

Payday Lenders in Arkansas:

Better Licensing, But Regulation Still Lacking

November 2006

A Report by:



**Arkansans Against Abusive
Payday Lending**

Arkansans Against Abusive Payday Lending is a coalition of Arkansans dedicated to improving the lives of their fellow citizens (particularly the working poor) by removing abusive payday lending from our state. This coalition consists of AARP/Arkansas; Southern Good Faith Fund; Arkansas Advocates for Children and Families; Air Force Sergeants Association - Chapter 658; Arkansas Interfaith Alliance; Arkansas Trial Lawyers Association; Arnold, Batson, Turner & Turner, Attorneys-at-Law; Association for Community Organizations for Reform Now (ACORN); AFL/CIO; Better Business Bureau of Arkansas; Central Arkansas Development Council; College Station Community Development Corporation; Community Development Department of the City of Jacksonville; Consumer Credit Counseling Service (CCCS); Family Council; Family Service Agency; Family Support on Little Rock Air Force Base (ex officio); Federal Reserve Bank of Little Rock; Jewish War Veterans of the U.S.A. - Arkansas Post 436; League of Latin American Citizens (LULAC); Military Officers Association of America (MOAA)-Arkansas Council; NAACP/Arkansas; Nicolson Communications; North Little Rock Ministerial Alliance; Private Citizens; Pulaski County Cooperative Extension Service; Silver Haired Legislators Alumni Association; United Way of Pulaski County; and individual victims of payday lending.

Payday Lending in Arkansas: Better licensing, but regulation still lacking **November 2006**

In March 2006 Arkansans Against Abusive Payday Lending (AAAPL) issued a study documenting that **just 24 percent** of the payday lenders in Arkansas were actually licensed and regulated by the state agency responsible for licensing and regulating these high cost lenders. That agency is the Arkansas State Board of Collection Agencies (ASBCA) and one of its specific duties under state law is to ensure that all payday lenders are licensed and regulated.

Eight months after the AAAPL report was released, **55 percent** of the payday lenders are now licensed and regulated by this state agency to make payday loans. This is a step in the right direction in favor of Arkansas consumers. Still, a large portion—45 percent—are not being regulated. **Thirty-eight percent**, while licensed by the state, are not regulated and are allowed to make loans that don't comply with the ASBCA's own regulations. Another **7 percent** are neither licensed nor regulated by the state.

ASBCA regulations not being followed include customers having more than one check held by the same payday lender at a time; lenders making loans in amounts greater than \$400; loan terms longer than 31 days; failing to issue loans in cash; and charging more interest than allowed by law, etc.

While progress has been made, much more remains to be done. **No payday lender in Arkansas should be allowed to operate without both a license to make payday loans and meaningful regulation by the ASBCA.**

What is Payday Lending

Payday loans are small loans, usually \$100 to \$400, made for an average of 14 days. Individuals who borrow money from payday lenders typically pay interest equivalent to an annual percentage rate of **more than 400 percent**—despite the usury provisions of the Arkansas Constitution, which limits annual interest on consumer loans to **no more than 17 percent**.

According to the Center for Responsible Lending, the average payday borrower pays \$800 to borrow \$325. Research shows that payday lenders are disproportionately located near military bases and disproportionately target customers who are elderly, minority or low-income.

In a typical example, the borrower writes a check for \$377 for a payday loan of \$325, plus \$52 in interest. The money is typically due two weeks later at an Annual Percentage Rate (APR) of 400 percent or more.

If the borrower does not have the \$377 to pay back the loan when it is due, they can pay another \$52 fee. This does not pay down the principal; it is simply the interest to keep the loan afloat until the consumers next payday and then the next, and the next, etc. This is the “debt trap” of payday lending. More than 90 percent of payday loan recipients receive more than four loans every year, and 99 percent of loans go to repeat borrowers, according to the lending center, a research and policy organization that works to eliminate abusive financial practices.

The Check Cashers Act (Act 1216 of 1999) stated that fees charged by payday lenders “shall not be deemed interest.” But the Arkansas Supreme Court in its March 2001 *Luebbers v. Money Store Inc.* decision found that the Legislature in passing the Check Cashers Act made an “invalid attempt to evade the usury provisions of the Arkansas Constitution.” The court also found that the Legislature “may not avoid the constitutional prohibition against usury by merely stating that fees shall not be deemed ‘interest’ or by stating that a transaction shall not be deemed to be a ‘loan.’”

A 14-day payday loan, if made in compliance with the Check Cashers Act, costs Arkansas borrowers 372 percent to 869 percent annually. Arkansans Against Abusive Payday Lending believes that the Check Cashers Act is unconstitutional based on Article 19, Section 13 of the Arkansas Constitution which governs usury. Arkansas is the only state with a usury limit in its Constitution. In Arkansas that limit protects consumers by limiting interest on consumer loans to a maximum of 17 percent annually. A case challenging the constitutionality of the Check Cashers Act, *McGhee v. Arkansas State Board of Collection Agencies*, is pending before the Arkansas Supreme Court.

AAAPL research offers insight into the wealth-stripping aspects of payday lending. Payday lending in Arkansas potentially takes \$68,797,300 annually from Arkansas households — money that could be put to better use building wealth and assets. As a point of contrast, the 23 United Way Agencies in Arkansas collected \$18,678,032 last year to assist Arkansas consumers in need.

