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THE ARKANSAS LEADER

MONDAY, MARCH 24, 2008

## EDITORIAL>>Good Dustin chases lenders

Attorney General Dustin McDaniel, the state's chief law enforcement officer, is not going to stand for this unlawful behavior any longer! Nine years of it apparently is enough!

He was talking about the payday check cashers, who set up in 1999 to exploit the poor and desperate. While the state Constitution says you can't charge consumers more than 17 percent interest on loans, the check cashers charge 300, even 500 percent. They have got away with it in spite of the Constitution and 50 years of precedents in which the Arkansas Supreme Court said that the Constitution actually meant exactly what it said.

The legislature and Gov. Mike Huckabee, of course, were

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complicit when they enacted a law that pretended that the Constitution was not serious and that you could charge poor people anything you could get away with, up to and including highway robbery. Needy people were trapped into taking out loan after loan after loan after loan because they could never catch up.

McDaniel was suddenly emboldened by two Supreme Court decisions this winter, each saying flatly that any fees that a lender tacked on to a loan was, in fact, interest. That is what the Supreme Court said a half-century ago and has continued to say every time the issue has confronted it squarely. The two decisions this winter were tangential to the issue — they involved surety bonds backing the lenders — but both signaled what the court would do if the check cashers act reached them directly on its merits. That case will go before the court later this year, perhaps by summer.

But McDaniel said Tuesday that he was not waiting. He said the check cashers should close immediately unless they decide that they can make loans at a simple rate of 17 percent or less. They must waive all outstanding debts and operate immediately by the Constitution. Otherwise, he said, he will file lawsuits to shut them down.

In Arkansas alone, consumers paid an estimated \$25 million in fees and excess interest.

Payday lending is big business—so big that at least some companies, like Advance America, are traded on the New

York Stock Exchange. And they hire lawyers to stay in business and sweet talkers to convince lawmakers and the public that they are providing a service.

Well, carjackers provide a service. So do mobbed-up loan sharks and pimps, but we have laws and lawmen protecting us from those service providers.

And finally we have a lawman working to protect us from the payday lenders.

How much better it would have been if Attorney General (now U.S. Senator) Mark Pryor had done that in 1999. Or his successor, Mike Beebe, who had four years. Or General McDaniel, who has had 14 months. Justice does grind oh so slowly.

POSTED BY THE LEADER AT 9:41 AM 

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