



# Arkansans Against Abusive Payday Lending

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## MEDIA ADVISORY

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### Arkansas Supreme Court to hear oral arguments tomorrow in key payday lending case

LITTLE ROCK—The Arkansas Supreme Court will hear oral arguments tomorrow, Thursday, Oct. 30, in a key case that likely will determine the constitutionality of a 1999 law designed to give payday lenders legal cover to operate in Arkansas.

The oral arguments will begin at 9 a.m. in the courtroom of the Justice Building at 625 Marshall St. on the state Capitol grounds. Todd Turner of Arkadelphia, an attorney representing the plaintiffs in this case, will be available after the hearing to answer questions from the media.

In the case before the court tomorrow, *Sharon McGhee v. Arkansas State Board of Collection Agencies*, the plaintiffs assert that the Check-cashers Act (Act 1216 of 1999) violates the Arkansas Constitution.

Individuals who borrow money from payday lenders in Arkansas for the typical two-week period pay equivalent annual interest at a rate of 372 percent to 869 percent. Article 19, Section 13 of the Arkansas Constitution limits interest on consumer loans to a maximum of 17 percent annually.

The Arkansas Supreme Court in its March 21, 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, however, didn’t rule on the overall constitutionality of the Act.

Additionally, the Arkansas Supreme Court in two decisions earlier this year significantly eroded the legal justifications used by payday lenders to operate.

The high court in its January 17, 2008, *Arkansas Board of Collection Agencies and Old Republic Surety Company v. Sharon McGhee* decision found that the Check-cashers Act does not offer a payday lender “blanket cover” against violations of the state’s constitutional interest rate cap.

Similarly, the court in its February 21, 2008, *Emma Staton v. Arkansas State Board of Collection Agencies and American Manufacturers Mutual Insurance Company* decision found that a payday lender charging triple-digit interest rates violated both the state’s constitutional interest rate cap and the State Board of Collection Agencies’ own regulations barring deceptive trade practices.

*Arkansans Against Abusive Payday Lending (AAAPL) is a coalition of 40 Arkansas organizations dedicated to improving the lives of their fellow citizens (particularly the working poor) by removing the abuses of payday lending from our state.*

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