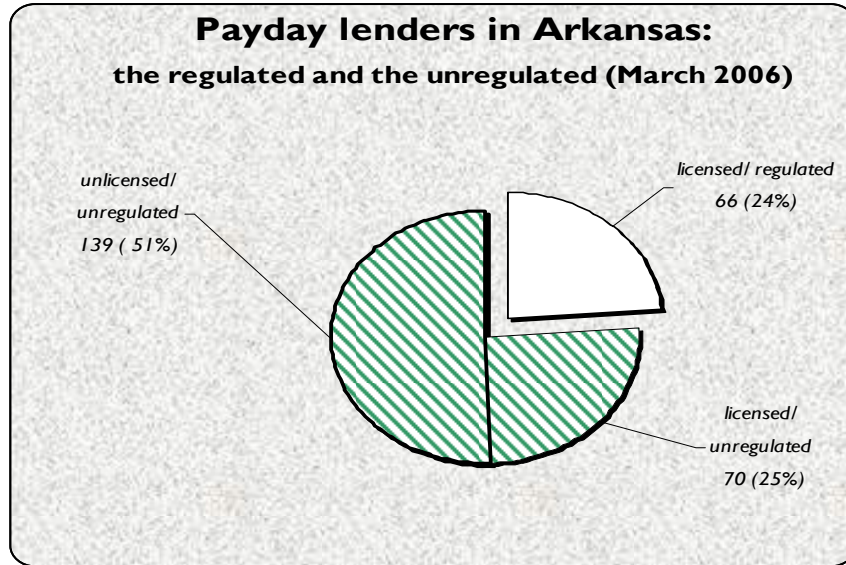
Background

Following publication of the AAAPL study in March 2006, the ASBCA stepped up enforcement and accomplished quite a bit in the area of licensing payday lenders that were previously unlicensed. The ASBCA also took a proactive approach to regulating payday lenders operating in Arkansas using licenses issued by the State of Missouri. One of the payday lenders operating 14 stores in Arkansas using a Missouri license was fined \$1.3 million by the ASBCA after an administrative hearing on June 28, 2006. Additionally, this payday lender’s stores were ordered closed and outstanding loans to customers were deemed null and void. One additional Missouri licensed lender’s case is still pending with the board.

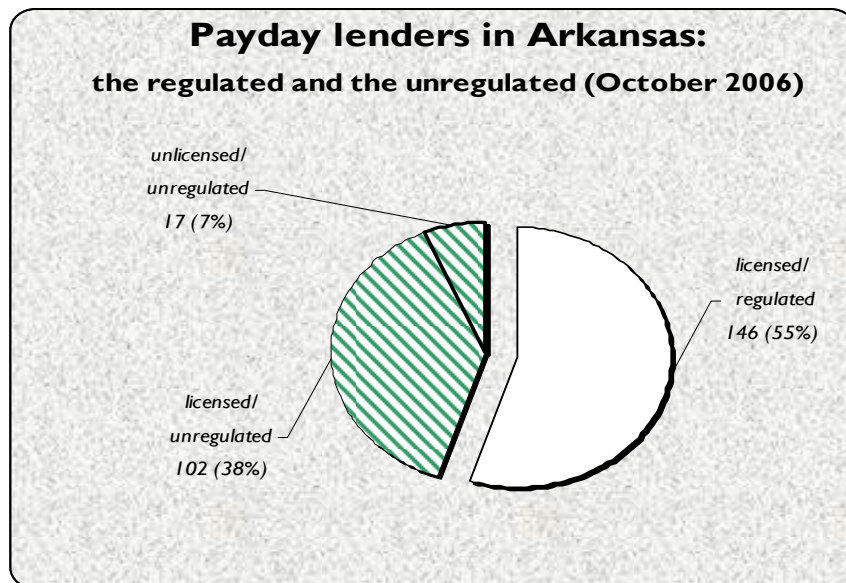
As of late September 2006, all of the Arkansas payday lenders that in March were operating without a license are now either licensed by the ASBCA or their stores have been closed (except a group of payday lenders that operate using internet rebates). Additionally, each of the payday lenders that had obtained licenses in Missouri and were operating Arkansas stores using these Missouri licenses are either closed, licensed or have been sold.

Then and Now

The AAAPL study released in March 2006 documented a total of **275** payday lenders operating in Arkansas. Of those, just **66 (24 percent)** were licensed and regulated by the ASBCA to make payday loans. Of the remaining 209 payday lenders, **70 (25 percent)** were licensed by the ASBCA, but made unregulated payday loans due to the agency's interpretation of state law. The largest group of payday lenders, **139 (51 percent)** were neither licensed nor regulated by the ASBCA.



The latest data indicates that of 265 payday lenders currently operating in Arkansas, **146 (55 percent)** are licensed and regulated to make payday loans. The remaining **119 payday lenders (45 percent)** are not regulated in their payday lending activities, with 102 licensed, but not regulated, and 17 neither licensed nor regulated by the ASBCA. **On any academic scale, 55 percent is still a failing grade!**



Nearly Half of Arkansas Payday Lenders Remain UNREGULATED

The 119 payday lenders (45 percent of the total statewide) that the agency chooses not to regulate can be divided into the four methods of operation that are currently being used by Arkansas payday lenders to make loans that do not comply with the Check Cashers Act of 1999.

The ASBCA has condoned two of the four methods (see page 7) by specifically voting not to regulate stores partnering with out-of-state banks (in November 2004) and out-of-state finance companies (in January 2005).

A third (and new) method is a money order payday loan currently being offered by First American Cash Advance. There may be an ongoing investigation being conducted by the ASBCA into this loan product that doesn't comply with the provisions of the Check Cashers Act.

The fourth method, the internet rebate payday loan, has been investigated by the Arkansas Attorney General's office. They have determined that this product is not internet service, but a high-cost payday loans. Since February 28, 2006, the Arkansas Attorney General has sued 12 of the 18 stores offering internet rebate payday loans in Arkansas.

