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Krystal Whitman Reports

Attorney General's Office Demands Cash Flow Stop for Payday Lenders

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JONESBORO, AR (KAIT) -- The Arkansas Attorney General's Office is demanding all payday lenders to stop cashing checks.

Here's the scenario...it's the 20 th of the month, you're broke and you don't get paid until the first. You may consider a payday loan.

"A recent survey says that over 30 percent of Arkansans use our service," said Jim Mead, owner of Cash Today, "They need \$100, \$200, \$300 for a short period of time." Brandon Prescott admits the payday lenders come in handy at a time of emergency.

"I just came up here today to actually pay back my last loan and we took out another loan," said Prescott, "Our bills right now are getting out of hand."

Based on two recent Arkansas Supreme Court Decisions regarding high interest rates charged by payday loan companies, the Arkansas Attorney General's Office is demanding that payday lenders stop their lending practices immediately.

McDaniel says the rulings make it clear that the high interest rates charged by payday lenders violate the state constitution and the Arkansas Deceptive Trade Practices Act. Check

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cashing business have until April 4 th to respond to the Attorney General's Office cease and desist letter he sent firms last month.

"We are going to do what he asked us to do. We already sent him a letter and Cash Today as is known now, will do as requested," said Mead.

While Mead says he will comply with state laws, he believes the people who need financial services the most will suffer greatly.

"The people that need us I don't know what they'll do to get their supplies they need," said Mead.

"We have stuff that we can't afford to pawn and loose so yeah we just come down here and it's reasonable and it's less than what it would be on pawn charges," said Prescott, "I just hope they don't go out of business or anything."

Even though check cashing won't be available, Mead says he will still be here on Monday for his customers.

"We're going to be here you or people and I want them to know that were going to be here," said Mead.

Friday is the deadline Attorney General McDaniel gave 60 companies that operate 156 payday lending locations in the state to respond to his letter. McDaniel says his office is already preparing for lawsuits against companies that don't shut down by then.

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