

Board Revokes Payday Lender's License, Imposes Fine

THIS ARTICLE WAS PUBLISHED ON TUESDAY, JULY 10, 2007 5:52 PM CDT IN NEWS

By [Jason Wiest](#)
THE MORNING NEWS

[EMAIL THIS STORY](#)

[PRINT THIS STORY](#)

[COMMENT ON THIS STORY](#)

LITTLE ROCK — The Arkansas State Board of Collection Agencies revoked a Springdale payday lender's business permit and fined the owners nearly \$42,000 Tuesday for violating state regulations.

"I might wish that they would be even stiffer," board member Stephen Copley said, referring to fines imposed upon the business, Show Me The Money.

Under the law, the payday lending operation owned by Lara Karnish and Mike Hultquist could have been fined \$168,000, said Peggy Matson, the board's executive director.

The \$41,999.95 in fines, just less than the \$50,000 surety bond required for such business to legally operate, was offered to the owners' lawyer earlier in a proposed settlement.

"These folks certainly had no intentions of following the law in any form or fashion," Copley said.

Matson said the violations included purchasing deferred presentment checks in excess of \$400, failing to correctly list fees charged as an annual percentage rate and accepting less than full face amounts from customers repurchasing their checks without entering into partial payment plans, an illegal practice called a "rollover."

Payday lenders cash customers' checks minus a fee and agree not to cash the check until a certain date, by which the customer is supposed to pay cash for the full face amount of the check to get it back.

Show Me The Money was a small, unsophisticated operation and the owners didn't realize the industry's regulations for many months, according to former state Rep. Jeremy Hutchinson, a lawyer for Karnish and Hultquist.

"They recognize that and are getting out of the business, and we just simply ask for mercy and they are no longer going to be doing business as a check-casher," Hutchinson said.

Karnish and Hultquist were not present at the hearing.

But Matson said the business owners and an employee were aware they were violating the Check Cashers Act.

Show Me The Money opened without a business license. After being cited, paying a fine and receiving a license, Matson said, the business engaged in illegal practices before eventually meeting with Matson in her office, where she and other state board of collection agency employees explained how the business must be run to comply with the act, she said.

"To be honest, we were shocked to go back five months later and to find out that there ... were lots of violations after we had worked so hard to educate them," Matson said. "It was very poorly run."

Michael Rowett, chairman of Arkansans Against Abusive Payday Lending, said the coalition was pleased with the board for shutting down Show Me The Money, but he expressed disappointment payday lending is still allowed in Arkansas.

"But you've still got the underlying problem that you can still follow the law, as it is, and charge triple-digit interest rates and basically gouge Arkansas consumers," Rowett said.

More than 270 payday lenders currently operate in Arkansas, Matson said. Legislation aimed at more tightly regulating the industry has failed in the past four legislative sessions.

Reader Comments (No Comments Posted.)

The following comments are provided by readers and are the sole responsibility of their authors. The Morning News does not review comments before their publication, nor do we guarantee their accuracy. By publishing a comment here you agree to abide by our [comment policy](#). If you see a comment that violates our policy, please [notify the web editor](#).

[Click here](#) to read the [Editor's Blog](#)

*Member ID:

*Password:

[Forgot Your Password?](#)

Human Resource Development
Bachelor of Science in Education

WORKING ADULTS:
Need to finish a bachelor's degree?

479-575-4709 • hrd@uark.edu • Click Ad