The following summarizes the four methods of operations still being used to evade state law and ASBCA rules and regulations:

- **Rent-A-Bank Payday Loans** – 19 payday lenders make non-compliant payday loans by partnering with an out-of-state bank (see page 8). ACE-America's Cash Express offices in Arkansas partner with First Bank of Delaware and make non-compliant payday/installment loans. Their loan with a maximum of \$1,000 is for a 20 week term, with 10 installment payments. It is also a "payday loan" in that at the end of the first 14 days the borrower can pay the loan off at a reduced repayment plan, if the borrower chooses.

The ASBCA chooses not to regulate these stores even though the Arkansas Attorney General specifically asked the Federal Deposit Insurance Corporation (in a letter written by the National Association of Attorneys General) if Arkansas could enforce the Arkansas consumer protection and lending laws against these lenders operating in Arkansas. The FDIC Chairman stated in a letter to Attorney General Mike Beebe (see page 9) that the state could require the payday lender and the bank to comply with "consumer protection and lending laws of the borrower's state, other than interest-rate related limitations." Arkansas regulators should require payday lenders that partner with banks to comply with all the provisions of the Check Cashers Act of 1999, other than the interest-rate related limitation.

- **Rent-A-Finance Company Payday Loans** – 54 payday lenders make non-compliant payday loans (see pages 10 & 11) by using a license obtained from South Dakota (like the Missouri lenders recently closed down by ASBCA). These payday lenders have used their out-of-state licenses to make loans to borrowers in Arkansas from stores located in Arkansas.

The ASBCA chooses not to regulate these stores (see page 12) even though they recently levied a record fine and shut down a similar ring of 5 companies that were operating 29 stores in Arkansas with Missouri payday lender licenses. Arkansas regulators should require payday lenders that are making loans to Arkansas borrowers using a license in South Dakota to comply with all the provisions of the Arkansas Check Cashers Act of 1999, just like they have done with the Missouri licensed Payday Lenders.

- **Money Order Payday Loans** – 28 payday lenders make non-compliant money order payday loans (see page 13) for 95 percent of the borrower’s paycheck up to a maximum of \$900. First American Cash Advance offices in Arkansas do not partner with anyone, but make these loans directly. They are in the process of changing their name in Arkansas to Purpose Financial. We believe the "purpose" of that is to hide what they are doing and pretend that are not a payday lender. They do not cash checks and have no reason for having a license except to make payday loans, but in making those loans they do not follow the Arkansas law. While their interest rate is a reasonable 10% Annual Percentage Rate (APR) they also charge an additional 10 percent flat fee for cashing their corporate money order (\$90 for a \$900 loan). This tactic causes the effective Annual Percentage Rate to jump from 10 percent annually to 307 percent annually. Arkansas regulators should require payday lenders to design their payday loan products to comply with all the provisions of the Check Cashers Act of 1999 and there should be no hidden fees not authorized by the Act.
- **Internet Rebate Payday Loans** – 18 payday lenders make internet rebate payday loans (see page 14). One of these lenders is licensed, but not regulated. Eleven of the 18 stores are owned by the same family who developed this scheme and also own the out-of-state internet provider. The other seven stores are owned by individuals who use the internet service offered by the individual who owns the 11 stores. They say they are not making loans, but providing internet service with up to a \$300 rebate for signing a 1-year contract. The Arkansas Attorney General sees it differently and since February 28, 2006 has sued 12 of the 18 stores saying that these “rebates” are really payday loans.

The proper solution to all four of these evasive methods of operation is the same: Arkansas regulators should require **all** payday lenders in Arkansas to comply with **all** the provisions of the Check Cashers Act of 1999.

Conclusion/Recommended Actions

Payday lenders clearly see that their days are numbered in Arkansas if they are actually required to comply with all the regulations that govern them. The Check Cashers Act of 1999 is the subject of numerous ongoing court challenges, while publicity about the abuses of payday lending continues to resonate with the public. In order to protect their ability to make loans at triple-digit interest rates in Arkansas, these lenders continue to use many different methods to continue in business while evading licensing and/or regulation by the ASBCA.

The Arkansas State Board of Collection Agencies should license all payday lenders and every payday lender that is licensed should follow the Act and Rules and Regulations as written by the ASBCA, with no exceptions.

MINUTES
OF THE MEETING OF THE
STATE BOARD OF COLLECTION AGENCIES
November 10, 2004

A meeting of the State Board of Collection Agencies was held on November 10, 2004 at 10:00 a.m. in the Board's office in Suite 460 of the Lafayette Building located at 523 Louisiana Street in Little Rock, Arkansas. Board Members Rusty Guinn, Jerry Markham, Opal Lang, and Gary Frala were present. Peggy Matson, Executive Director of the agency and Arnold M. Jochums, Assistant Attorney General were also present.

Rusty Guinn, Chairman of the Board, called the meeting to order.

Freedom of Information Act. The Chairman noted that notice of the meeting had been given in accordance with the Arkansas Freedom of Information Act.

Ms. Matson said that she and Mr. Jochums had met to discuss whether or not cash advances made in Arkansas by storefronts affiliated with out-of-state banks must conform to the provisions of The Check-cashers' Act. She said that they are in agreement that banks and cash advances made by banks are exempt from The Check-cashers' Act. She said that a decision needed to be made as to whether or not cash advance stores that serve as agents for out-of-state lending companies (other than banks) are required to be licensed under The Check-cashers' Act and suggested that the Board make that decision. After some discussion, the Board said that Ms. Matson should make that determination.

