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Lawsuit alleges 'rebates' usurious

Arkansas News Bureau

The state attorney general's office sued a Jonesboro check-cashing business Tuesday, asking a judge to shut down the operation for charging interest rates as high as 520 percent.

The lawsuit accuses Moneyina Flash.net and its owners of charging "unconscionable and unlawful interest rates," Attorney General Mike Beebe said in a news release.

The lawsuit, filed in Pulaski County Circuit Court, accused the owners of the business of entering into contracts with consumers for Internet services that also included loans with exorbitant and illegal interest rates.



Klein

The terms of the contracts allowed consumers to receive up-front loans disguised as "rebates" from the company, according to the lawsuit.

The deal allegedly required consumers to make monthly or biweekly payments of up to \$60 to the company.

Those payments translated into annual percentage rates of up to 520 percent, according to the suit.

Under the terms of some contracts, consumers had to pay \$1,500 in a year in exchange for \$300 in "rebates," it said.

Beebe called the practice "An especially egregious example of a company using deceptive practices to take advantage of consumers through illegal high-interest rates.

"This company not only charged outlandish interest rates to customers who received these 'rebates', but they also withdrew money directly from bank accounts if they did not pay the cash on schedule," the attorney general said.

H.C. "Hank" Klein, founder of Arkansans Against Abusive Payday Lending, welcomed the legal action.