



**ATTORNEY GENERAL OF ARKANSAS
Dustin McDaniel**

FOR IMMEDIATE RELEASE
March 18, 2007

Contact: Gabe Holmstrom
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McDaniel Demands Termination of Payday Lending in Arkansas

LITTLE ROCK— Attorney General Dustin McDaniel announced today that he is sending letters to “payday lending” businesses operating under a license in Arkansas, asking them to stop the practice immediately. McDaniel defines “payday” lending as short term loans that charge interest in amounts that vastly exceed the usury limit imposed by the Constitution of the State of Arkansas.

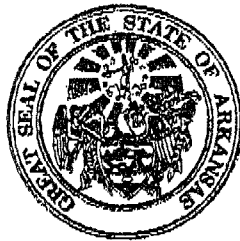
Based on the strength of two recent Arkansas Supreme Court opinions, McDaniel is advising payday lenders that charging exorbitant interest rates on these loans violates both the constitutional limit and the Arkansas Deceptive Trade Practices Act, a law enforced by the Attorney General. McDaniel demands that the payday lenders cease their lending practices immediately, void any and all current and past-due obligations of their borrowers, and refrain from any collection activities related to these type loans. A failure to do so will likely result in the filing of a lawsuit by the Attorney General.

According to a 2005 study by the Center for Responsible Lending, it is estimated that payday lenders cost Arkansas consumers \$25 million in fees and excessive interest each year.

“These businesses have made a lot of money on the backs of Arkansas consumers, mostly the working poor. Charging consumers interest in the range of 300 to 500 percent is unlawful and unconscionable, and it is time that it stops,” McDaniel said. “It is my hope that they comply with my demand but, if they do not, I stand ready to take them to court.”

A copy of the letter is attached.

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STATE OF ARKANSAS
THE ATTORNEY GENERAL
DUSTIN MCDANIEL

March 18, 2008

[Address]

Re: [name of business]

Dear [name]:

According to the records of the Arkansas State Board of Collection Agencies, [name of business] is currently engaged in the trade commonly known as "payday" lending. For the purposes of this letter, "payday" lending means the practice of extending short-term loans at relatively high annual percentage rates. The definition includes, but is not limited to, the practice described as a "deferred presentment option" as defined in Ark. Code Ann. § 23-53-102.

The purpose of this letter is to advise you regarding the law in Arkansas as it applies to payday lending. Arkansas has a strong public policy against usury. *Article 19, Section 13* of the Arkansas Constitution places a cap on the maximum interest rate that may be charged a borrower in a lending transaction:

(a) General Loans:

(i) The maximum lawful rate of interest on any contract entered into after the effective date hereof shall not exceed five percent (5%) per annum above the Federal Reserve Discount Rate at the time of the contract.

(b) Consumer Loans and Credit Sales: All contracts for consumer loans and credit sales having a greater rate of interest than seventeen percent per annum shall be void as to principal and interest and the General Assembly shall prohibit the same.

To the extent that your organization may have relied upon licensure under the Arkansas Check-Cashers Act of 1999 as a defense against usury, which is prohibited by

the Arkansas Constitution, and claims under other applicable Arkansas laws, we believe that such reliance has been misplaced.

Starting with the case of *Luebbers v The Money Store*, 344 Ark. 232, 40 S.W. 3d 745 (2001), the Arkansas Supreme Court has addressed the conflict between the Arkansas Check-Cashers Act and the Arkansas Constitution. The Court ruled that "section 23-52-104(b) [of the Arkansas Check-Cashers Act] is an invalid attempt to evade the usury provisions of the Arkansas Constitution." *Luebbers*, 344 Ark. at 232. Subsequently, the General Assembly repealed that portion of the Act which purported to allow a check casher to treat the fees charged in a payday lending transaction as something other than interest.