MINUTES
OF THE MEETING OF THE
STATE BOARD OF COLLECTION AGENCIES
January 26, 2005

A meeting of the State Board of Collection Agencies was held on January 26, 2005 at 10:00 a.m. in the Board's office in Suite 460 of the Lafayette Building located at 523 Louisiana Street in Little Rock, Arkansas. Board Members Rusty Guinn, Jerry Markham, and Gary Frala were present. Board member Opal Lang did not attend the meeting. Peggy Matson, Executive Director of the agency and Chilcsa Ready, Assistant Attorney General were also present.

Rusty Guinn, Chairman of the Board, called the meeting to order.

Freedom of Information Act. The Chairman noted that notice of the meeting had been given in accordance with the Arkansas Freedom of Information Act.

New Business. Ms. Matson asked the Board to make a ruling on whether or not short-term promissory notes offered by out-of-state finance companies are subject to The Check-cashers' Act of 1999. After some discussion, the Board came to a unanimous conclusion that such transactions are not covered by The Check-cashers' Act of 1999

ARKANSANS AGAINST ABUSIVE PAYDAY LENDING

Licensed, but Unregulated Payday Lenders - Rent-A-Bank List

As of July 1, 2006

Bank Partner		Arkansas Payday Lender	Street Address	City	State	Zip Code	Phone Number	Licensed with ASBCA
First Bank of Delaware, 1000 Rocky Run Parkway, Wilmington, DE 19803		ACE - America's Cash Express	102 Southern Drive	Ashdown	AR	71822	870/898-9500	CC #0488
Phone: 302/529-5983		ACE - America's Cash Express	1805 Fort Street	Barling	AR	72923	479/484-0000	CC #0491
		ACE - America's Cash Express	706 East Collin Raye	DeQueen	AR	71826	870/642-7986	CC #0489
Headquarters: ACE - America's Cash Express, 1231 Greenway Drive, Suite 600, Irving, TX 75038 Phone: 972/550-5000		ACE - America's Cash Express	1913 Townson Avenue	Ft. Smith	AR	72901	479/782-9999	CC #0492
		ACE - America's Cash Express	2012 Rogers Avenue	Ft. Smith	AR	72904	479/783-3004	CC #0487
		ACE - America's Cash Express	3822 Midland Avenue	Ft. Smith	AR	72094	479/782-0700	CC #0496
Issues		ACE - America's Cash Express	6416 Asher Avenue	Little Rock	AR	72204	501/562-2274	CC#0234
Licensed with ASBCA	Yes	ACE - America's Cash Express	7508 Geyer Springs Road	Little Rock	AR	72209	501/562-4807	CC #0235
Regulated by ASBCA for Payday Lending	NO ¹	ACE - America's Cash Express	1100 East Roosevelt Road	Little Rock	AR	72206	501/372-4886	CC #0239
Type of Payday Lender	Rent-A-Bank ²	ACE - America's Cash Express	310 Broadway	Little Rock	AR	72201	501/370-9488	CC #0236
Number of Checks Taken Per Loan	1	ACE - America's Cash Express	513 Sherwood	Mena	AR	71953	479/394-6669	CC #0495
Partial Payments Allowed	No	ACE - America's Cash Express	330 South Main Street	Nashville	AR	71854	870/451-9000	CC #0494
Bank/Finance Company Partner	First Bank of Delaware	ACE - America's Cash Express	3422 Pike Avenue	N Little Rock	AR	72114	501/771-7549	CC #0237
Term of Loan	20 Weeks ³	ACE - America's Cash Express	2801 South Olive Avenue, Suite 41	Pine Bluff	AR	71601	870/534-7642	CC #0238
Maximum Amount of Loan	\$1,000.00	ACE - America's Cash Express	2811 West 28th Street	Pine Bluff	AR	71603	870/535-3767	CC #0360
10 Payments due every 14 days	\$199.97	ACE - America's Cash Express	934 North Stateline Road	Texarkana	AR	71854	870/774-0002	CC #0304
Total Payback/Amount of Check	\$1,999.70 ⁴	ACE - America's Cash Express	2321 Industrial Park Rd.	Van Buren	AR	72956	479/471-7000	CC #0490
Interest Rate (APR)	521.00% APR	ACE - America's Cash Express	2203 Fayetteville Road	Van Buren	AR	72956	479/410-9000	CC #0493
		ACE - America's Cash Express	100 East Broadway	West Memphis	AR	72301	870/733-1823	CC #0240
Total = 19								

Note: Effective 7/1/06 ACE - America's Cash Express offers Installment Loans through bank partner First Bank of Delaware. Maximum loan amount is \$1,000.00 with 10 payments of \$199.97 every 14 days. Can be paid off in first 14 days with a payment of \$1,150.00.

ISSUES:

1 - ASBCA Board decided on November 10, 2004 not to regulate Rent-a-Bank Payday Lenders.

2 - FDIC Letter to Attorney General Mike Beebe dated May 27, 2005 stated that all State Consumer and Lending Laws could be enforced by each state on Rent-A-Bank partners, except interest rate restrictions.

3- Term of loan is longer than the 31 days allowed by 23-52-106 (d) of the Arkansas Check Cashers Act and Section XVI, A of the Check-Cashers Rules and Regulations.

4 - Maximum amount of loan offered is larger than allowed (\$400.00) by 23-52-106 (m) of the Arkansas Check Cashers Act.



FEDERAL DEPOSIT INSURANCE CORPORATION, Washington DC 20429

DONALD E. POWELL
CHAIRMAN

May 27, 2005

Mr. Mike Beebe
Attorney General
Attorney General of Arkansas
Little Rock, Arkansas 72201

Dear Mr. Attorney General:

Thank you for your letter regarding the Federal Deposit Insurance Corporation's position on payday lending.

