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Payday lender must cancel loans made to Ark. residents

BY BRYAN COHEN

McDaniel

LITTLE ROCK, Ark. (Legal Newsline) - Arkansas Attorney General Dustin McDaniel announced a settlement on Tuesday against the operator of multiple payday lending websites to prevent the offering of illegal payday loans to consumers in the state.

Earlier this year, McDaniel filed a lawsuit against Josh Mitchem, a Kansas City resident, and his companies, Platinum B Services LLC and PDL Support LLC. Mitchem and his companies allegedly control the operation of multiple payday loan websites that purportedly operate from Nevis, a Caribbean island. The companies allegedly violated Arkansas law by charging excessive fees and interest rates.

The lending websites controlled by the defendants include Red Leaf, The VIP Loan Shop, Paradise Cash Advance, Everest Cash, Bottom Dollar Payday and Action Payday.

McDaniel alleged that the defendants offered loans to residents of Arkansas with annual percentage rates that went as high as 644 percent.

"Arkansas law prohibits this kind of lending, whether it's from a storefront in the state or from a website supposedly based on an island," McDaniel said. "These types of loans only push consumers further into debt. We will continue our efforts to stop online payday lenders on behalf of Arkansas consumers."

Under the terms of a consent judgment, the defendants must stop offering usurious loans in Arkansas and cancel any outstanding loans made with Arkansas residents. The payday lending websites controlled by the defendants must expressly use language that loans will not be made to residents of Arkansas. The defendants also agreed to pay $80,000 to the state. It will be distributed using McDaniel's policy on settlement funds.

The defendants denied any wrongdoing under the terms of the settlement.

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