More recently the Arkansas Supreme Court issued two opinions regarding payday lending, *Arkansas Board of Collection Agencies and Old Republic Surety Company v. Mcghee, et al.*, No. 07-129 (AR S. Ct. Jan. 17, 2008), and *Staton v Arkansas Board of Collection Agencies and American Manufactures Mutual Insurance Company*, No. 07-53 (AR S. Ct. Feb. 21, 2008). In each case, the Court found that the practice of payday lending is unconscionable and deceptive, in addition to being prohibited by the Arkansas Constitution.

Taken as a whole, these Arkansas Supreme Court rulings make it clear that payday lending transactions, where the effective interest rate is greater than that allowed by the Arkansas Constitution, are prohibited. In the case of a typical payday loan, where the effective interest rate is far in excess of the legal limit, the loan is void as to both principal and interest. As a deceptive and unconscionable trade practice, the business of payday lending is prohibited by the Arkansas Deceptive Trade Practices Act (DTPA), and subject to the broad remedies provided by the DTPA, including the imposition of substantial civil penalties.

It is the position of this office that you must cease and desist your payday lending practices. In addition, I hereby demand that you void any and all current and past-due obligations of your borrowers, and refrain from any collection activities related to these payday loans. Be forewarned that your failure to comply with this demand will likely lead to litigation to enforce the laws of Arkansas. *

I will expect a written response no later than Friday, April 4, 2008, informing me of whether you intend to comply with this demand. If, for some reason, you believe that your practices are not subject to the requirements and prohibitions of Arkansas law set out above, please contact my office immediately. Thank you for your cooperation in this matter.

Sincerely,

Dustin McDaniel
Attorney General

All communications or questions may be directed to either:

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COMPANY	Primary Owner	City
AAA Cash Express	Brenda S. Shirley	Barling
AAA Cash Express	Brenda S. Shirley	Fort Smith
ACE Cash Express #5111	Sharon Stewart	Texarkana
Advance America	William Compton, President	Arkadelphia
Advance America	William Compton, President	Batesville
Advance America	William Compton, President	Benton
Advance America	William Compton, President	Blytheville
Advance America	William Compton, President	Camden
Advance America	William Compton, President	Conway
Advance America	William Compton, President	El Dorado
Advance America	William Compton, President	Forrest City
Advance America	William Compton, President	Fort Smith
Advance America	William Compton, President	Fort Smith
Advance America	William Compton, President	Hope
Advance America	William Compton, President	Hot Springs
Advance America	William Compton, President	Jacksonville
Advance America	William Compton, President	Jonesboro
Advance America	William Compton, President	Little Rock
Advance America	William Compton, President	Little Rock
Advance America	William Compton, President	Little Rock
Advance America	William Compton, President	Magnolia
Advance America	William Compton, President	Malvern
Advance America	William Compton, President	Monticello
Advance America	William Compton, President	North Little Rock
Advance America	William Compton, President	North Little Rock

Advance America	William Compton, President	Paragould
Advance America	William Compton, President	Pine Bluff
Advance America	William Compton, President	Russellville
Advance America	William Compton, President	Searcy
Advance America	William Compton, President	Texarkana
Advance America	William Compton, President	Van Buren
Advance America	William Compton, President	West Helena
Advance America	William Compton, President	West Memphis
Advance Till Payday	Loren Gill	Russellville
All American Cash Advance, LLC	Jerry L. McCoy	Wynne
Arkansas Cash Services, Inc.	David G. Morgan	Siloam Springs
Arkansas Check Services, Inc.	David G. Morgan	Ft. Smith
Arkansas Money Services, Inc.	David G. Morgan	Russellville
Ashdown Payday Advance	Patrick Patton	Ashdown
B & K Check Cashers, Inc.	Kenneth Ash	Rogers
Cash Advance	Gilbert Cornwell	Hot Springs
Cash Advance	Gilbert Cornwell	Morrilton
Cash Advance of Arkansas	Neil Maynard	Conway
Cash Advance of Hope	Dan Hughes	Hope
Cash Advance, LLC	Alan Turnkey	Greenbriar
Cash Cow Payday Loans, Inc.	Mitchell Thiele	Ft. Smith
Cash Cow Payday Loans, Inc.	Mitchell Thiele	Van Buren
Cash Mart, Inc.	Charles H. Huck	Gravel Ridge
Cash Mart, Inc.	Charles H. Huck	Hardy
Cash Mart, Inc.	Charles H. Huck	Heber Springs