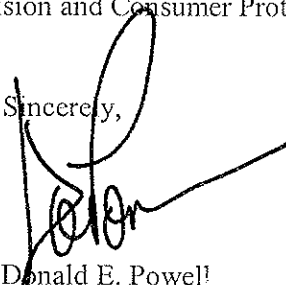
As you note, federal law authorizes federal and state-chartered insured depository institutions making loans to out-of-state borrowers to "export" interest rates in accordance with the laws of the state where the bank is located. However, this statute does not exempt state-chartered banks partnering with payday lenders from consumer protection and lending laws of the borrower's state, other than interest-rate related limitations.

The FDIC understands that payday lending is a high-risk activity that presents significant safety and soundness as well as consumer protection concerns. In light of these concerns, the FDIC implemented Guidelines for Payday Lending in July 2003, which addressed a number of issues, including appropriate actions for managing risks associated with third parties who offer payday loans. Furthermore, the FDIC recently revised its 2003 Guidelines to establish specific limits on payday loan usage. This revised guidance underscores the FDIC's belief that providing high-cost, short term credit on a recurring basis to customers with long-term credit needs is not responsible lending and increases banks' credit, legal, reputation, and compliance risks.

The Guidelines make clear that the use of third parties in no way diminishes the responsibility of a bank's board of directors and management to ensure its payday lending program is conducted in a safe and sound manner and in compliance with all applicable laws and regulations. FDIC-supervised banks have been informed that they will be held accountable for the activities of their payday lender partners, and the FDIC has taken action against banks based on such activities. Banks cannot simply "rent" their charter and leave management of the program to a third party. Such an approach would prompt the FDIC to pursue appropriate corrective action, which may include instructing the bank to discontinue payday lending.

Thank you for your interest in this important issue. If you have further questions, you can contact Michael J. Zamorski, Director of our Division of Supervision and Consumer Protection, at (202) 898-8946.

Sincerely,



Donald E. Powell

ARKANSANS AGAINST ABUSIVE PAYDAY LENDING

Licensed, but Unregulated Payday Lenders - Rent-A-Finance Company (SD) List

As of September 15, 2006

Finance Company Partner	Phone Number	Arkansas Payday Lender	Street Address	City	State	Zip Code	Phone Number	Licensed with ASBCA
Mount Rushmore Loan Company	605/332-7345	Show me the Money	1301 North 10th Street	Arkadelphia	AR	71923	870/246-4440	CC #0144
300 N Dakota Avenue, #100		Cash Advance of Benton	1016 Military Road	Benton	AR	72015	501/315-1170	CC #0091
Sioux Falls, SD, 57104-6037		American Check Cashers	1311 South Walton Boulevard	Bentonville	AR	72712	479/464-9496	CC #0120
Co-Owner: W. Cosby Hodges, 3100 Towson Ave, Ft. Smith, AR 72901	479/785-2231	Payday Money Store #4	2308 S E 28th	Bentonville	AR	72756	479/464-9898	CC #0387
Co-Owner: Robert A. Srygley, 990-A W. Sunset, Springdale, AR 72764	479/587-0653	Cash 4 U	849 East Main Street	Blytheville	AR	72315	870/762-5513	CC #0098
		Cash Advance of Clarksville	229 Market Street, T-8	Clarksville	AR	72830	479/754-2274	CC #0451
		American Check Cashers	2105 Harkrider	Conway	AR	72032	501/328-3294	CC #0498
Issues		Show Me the Money, Conway	505 Dave Ward Drive #2	Conway	AR	72032	501/327-0331	CC #0116
Licensed with ASBCA	Yes	Check N Tote	614 Union Street, Suite 1	Dardanelle	AR	72834	479/872-5396	CC #0394
Regulated by ASBCA for Payday Lending	NO ¹	Payday Money Store #6	300 W. Hillsboro Street	El Dorado	AR	71730	870/864-9208	CC #0376
Type of Payday Lender	Rent-A-Finance Company	Show Me the Money	1002 East Main	El Dorado	AR	71730	870/864-9100	CC #0145
Number of Checks Taken Per Loan	1, 2 or 3 Checks ²	American Check Cashers	2720 N. College Avenue	Fayetteville	AR	72701	479/582-9455	CC #0121
Partial Payments Allowed	No ³	Payday Money Store #1	1701 West 6th Street	Fayetteville	AR	72701	479/582-0505	CC #0129
Bank / Finance Company Partner	Mount Rushmore Finance Company	Payday Money Store #2	2417 North College Avenue	Fayetteville	AR	72703	479/571-1171	CC #0130
Maximum Amount of Loan	\$500.00	American Check Cashers	56 Phoenix Village	Fort Smith	AR	72901	479/646-3400	CC #0122
Cost for 14-days	\$89.00 ⁴	American Check Cashers	2932 Midland Avenue	Fort Smith	AR	72904	479/783-2120	CC #0118
Total Payback/Amount of Check	\$589.00 ⁵	American Checks 2 Cash	4117 Grand Avenue	Fort Smith	AR	72904	479/783-2274	CC #0128
Interest Rate (APR)	464.07% APR ⁴	Payday Advance of Fort Smith	4605 Towson Avenue	Fort Smith	AR	72901	479/646-2274	CC #0379
		Cash 4 You of Greenwood	800 West Denver, Suite 1	Greenwood	AR	72936	479/996-5070	CC #0500
		Payday Money Store #9	1409 Highway 62-65 North, Ste 2	Harrison	AR	72601	870/743-2224	CC #0445
		Show Me The Money	1129 Central Avenue	Hot Springs	AR	71913	501/624-2125	CC #0115
		Payday Money Store #13	4043 Central Avenue, Suite F	Hot Springs	AR	71901	501/520-0360	CC #0523
		American Check Cashers	912 West Main Street	Jacksonville	AR	72076	501/985-3116	CC #0123
		American Check Cashers	509 JP Wright Loop	Jacksonville	AR	72076	501/457-5060	CC #0497
		Cash Advance of Jonesboro	2711 South Caraway Rd., Ste A	Jonesboro	AR	72403	870/931-8850	CC #0117
		American Check Cashers	1608 South University	Little Rock	AR	72203	501/666-6667	CC #0127
		Cash Advance of Little Rock	8635 Chicot Road	Little Rock	AR	72209	501/562-5282	CC #0165
		Cash Advance of Little Rock 2	1401 John Barrow Road	Little Rock	AR	72205	501/228-9503	CC #0326
		M\$C Check Cashers	122 Cara Street	Monticello	AR	71655	870/367-5405	CC #0108
		Payday Money Store #10	2568 Highway 62 East	Mountain Home	AR	72653	870/492-5010	CC #0446
		American Check Cashers	4610 JFK Boulevard	N Little Rock	AR	72116	501/771-1400	CC #0126
		Cash Advance of NLR	4701 Camp Robinson Road	N Little Rock	AR	72118	501/812-5550	CC #0090
		Razorback Check Casher	500 West Keiser Avenue	Osceola	AR	72370	870/563-4600	CC #0100
		Advanced Check Express	1801 West Kings Highway #9	Paragould	AR	72450	870/239-0073	CC #0094
		American Check Cashers	2516-B East Harding	Pine Bluff	AR	71601	870/534-0200	CC #0125
		Payday Money Store #11	4703 Dollarway Road	Pine Bluff	AR	71602	870/536-1211	CC #0447
		American Check Cashers	1843 South 8th Street	Rogers	AR	72756	479/936-8818	CC #0124
		Payday Money Store #5	2405 North 2nd Street	Rogers	AR	72756	479/631-1300	CC #0439
		B&B Check Cashers	105 East Parkway	Russellville	AR	72801	479/964-0028	CC #0092
		River Valley Check Cashers	1012 East 4th Street	Russellville	AR	72801	479/890-6620	CC #0329

