling of cheap cigars and cologne and wearing little pinkie diamond rings.

But you shouldn't underestimate their very effectiveness down in the legislature. They buy off legislators on the cheap and get their way when it comes to circumventing the state's usury law, which caps interest rates at 17 percent. They charge at least 10 times that much, calling it a fee instead of interest.

Payday lenders have been buying off legislators for a decade, when they first started moving into Arkansas, charging outrageous interest rates, despite Arkansas'

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reputation for being tough on usurers. Payday lenders can now make hefty profits by charging interest rates that would make a mobster blush.

On Tuesday, they bought off enough senators on the Insurance and Commerce Committee to kill a payday lending bill that would have fined the storefront operators every time they violated the state's usury law.

The lenders made \$500 campaign contributions to five of the senators on the committee who ran for office last year and effectively killed the bill by refusing to let it move on to the Senate floor for a full vote.

Imagine that: \$500 will buy you a vote in the legislature, although looking at the senators who run interference for the payday lenders, you would think they'd want a little more for their vote, perhaps their own storefront operation when their terms are up, which can't be too soon as far as we're concerned.

North Little Rock Mayor Patrick Hays told the committee how his brother-in-law fell behind on payments after he borrowed money from a payday lender.

"This is not an avenue," Hays said. "This is a trap."

The rogues' gallery that took the payday lenders' filthy lucre includes these appalling senators who put special interests ahead of the people:

Senators Barabara Horn of Foreman, Bob Johnson of Bigelow, Paul Bookout of Jonesboro, Paul Miller of Melbourne and Terry Smith of Hot Springs.

They, along with the payday lenders, are our choice for the worst people in Arkansas.

Although the House recently passed the bill, 90-3, that didn't exactly scare the payday lenders since they knew they had most members of the Senate Insurance and Commerce Committee in the bag. Only one lonely voice stood up for the ordinary people of Arkansas.

Sen. Jim Argue (D-Little Rock) was the only member of the Insurance and Commerce Committee who voted for the bill, and we salute him for his decency. He can take comfort knowing that the fight isn't over. If the legislature doesn't act, the courts will eventually chase the money changers out of Arkansas.

Gov. Beebe could show more leadership and find a committee that would push for a vote in the Senate and banish the money changers forever. This is an industry that Arkansas does not need.

POSTED BY THE LEADER AT 7:08 AM

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