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Shut down the Shame of Arkansas

BY THE ARKANSAS DEMOCRAT-GAZETTE ([CONTACT](#))

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LITTLE ROCK — THE LETTERS are full of legalese, but their gist is plain enough: The

hammer is about to come down on payday lenders. At last. That's the word from the state's attorney general, Dustin McDaniel, who has sent out 156 cease-and-desist letters to these loan sharks. The letters' gist: Close down by April 4th or face a lawsuit.

These letters/warnings/threats from the attorney general shouldn't be much of a surprise to the payday lenders, who've been chased out of state after state by now. How did they manage to operate this long in Arkansas? Doesn't the state's constitution theoretically-and constitutionally-limit annual interest rates to 17 percent? How do these bloodsuckers get away with charging what amounts to 350 percent a year or more?

Answer: The legal creativity and moral flexibility of the state legislature. Some years back, the Ledge opened the door for payday lending-the way you'd sneak a skunk into a house. How? By passing the Check-cashers Act of 1999, which called the exorbitant interest "fees." Hesto, presto, usury is constitutional. The whole rotten deal was all right with the attorney general at the time (Mark Pryor), who'd been the recipient of some nice campaign contributions from these predators. All of the efforts of his predecessor as attorney general-the Hon. and honorable Winston Bryant-to enforce the constitution and run these loan sharks out of Arkansas went by the wayside. That's how

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one bad decision can undo years of dedicated work. Result: The poorest, most desperate borrowers in the state have been paying the (high) price ever since.

All of which explains the strange hold this vicious industry has had over Arkansas despite the constitutional limit on interest. The Ledge won't do its job-that might upset too many lobbyists-and the Supremes have never gotten around to enforcing the state's constitution. They've come awful close of late, and plenty of folks are counting the hours till the justices get around to finishing the job. Until that overdue day, payday lending will remain barely legal, however morally indefensible.

Now at last, thanks to a couple of decisions earlier this year from the Arkansas Supreme Court, the obvious has become just about undeniable: Predatory lending is predatory lending and has no place in a state with a conscience. And the 17 percent limit that the state constitution sets on interest means 17 percent.

It's still going to be a long, hard struggle to shut down these shylocks. The job will take a lot of work by the attorney general's office. So let's thank Dustin McDaniel and his hard-working staffers. Thanks to them, the state's courts may yet be moved to shut down what for too long has been the Shame of Arkansas.

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