ARKANSANS AGAINST ABUSIVE PAYDAY LENDING

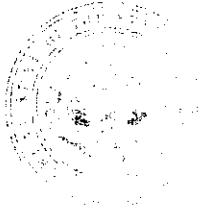
Licensed, but Unregulated Payday Lenders - Rent-A-Finance Company (SD) List

As of September 15, 2006

Finance Company Partner	Phone Number	Arkansas Payday Lender	Street Address	City	State	Zip Code	Phone Number	Licensed with ASBCA
		American Check Cashers	2714 East Race	Searcy	AR	72143	501/279-0202	CC #0604
		Cash Advance of Sherwood	3901 East Keihl Avenue	Sherwood	AR	72120	501/833-9000	CC #0484
		Payday Money Store #8	2998 East Highway 412 E	Siloam Springs	AR	72761	479/549-4055	CC #0440
		American Check Cashers	101 North Thompson	Springdale	AR	72764	479/927-2433	CC #0119
		Payday Money Store #3	990-A West Sunset Avenue	Springdale	AR	72764	479/872-6005	CC #0131
		Payday Money Store #12	4016 N Stateline Avenue	Texarkana	AR	71854	870/774-8753	CC #0485
		Cash 4 You of Van Buren	2519 Alma Highway	Van Buren	AR	72956	479/410-3334	CC #0499
		Show Me the Money	213 South Main	Warren	AR	71671	870/226-1451	CC #0396
		Payday Money Store #7	101 North Sebastian	West Helena	AR	72390	870/572-4023	CC #0438
		Cash Advance of West Memphis	1705 North Missouri Street	West Memphis	AR	72301	870/400-3434	CC #0468
		Arkansas Check Express	810 Highway 64 East, Suite 3	Wynne	AR	72396	870/238-1222	CC#0093
Sub Total = 51								
Dakota Loan Company	605/332-7345	Fast-n-Easy Check Cashing	2803 South Willow	Pine Bluff	AR	71603	870/536-3675	CC #0176
300 N Dakota Avenue, #100, Sioux Falls, SD, 57104-6047								
Co-Owner: W. Cosby Hodges, 3100 Towson Ave, Ft. Smith, AR 72901								
Co-Owner: Robert A. Srygley, 990-A W. Sunset, Springdale, AR 72764								
Sub-Total 1								
Advance Cash of South Dakota	605/331-4148	National Cash	2137 East Race Street	Searcy	AR	72143	501/268-8973	CC #0105
3007 East 10th Street, Sioux Falls, SD 57103								
Owner: Paul D. Mather, 101 South 8th Street, Rogers, AR 72756								
Sub Total = 2								
Rent-A-Finance Company - Payday Lenders - Grand Totals = 54								

Issues:

- 1 - ASBCA Board voted on January 26, 2005 not to regulate 'out-of-state finance company' payday lenders.
- 2 - Requires more than 1 check as security (2 or 3 depending on amount of loan and term) for their payday loans in violation of 23-52-106 (m) of the Arkansas Check Cashers Act.
- 3 - Does not permit payment on loans in violation of 54-4-65 of the South Dakota Money Lenders Act which requires loans to be repaid in full with no more than 4 payments and a principal reduction of not less than 10% with each payment.
- 4 - Charges a higher interest rate than allowed by 23-54-104 (b)(1)(B), (2) & (3) of the Arkansas Check Cashers Act.
- 5 - Maximum amount of loan offered is larger than allowed (\$400) by 23-52-106 (m) of the Arkansas Check Cashers Act.



