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Last Payday Lender Has Left Arkansas

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Reported by: *KARK 4 News*
Tuesday, Aug 11, 2009 @11:30am CST

Arkansas Against Abusive Payday Lending (AAAPL) formally announced today that the last payday lender has left Arkansas, declaring victory on behalf of all those victimized by a predatory industry that drowns borrowers in triple-digit interest rate debt.

AAAPL hosted a news conference today near a former payday lending store in Little Rock once operated by First American Cash Advance. First American, the final payday lender to cease operations in Arkansas, closed its last store on July 31. AAAPL released its latest independent research report, which highlights developments over the last year that ultimately culminated in payday lenders

leaving the state for good.

The formal end of payday lending in Arkansas occurs eight months after the Arkansas Supreme Court ruled that a 1999 payday lending industry drafted law violated the Arkansas Constitution, and 16 months after Arkansas Attorney General Dustin McDaniel initiated a decisive crackdown on the industry. Payday lenders charged borrowers triple-digit interest rates—despite the Arkansas Constitution’s interest rate cap of 17-percent a year on consumer loans. The industry-drafted Check-cashers Act as enacted in 1999 was designed to evade the Constitution by contending, nonsensically, that payday loans were not loans.

Speakers at today’s news conference included AAAPL Chairman Michael Rowett of Southern Good Faith Fund; Arkansas Deputy Attorney General Jim DePriest; and Arkansas Democratic Party Chairman Todd Turner. Turner, an Arkadelphia attorney, represented dozens of payday lending victims in cases that ultimately led to the Arkansas Supreme Court’s landmark ruling against the industry.

“Payday lending is history in Arkansas, and it is a triumph of both conscience and constitutionality,” Rowett said. “Arkansas is the only state in the nation with an interest rate cap enshrined in the state’s Constitution, which is the ultimate expression of the state’s public policy. More than a decade after payday lenders’ initially successful attempt to evade this public policy, the Constitution’s true intent has been restored. Arkansas consumers—and the rule of law—are the ultimate victors.”

Arkansas joins 14 other states—Connecticut, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Vermont, and West Virginia—plus the District of Columbia and the U.S. military, all of which are protected under interest rate caps that prevent high-cost payday lending. The industry’s exemption to an interest rate cap in Arizona is expected to expire in July 2010, bringing the total to 16 states.

Your Opinion

Health Care Protestors

Several people attending health care town hall meetings have gotten pretty upset. What do you think are their reasons for attending?

- They were asked by special interest groups to come.
- They came on their own to ask questions.

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