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Nov 22, 1:24 PM EST

## Study: 45 percent of Ark. payday lenders not regulated

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LITTLE ROCK (AP) -- Since the spring, Arkansas has more than doubled the number of payday lenders it licenses and regulates, but nearly half still operate without any state oversight, a study released Wednesday by opponents of the lending practice said.

The study, "Payday Lenders in Arkansas: Better Licensing, but Regulation Still Lacking," was conducted by Arkansans Against Abusive Payday Lending, a coalition of groups seeking to end the practice of payday loans.

The study updated a report issued by the group in March that said that just 24 percent of the payday lenders in Arkansas were both licensed and regulated by the state.

That number has risen to 55 percent, according to the group's latest report, and while coalition officials said they're pleased with the progress they're concerned about the 45 percent that aren't regulated.

"If the state decides they're going to regulate a business, shouldn't they regulate all of them?" said H.C. Klein, the coalition's founder and president. "They've made progress, but in anybody's book 55 percent is still failing."

There were 265 payday lenders operating in the state as of late September, according to the report. Of those, 146 are now licensed and regulated by the Arkansas State Board of Collection Agencies while 102 are licensed but not regulated by the board.

Another 7 percent, or 17 stores, are neither licensed nor regulated by the state, according to the survey. The survey includes in this group those stores that are licensed but allowed to make loans that don't meet state regulations.

The coalition includes the AARP, the AFL-CIO and the National Association for the Advancement of Colored People. Klein said the group ultimately hopes the practice of payday loans will end, but said in the meantime the state needs stricter enforcement of payday lending businesses.

Through a payday loan in Arkansas, a customer writing a check for \$400, for example, typically would receive \$350. The lender would keep the check for about two weeks without cashing it and, thereby, allowing the customer time to buy back the check.

The \$50 charge on the \$350 loan for 14 days equates to 371 percent interest, well above Arkansas' usury limit of 17 percent.

Klein said the group was hopeful that a recent state Supreme Court decision will lead to the overturning of the state law allowing payday lenders to operate.

While declining to make its own ruling on constitutionality of the Arkansas Check Cashers Act, the Supreme Court earlier this month reversed and remanded the case to Pulaski County Circuit Judge Barry A. Sims for the second time. The high court's decision keeps the lawsuit against the 1999 act alive for those suing, who claim it violates the state constitution by allowing payday lenders to make consumer loans with interest rates of more than 17 percent annually.

"This is the third time this will be in Judge Sims' court, and we hope it'll be the last time," Klein said. "It's very clear now the constitutionality of the act is the issue now. We're down to the crux of the matter now."

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