Arkansas State Board of Collection Agencies

523 South Louisiana, Suite 460
Little Rock, Arkansas 72201
Phone: (501) 376-9814
Fax: (501) 372-5383

PEGGY MATSON
EXECUTIVE DIRECTOR

DIRECT NUMBER: (501) 371-4435
E-MAIL: pmatson@asbca.com

March 7, 2005

H. C. Klein, President/CEO
Arkansas Federal Credit Union
P. O. Box 9
Jacksonville, AR 72078-0009

Re: Board Meeting

Dear Mr. Klein:

The Board considered the issue of whether or not finance companies offering short term loans were subject to The Check-cashers' Act of 1999 at its meeting on January 26, 2005. As I told you the Board has not approved the minutes of that meeting. However, as you requested, I am enclosing a portion of the draft of the minutes that pertain to that issue:

Ms. Matson asked the Board to make a ruling on whether or not short-term promissory notes offered by out-of-state finance companies are subject to The Check-cashers' Act of 1999. After some discussion, the Board came to a unanimous conclusion that such transactions are not covered by the Check-cashers' Act of 1999.

In response to your second question, no studies or documents were prepared for this discussion with the Board.

Sincerely,

A handwritten signature in cursive script that reads "Peggy Matson".

Peggy Matson
Executive Director

PM:stl

P.S. The Attorney General's office responded on March 4 to my inquiry about the release of these minutes.

ARKANSANS AGAINST ABUSIVE PAYDAY LENDING

Licensed, but Unregulated Payday Lenders - Money Order Lender List

As of June 1, 2006

Corporate Headquarters		Arkansas Payday Lender	Street Address	City	State	Zip Code	Phone Number	Licensed with ASBCA
Headquarters: First American Cash Advance, 600 Westpark Drive, Peachtree City, GA 30269 Phone: 724/981-9111		Purpose Financial	3710 E. Main Street, Suite J	Blytheville	AR	72315	870/780-6158	CC #0573
		First American Cash Advance	620 Cash Road	Camden	AR	71701	870/836-7058	CC #0574
		First American Cash Advance	467 Elsinger Blvd.	Conway	AR	72032	501/328-9946	CC #0575
Issues		First American Cash Advance	2600 N West Avenue, Suite E	El Dorado	AR	71730	870/881-9019	CC #0576
Licensed with ASBCA	Yes	First American Cash Advance	2600 Zero Street, Suite B	Ft. Smith	AR	72901	479/648-3885	CC #0580
Regulated by ASBCA for Payday Lending	No ¹	First American Cash Advance	2844 N. College Avenue	Fayetteville	AR	72703	479/927-2433	CC #0578
Type of Payday Lender	Direct Lender	First American Cash Advance	2314 N. Washington Street	Forrest City	AR	72335	870/630-9238	CC #0579
Number of Checks Taken Per Loan	ACH Authorization ²	First American Cash Advance	1609 Albert Pike Blvd., Suite E	Hot Springs	AR	71901	501/609-0975	CC #0582
Partial Payments Allowed	No	First American Cash Advance	906 N. Hervey Street	Hope	AR	71801	870/777-9212	CC #0581
Bank/Finance Company Partner	None	First American Cash Advance	2126 North 1st Street, Suite Q-2	Jacksonville	AR	72076	501/985-1613	CC #0583
Maximum Amount of Loan	\$900.00 *	First American Cash Advance	1300 S. Caraway Road	Jonesboro	AR	72401	870/931-7084	CC #0584
Cost for 14-Days	\$106.00 * ³	First American Cash Advance	8824 Geyer Springs Rd #10	Little Rock	AR	72209	501/569-9426	CC #0585
Total Payback/Amount of Check	\$1,006.00 * ⁴	First American Cash Advance	6420 Asher Avenue	Little Rock	AR	72205	501/568-3120	CC #0586
Interest Rate (APR)	306.86% APR *	First American Cash Advance	50 Hwy 79 Bypass N., Suite O	Magnolia	AR	71753	870/901-6335	CC #0587
		First American Cash Advance	2300 Leopard Lane, Suite O	Malvern	AR	72104	501/332-0007	CC #0588
		First American Cash Advance	145 North Park Drive	Monticello	AR	71655	870/367-1757	CC #0589
		First American Cash Advance	912 Highway 62 E	Mountain Home	AR	72653	870/425-7959	CC #0577
		First American Cash Advance	4012 John F. Kennedy Blvd.	N Little Rock	AR	72116	501/758-7311	CC #0590
		First American Cash Advance	2505-A West 28th Avenue	Pine Bluff	AR	71601	870/536-8451	CC #0591
		First American Cash Advance	1511 Highway 67 S	Pocahontas	AR	72455	870/248-0504	CC #0592
		First American Cash Advance	2301 E. Main Street, Suite 110	Russellville	AR	72802	479/880-8334	CC #0593
		First American Cash Advance	3511 E Race Avenue	Searcy	AR	72143	501/368-0187	CC #0594
		First American Cash Advance	1102 S. Thompson Ave., Suite B	Springdale	AR	72764	479/927-2615	CC #0595
		First American Cash Advance	2109 S. Main Street	Stuttgart	AR	72160	870/672-7494	CC #0596
		First American Cash Advance	1212 N. State Line Avenue, Suite B	Texarkana	AR	71854	870/779-8203	CC #0597
		First American Cash Advance	202 Plaza Street	West Helena	AR	72390	870/572-2688	CC #0598
		First American Cash Advance	114 East Broadway Street	West Memphis	AR	72301	870/733-9292	CC #0599
		First American Cash Advance	1724 N. Falls Blvd.	Wynne	AR	72396	870/238-0100	CC #0600
Total = 28								

* Note: Effective May 31, 2006 obtained licenses for all Arkansas stores with ASBCA. Effective June 1, 2006 makes payday loans directly as Valued Services of Arkansas up to \$900.00 @ 10% APR (\$.38 per \$100 for a 14-day loan) up to 95% of borrowers net income. Uses Automated Clearing House (ACH) Authorization as collateral. Issues a corporate money order for loan proceeds and charges 10% for cashing money order (i.e. \$90 on a \$900 loan). \$900.00 loan costs \$1,006.00 for 14-days. \$200.00 loan costs \$223.30 for 14-days. \$300.00 loan costs \$334.96 for 14-days. \$400.00 loan costs \$446.69 for 14-days. First American Cash Advance does NOT cash checks, only makes Payday Loans.

