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Ruling in payday lending case reversed

The Arkansas Supreme Court on Thursday reversed a lower-court ruling in a class-action lawsuit that ordered a bonding company to pay \$50,000 to customers of a payday lending company.

The Supreme Court said Sharon McGhee and her attorneys had not exhausted her administrative remedies by bringing the matter before the Arkansas State Board of Collection Agencies. McGhee's lawyers argued that it was futile to go before the state board, because the board ruled against her earlier in a similar case.

Old Republic Surety Co. had provided a bond of \$50,000 in 1999 to Russellville Check Express. McGhee and other customers won a judgment against Russellville Check Express in 2003 for \$191,000, because the firm's lending practices were declared in violation of Arkansas usury law.

When Russellville Check Express could not pay the debt, McGhee sued Old Republic. Pope County Circuit Judge John Patterson granted a summary judgment last year against Old Republic. The Supreme Court reversed the judgment.

Todd Turner of Arkadelphia, McGhee's attorney, said he will refile the case with the state board.