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PAYDAYLENDERS

Lawyers to appeal loss of suit

IN SHORT Consumer activists vow to appeal payday loan decision to state Supreme Court.

By **JOHN HOFHEIMER**
Leader staff writer

Consumer activist Todd Turner will appeal to the state Supreme Court Circuit Judge Barry Sims' ruling Friday in favor of payday lenders, their so-called regulators and the law exempting their transactions from

Arkansas' usury laws, he vowed Monday.

Turner, the Arkadelphia lawyer with a reputation for suing payday lenders and check cashers on behalf of consumers, said he would appeal Sims' decision within the allotted 30 days of its filing. He said the ruling had not yet been filed.

The state was a defendant in this action and was represented by Thomas Thrash of the attorney general's office. John Hardin represented the payday lenders.

To the consternation of Turner and others out to undo the check cashers, Sims ruled that the Check Cashers Act of 1999 was constitutional.

Please see **APPEAL**, Page 12A

► Appeal

Continued from Page 1A

"I wish I could have raised my hand and said, 'Judge I don't understand how 400 percent a year interest can be less than 17 percent a year. It ought to be unconstitutional,'" said Hank Klein, an activist against payday lending and retired CEO of the Arkansas Federal Credit Union.

"The law is a funny thing sometimes," he added.

"I'm disappointed in one way," Klein said, "but happy that he made a decision and things can move on."

"We recognized that from the get-go, ultimately the Supreme Court will make a decision if the law is constitutional or not."

"We think the issue is a legal one," Turner said, "real simple,

whether the general assembly can say these transactions aren't really loans. Our position is (that) the state ought not be in the business of giving licenses to companies making usurious loans.

"We have a statute that says if you write a two-party check, hold it for two weeks and charge a fee that (fee) is not interest."

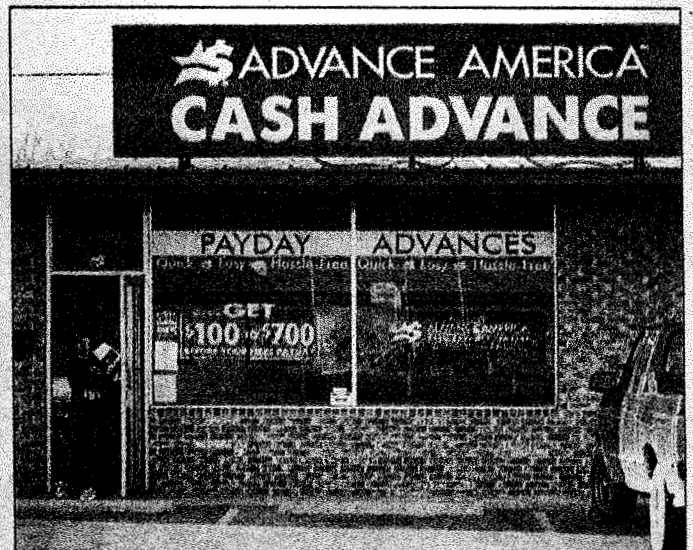
Consumer groups charge that the payday lenders, who typically lend \$300 for two weeks and collect \$350 back, are charging interest rates equivalent to hundreds of percent on an annual basis.

The payday lenders and check cashers say they are the only ones who will lend small sums of money for a short period of time to consumers needing money for food or to fix a tire on their car or other emergencies.

The state's usury law prohibits charging more than 17 percent, but Klein says these loans are "at least



Klein



Leader file photo

Payday lenders have storefront outlets all over the area and have a reputation for preying on the working poor and members of the military.

25 times higher."

"They charge astronomical interest rates people can't afford to pay," according to Klein.

They then end up in a debt cycle.

"This is legalized loan sharking," he said.