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## Conway payday lender shuts down; 3 still open locally

By **DANIEL DOYLE**  
LOG CABIN DEMOCRAT

 Of 10 central Arkansas payday lending companies contacted Friday, only one reported closing its doors this week, and it was a Conway business.

A worker for Cash Advance of Arkansas on Harkrider Street said she didn't want her last name in the paper because, as of Friday, "Tammie" is unemployed.

Tammie said she worked there eight years before it shut down a day prior to Arkansas Attorney General Dustin McDaniel's move to shut down payday lenders in the state.

The attorney general said the fees charged by payday lenders harm the working poor and violate the state constitution's ban on high-interest loans, and has ordered all payday lending companies in the state to shut down or be sued.

Representatives for three central Arkansas firms contacted Friday said they were actually "out of state" loan companies and claimed that McDaniel's orders don't apply to their businesses, even if they're licensed and regulated by the state to operate here.

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Tammie, who was cleaning up the office and readying the suite for indefinite vacancy, said her company was owned by a man in Stuttgart and that the decision was made to close down because it was a "single location here" which constituted "just one little business."

McDaniel said earlier this week that other payday lending firms around the state probably won't be as easy to quiet.

"These businesses will not disappear overnight," McDaniel said at a press conference Wednesday. "Some will restructure themselves to avoid the law, some will operate without a license, making it more difficult for us to find them. Some will fold and some will fight us in court."

Most spokesmen contacted this week said their firms do hope to "restructure," as the other three firms with Conway locations continued operations through Friday afternoon. Those firms were Advance America, Show Me the Money and First American Cash Advance.

Cheney Pruett, president of the Arkansas Financial Services Association, which is a trade association for Arkansas payday lenders, said Friday he has probably talked to 90 percent of the 156 payday lending companies in the state which received cease and desist letters from McDaniel this week, but he has no idea as to how many will stay open.

"I don't really know what everyone's game plan is," Pruett said. "I perceive some will stay in the fight, some will shut down and some are in the middle, that's probably what will happen."

Through a payday loan in Arkansas, a customer writing a check for \$400 would usually receive \$350. The lender would keep the check for about two weeks without cashing it, thereby allowing the customer time to buy back the check. The \$50 charge on the \$350 loan for 14 days equates to 371 percent interest, however, which is well above Arkansas' 17 percent limit.

McDaniel told the Associated Press on Wednesday that his office has prepared for a litigious fight that would end the "illegal and immoral" high-interest rates charged by the companies, and that the fight could be "long and difficult."

Cheney said at the end of an interview on Friday, "The longer the better, I guess," as firms continue to reap revenue from what one central Arkansas branch worker called "desperate customers." Advocates for the lending companies counter that persons short on cash between paydays have a right to such loans, however.

At Cash Advance of Arkansas on Harkrider Street, Tammie said her boss thought it would benefit him in the long run to bow out now from any legal fight. She said she wasn't sure what she was going to do as far as employment, but as of Friday she's off the lender's payroll.

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"This is it after today," she said. "I'm just cleaning up, locking up the doors. We're done."

(The Associated Press contributed to this report.)

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Posted by: [dkalberts](#) at Mar 22, 2008 at 08:33:15 PM

Ok so if I understand this right, people borrow money and these places hold their checks for a short time?... So if these places close, what about the people that has borrowed money, what happen to their checks? Did they have to pay them and if so how is that fair to them. What if they did have the money to do so?

Posted by: [dkalberts](#) at Mar 22, 2008 at 08:34:57 PM

Sorry I meant to ask, what if they did not have the money to pay back.

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