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Check cashers act hearing scheduled

JOANNE BRATTON
Bulletin Staff Writer

A hearing today in Little Rock will determine whether a check-cashing case challenging state law should be sent back to the Arkansas Supreme Court.

In April 2003, Sharon McGhee filed a class-action lawsuit alleging that the Arkansas State Board of Collection Agencies was illegally using public funds to license and regulate payday lenders and wanted the court to declare that the Arkansas Check-Cashers Act of 1999 was unconstitutional.

Those critical of the state's check-cashing laws say it allows payday lenders to charge more than 17 percent annual interest allowed by Arkansas Constitution by charging fees instead of interest.

A Pulaski County Circuit Court judge dismissed the claim after finding the board did not use public funds, and McGhee appealed the case to the Arkansas Supreme Court, according to an Arkansas Supreme Court opinion dated November 2006.

The Supreme Court affirmed the circuit court's decision, stating the agency did not use public funds, but did not make a ruling on the constitutionality of the check-cashers act, according to the opinion.

Although the circuit judge ruled the check-cashers act was constitutional, the statement was not included in a written order. Because it was not written in an order, the Supreme Court sent the case back to circuit court, according to the opinion.

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Those advocating for payday reform hope a decision will be made that eventually will change state law.

"Our hope is that it will go on to the Supreme Court, and it will rule that the law is unconstitutional and hold payday lenders to the 17 percent usury limit," said Nathan Pittman with Arkansans Against Abusive Payday Lending, a coalition of 35 organizations.

Thomas Thrash of Little Rock, who represents the Arkansas State Board of Collection Agencies, and Todd Turner of Arkadelphia, who represents McGhee, were not available for comment Monday.

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STORYCHAT

This article does not have any comments associated with it

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