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State files new suits to shutdown payday lenders

Thursday, Jun 22, 2006

Arkansas News Bureau

LITTLE ROCK - The state has expanded a payday lending lawsuit to include two more storefront lenders accused of charging exorbitant interest rates on loans, the attorney general's office announced Wednesday.

The action added Money in A Flash.net locations in Little Rock and West Memphis to the lawsuit filed Feb. 28 against the firm's Jonesboro location.

Also Wednesday, the attorney general's office said it filed a separate lawsuit against MagnoliaMoney.net, a similar operation in Magnolia. Four defendants in the new suit also were named in the action against Money In A Flash.net.

All four outlets were accused of charging annual percentage rates of up to 520 percent on on-the-spot loans \$100, \$200 or \$300 disguised as rebates.

Customers were required to pay biweekly payments to the company, and if payments were not made on schedule, the money was withdrawn directly from customers' bank accounts, according to the state. Early termination of the contracts incurred fees of up to one-third of remaining payments due, which also were withdrawn from customers' bank accounts, the attorney general's office alleged.

The lawsuit accuses the companies of misrepresenting the contracts as agreements for Internet access instead of high-interest loans. The attorney general's office is seeking an injunction to stop the loans, restitution for consumers and civil penalties.

Named in both lawsuits were owners Dwight Blake, Elaine Blake, Robert Blake and Yvonne C. Clark. A woman who answered the phone at the Money In A Flash.net office in Jonesboro said none of the defendants was available, and neither returned a call seeking comment.

Phyllis Blake and Jeff Clark were also named in the MagnoliaMoney suit. A call to the Magnolia location went unanswered.