

Herzfeld pushes program to right payday lending industry

By Wesley Brown

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LITTLE ROCK - Democratic Attorney General candidate Robert Herzfeld announced a plan Monday that he said would protect Arkansans from payday lenders.

Herzfeld, the Saline County prosecutor and one of four candidates for attorney general, said if elected he would seek legislation to close loopholes in the Check Cashers Act of 1999. He also said he work with lawmakers, nonprofits and the financial community to develop low-interest short-term loans for low-income consumers.

"The Check Cashers Act was written by the payday lenders, for the payday lenders," Herzfeld said. "For too many years, this act has allowed these legalized loan sharks to thumb their noses at the Arkansas Constitution and gouge hard-working Arkansas families who have fallen into this economic trap while trying to make ends meet."

He said he would also support legislation to force payday lenders to abide by the state Constitution, which caps consumer loans at 17 percent annual interest.

Herzfeld is the first of three Democratic candidates for attorney general to release a plan to reform payday lending, an industry that critics say preys on poor Arkansans with exorbitant interest rates on short-term loans. The other Democratic candidates are state Rep. Dustin McDaniel of Jonesboro and Paul Suskie, the North Little Rock city attorney.

Republican attorney general candidate Gunner DeLay released a plan earlier this year.

However, Herzfeld said DeLay voted for the current check cashing law and twice voted against repealing the law while he was in the state Senate.

"DeLay has a clear record of supporting these loan sharks and is only shifting gears in an election year," he said.

However, DeLay said Herzfeld is desperate and running a "me-too" campaign in the race for attorney general.

"He is a day late and dollar short, we came out with a (better) plan a month ago," he said.

DeLay, who served two years in the state House before his election to the Senate in 1998, said Herzfeld doesn't understand the circumstances surrounding the enacting of the 1999 act. "It didn't create the payday lending industry, it was already here," DeLay said. He said his votes against repealing the act would have ended all regulation of predatory lenders.

Herzfeld's plan comes at a time of heightened scrutiny of the industry.

Two weeks ago, an anti-payday lending coalition released a report saying that predatory lending abuses cost the state's poor \$68 million a year. Last week, lawmakers held a hearing at the state Capitol to look at proposed legislation for the 2007 regular session that would overhaul or better regulate the payday loan industry.

On Monday, South Carolina-based Advance America said it was pulling all 30 of its stores out of Arkansas by June.