Cash Mart, Inc.	Charles H. Huck	Mountain Home
Cash Now of Arkansas, LLC	Douglas Dwight Pruett	Ashdown
Cash Now of Arkansas, LLC	Douglas Dwight Pruett	Bryant
Cash Now of Arkansas, LLC	Douglas Dwight Pruett	Cabot
Cash Now of Arkansas, LLC	Douglas Dwight Pruett	Hot Springs
Cash Now of Arkansas, LLC	Douglas Dwight Pruett	Nashville
Cash Now of Arkansas, LLC	Douglas Dwight Pruett	North Little Rock
Cash Now of Arkansas, LLC	Douglas Dwight Pruett	Sherwood
Cash Today, LLC	Jim Mead	Jonesboro
Check Exchange, Inc.	Charlotte Jay	Alma
Check Exchange, Inc.	Charlotte Jay	Booneville
Check Exchange, Inc.	Charlotte Jay	El Dorado
Check Exchange, Inc.	Charlotte Jay	Paris
Check Exchange, Inc.	Charlotte Jay	Waldron
Check-Mate #1	William Vaughn	El Dorado
Checks Plus, Inc.	Ervel Harvison	Blytheville
Chek Mate	Dale Kloss	Hot Springs
Chex-2-Cash #3	William Vaughn	Hot Springs
Chex-2-Cash #4	William Vaughn	Malvern
Chex-2-Cash #6	William Vaughn	Benton
Chex-2-Cash #7	William Vaughn	El Dorado
Chex-2-Cash #9	William Vaughn	Texarkana
Clifty Creek Check Cashers, Inc.	Gene Hudgins	Bentonville
Clifty Creek Check Cashers, Inc.	Gene Hudgins	Rogers
Confidential Cash, LLC	Robert Mather	Rogers
Conway Quick Cash	Kelly Breslau	Conway

Delta Check Advance	Bradley Rodgers	McGehee
Discount Tobacco #1	Brenda S. Shirley	Ft. Smith
Discount Tobacco #2	Brenda S. Shirley	Ft. Smith
Discount Tobacco #3	Brenda S. Shirley	Ft. Smith
Discount Tobacco #4	Brenda S. Shirley	Ft. Smith
Discount Tobacco #7	Brenda S. Shirley	Ft. Smith
Discount Tobacco of Fort Smith, Inc. #6	Brenda S. Shirley	Little Rock
Dough 2 Go	Bradley Rodgers	Stuttgart
Dumas Check Advance	Bradley Rodgers	Dumas
E-Z Money Payday Advance	Ronald Stettler	Hot Springs
EZ Money Payday Advance II	Ronald Stettler	Texarkana
Fast-N-Easy Check Cashing Service, Inc.	Joseph Owasoyo	Pine Bluff
First Option Cash Advance	John Caldwell	Hot Springs
First Option Financial Services, LLC	John Caldwell	Hope
First Option Financial Services, LLC	John Caldwell	Magnolia
First Union Cash Advance	David Thompson	DeQueen
First Union Cash Advance	David Thompson	Mena
First Union Cash Advance	David Thompson	Texarkana
First Union Cash Advance of Crossett	David Thompson	Crossett
First Union Cash Advance of Magnolia	David Thompson	Magnolia
First Union Cash Advance of McGehee	David Thompson	McGehee
First Union Cash Advance of Texarkana	David Thompson	Texarkana
Glenwood Payday Advance	Patrick Patton	Glenwood
Golden Enterprises d/b/a Cash Advance	Gwynne Golden	Heber Springs
Golden Enterprises d/b/a Check Cashing	Gwynne Golden	Mountain View
Grand Prairie Check Advance	Charles Rodgers	Stuttgart

