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Attorney general: Majority of 156 Ark. payday lenders say they will shut down

LITTLE ROCK (AP) — Most payday lending companies operating in Arkansas have said they will close or stop issuing high-interest loans to avoid being sued for violating the state constitution, Attorney General Dustin McDaniel said Tuesday.

McDaniel said his office received word from 52 companies that they will comply with a March 18 cease-and-desist letter he sent them. He said that based on news reports, consumer calls and other contacts, he believes another seven companies have stopped issuing payday loans.

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The 59 companies account for almost all of the 156 payday lending locations that he targeted with the letter, informing the companies they were violating the state constitution by charging more than 17 percent interest, McDaniel said.

The 156 payday lenders make up more than half of the 277 check cashers licensed by the Arkansas State Board of Collection Agencies. McDaniel's office said it focused on companies that offer "deferred presentment loans" where the business not only exchanges cash for a check but also agrees to delay the depositing of the check for a specific length of time.

The remaining 121 businesses that were not sent letters are businesses that cash checks for a fee but do not enter into delayed deposit agreements.

McDaniel indicated that there are still other payday lenders that his office plans on targeting.

"They should know that their day is coming. It is my goal to end this practice across the state of Arkansas," McDaniel said. "No one that engages in this sort of activity — whether they are doing so now or did so a year ago, whether they're calling it something else or claim to be doing otherwise — is immune from the law."

Not all of the companies that have responded will close completely.

Advance America, which operates 30 payday lending locations in the state, said it will restructure its business to comply with the law.

"I think the vast majority of them are just shut down because the vast majority are one owner, one store small-time operations," McDaniel said.

Advance America spokesman Jamie Fulmer said the company will not offer any new loans while it reviews its options, but will temporarily offer interest-free loans to its existing customers.

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