Issues:

1 - First American Cash Advance is not being required by the ASBCA to comply with the Arkansas Check Cashers Act.

2 - First American Cash Advance takes an ACH Authorization instead of an actual check as required by 23-52-106 (j) and (k) of the Arkansas Check Cashers Act and Section XVI, (B) of the Check-Cashers Rules and Regulations.

3 - First American Cash Advance is charging 10% of the face amount of each loan as a fee to cash their corporate money order instead of issuing loans in cash as required by 23-52-106 (l) of the Arkansas Check Cashers Act and Section I, J, (2) of the Check-Cashers Rules and Regulations.

4 - First American Cash Advance offers larger loans than allowed (\$400) by 23-52-106 (m) of the Arkansas Check Cashers Act.

ARKANSANS AGAINST ABUSIVE PAYDAY LENDING
Unlicensed and Unregulated Payday Lenders - Internet Rebate List
As of September 15, 2006

Internet Rebate Lender - Arkansas Federal Study List	Street Address	City	State	Zip Code	Phone Number	Licensed with ASBCA	Follow Up Research	Name Registered with Secretary of State - Business/ Commercial
Conway Cash.net	813 Oak Street	Conway	AR	72032	501/513-0400	AG Lawsuit 8-30-06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Dwight Blake
MoneyinaFlash.net	7212 Geyer Springs Road	Little Rock	AR	72209	501/568-1468	AG Lawsuit 6/21/06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 - Closed 8/11/06	Dwight Blake
Total = 2								
Internet Rebate Lender - Attorney General List	Street Address	City	State	Zip Code	Phone Number	Licensed with ASBCA	Follow UP Research	Name Registered with Secretary of State - Business/ Commercial
Cash Today.net	1360 S. Constitution Avenue	Ashdown	AR	71822	870/898-6443	AG Lawsuit 8/30/06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Robert Lewis
Crossetcash.net	107 E. 1st Avenue, #A	Crossett	AR	71635	870/364-6272	AG Lawsuit 8/14/06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Dwight Blake
Cash4U.net	905 E. 15th Street	Crossett	AR	71635	870/364-1755	Closed	Still Offering Internet Rebate Loans up to \$300 - 12/16/05 - Closed 8/11/06	Dwight Blake
El Dorado Cash Online.net	625 E. Main Street	El Dorado	AR	71730	870/863-8223	AG Lawsuit 9/11/06	Still Offering Internet Rebate Loans up to \$300 - 12/9/05 & 8/11/06	Elaine Blake
MoneyOnLine.net	2717 E. Nettleton Avenue	Jonesboro	AR	72401	870/268-8100	AG Lawsuit 8/14/06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Phyllis Blake
MoneyinaFlash.net	3521 Nettleton Avenue	Jonesboro	AR	72401	870/933-2664	AG Lawsuit 2/28/06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Dwight Blake
Magnolia Money.Net	1500 E. Main Street	Magnolia	AR	71753	870/234-2605	AG Lawsuit 6/21/06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Dwight Blake
Advanced Cash Now	2 Flowers Trl	Marion	AR	72364	870/739-2274	#0572	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Joyce Loyd
Check it Out	54 Southpark Shopping Center	Nashville	AR	71852	870/845-1771	NO	Now Offering Internet Rebate Loans up to \$300 - 8/11/06	Susan Icenhower
MoneyinaFlash.net	308 E. Harding Avenue	Pine Bluff	AR	71601	870/536-3179	AG Lawsuit 8/14/06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Joseph Forte
Cashboat.net of Russellville	1508 E. Main Street, Ste B	Russellville	AR	72801	479/890-6638	Closed	Still Offering Internet Rebate Loans up to \$300 - 10/11/05 - Closed 8/11/06	Rose Mary Pugh
Money.net	111 East Street	Texarkana	AR	71854	870/773-8022	AG Lawsuit 8/30/06	Still Offering Internet Rebate Loans up to \$300 - 12/9/05 & 8/11/06	Phyllis Blake
Cash Now.net	224 Arkansas Blvd.	Texarkana	AR	71854	870/773-6177	AG Lawsuit 8/30/06	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Robert Lewis
Money 4 U.net	310 Mid Continent	West Memphis	AR	72301	870/732-4300	NO	Still Offering Internet Rebate Loans up to \$300 - 12/6/05 & 8/11/06	Robert Blake
MoneyinaFlash.net	1985 Kroger Drive	West Memphis	AR	72301	870/733-0200	AG Lawsuit 9/11/06	Still Offering Internet Rebate Loans up to \$300 - 12/9/05 & 8/11/06	Elaine Blake
Cashplace.net (TCP.net)	640 N. Falls Blvd.	Wynne	AR	72396	870/238-5200	Closed	Still Offering Internet Rebate Loans up to \$300 - 12/14/05 - Closed 8/11/06	Joyce Loyd

Total = 15
March 8, 2006 - Payday Lenders Issuing Internet Rebate Loans - Grand Total = 17
September 15, 2006 - 3 Closed, 1 Licensed, 2 Unlicensed, 12 Being Sued by Attorney General = Grand Total = 18