Harrison Quick Cash	Jay Breslau	Harrison
Hope Cash Advance	Patrick Patton	Hope
Hope Payday Advance	Patrick Patton	Hope
Kwik Cash	Stephen Wheelty	Little Rock
Merrill Check Cashing	James Compton	Batesville
Merrill Check Cashing	James Compton	Clarksville
Mid-Ark Cash Advance	Belvia Rodgers	North Little Rock
Money Talks of Arkadelphia, Inc.	Bonnie Beard	Arkadelphia
Money Talks of Hope	Bonnie Beard	Hope
Money Talks Of Prescott, Inc.	Bonnie Beard	Prescott
Mountain Home Quick Cash	Ann Peck	Mountain Home
Mr. Kwik Cash	Vickle Moon	Crossett
Nashville Payday Advance	Patrick Patton	Nashville
National Cash Express, Ltd.	Jesse Fenwick	Ft. Smith
P & B Pawn, Inc.	Phillip Cate	Bentonville
Partners Check Service	Jean Caldwell	North Little Rock
Partners Check Service	Jean Caldwell	Sherwood
Pawn Exchange of DeQueen	Phillip Caudle	DeQueen
Pawn Exchange of Mena	Phillip Caudle	Mena
Pawn Express of Foreman	Phillip Caudle	Foreman
Pawn Express of Texarkana, Inc.	Douglas Pruett	Texarkana
Paycheck Advarice	Patricia Wood	Clarksville
Payday Advance	James Mead, Jr.	Paragould
Payday Advance of Arkansas	Frankie Griffin	Lake Village
Payday Advance of Springdale, Inc.	Charles Dunnaway	Springdale
Payday Now	Jeffrey Oakes	Bentonville

Payday Now	Jeffrey Oakes	Searcy
Payday Now #2	Jeffrey Oakes	Rogers
Payday Services, Inc.	Robert Lewis	Texarkana
Perry Co. Check Cashing & Payday Advance	Danny Holland	Perryville
Pokey Check Cashing	Gregory Lance	Pocahantas
Prime Financial Services, LLC	Will Elam	Clarksville
Purpose Financial	James Scroggins	Blytheville
Quick Cash	Allen Bobbit	Osceola
Quick Cash	Allen Bobbitt	Newport
Quick Cash of Arkansas	Jay Breslau	Huntsville
Quick Cash of Arkansas	Jay Breslau	Ozark
Quick Cash of Arkansas	Jay Breslau	Springdale
Quickcash	Charles Hobby	Pine Bluff
Quick-Cash Advance, LLC	Gary Palmer	Blytheville
Qwik Cash	Allen Bobbit	Trumann
Qwik Cash	Allen Bobbitt	Walnut Ridge
Redi-Cash Check Cashing Service, Inc.	Gary Martin	Forrest City
Redi-Cash Check Cashing Service, Inc.	Gary Martin	Wynne
Russellville Quick Cash	Kelly Breslau	Russellville
Sheridan Financial Center Cash Advance	Jeffrey Vaughn	Sheridan
Simpson's Buy And Sell, LLC	Limuel Simpson	Lonoke
Springdale Cash Advance	Michael Grace	Springdale
Texarkana Cash Advance	Patrick Patton	Texarkana
The Money House, Inc.	Gerald Fischer	Berryville
The Money House, Inc.	Gerald Fischer	Harrison
Total Check Cashing	Terry Robinson	Pocahantas

USA Check Cashers, Inc.

Warren Quick Cash

John Sisemore

Bradley Rodgers

Farmington

Warren