



Lender must pay, plaintiffs tell regulator

By **DAVID ROBINSON**

Arkansas News Bureau

A \$191,000 judgment against a payday lender in Pope County should be enforced, the State Board of Collection Agencies was told Wednesday.

The board was asked to tap the payday lender's \$50,000 surety bond to help pay the judgment. State law requires such businesses to have surety bonds.

"Clearly (the payday lender) violated the law here and we submit that we're entitled to have (the board) call in that bond," attorney Todd Turner told the collection agency board.

The class action lawsuit was filed in 2002 against Arkansas Check Express in Russellville alleging the payday lending company was violating the state's usury law.

In late 2003 the plaintiffs received a \$191,000 judgment. The lender was unable to pay the judgment and has since gone out of business.

Turner, attorney for the plaintiffs, later sued Old Republic Surety Company, the company that issued the \$50,000 surety bond. A Pope County circuit judge ordered the company to pay the \$50,000 to cover part of the judgment.

Old Republic Surety Company appealed the decision to the state Supreme Court. The high court ruled that the plaintiffs had to ask the State Board of Collection Agencies for the \$50,000.

Wednesday, Turner urged the board to rule in favor of the plaintiffs who he said were charged excessive fees so they could cash their paychecks.

Morrilton attorney Joel Taylor, representing Old Republic Surety Company, urged the board to deny Turner's request. He admitted that Arkansas Check Express did agree to the \$191,000 judgment with Turner and his clients, but added that the circuit judge who handled the case never ruled the firm had violated state law.

The board, after hearing the arguments, said it needed time to consider the case. Board chairman Rusty Guinn of Jonesboro, said he expects a decision to be made within 30 days.

Turner has filed numerous lawsuits against payday lenders since 1999. In each case he argued that the state check casher's law is unconstitutional because it violates the state's usury law.

While many of those cases were settled before going to trial, the problem, he said, is that the payday lenders often leave the state, go out of business or declare bankruptcy and never pay the judgments.

Attending Wednesday's board meeting were several members of Arkansans Against Abusive Payday Lending, a coalition of organizations that has formed to fight payday lending in the state.

Paul Kelly, chairman of citizens group, said after the meeting that the group wants the State Board of Collection Agencies to enforce state laws against payday lenders.