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Arkansas payday lender fined \$1.3 million Board says businessman was operating stores, including local one, ill

JOANNE BRATTON
Bulletin Staff Writer

An Arkansas business owner was fined \$1.3 million by the Arkansas State Board of Collection Agencies for illegally operating 14 check cashing businesses, including one in Mountain Home, the agency alleged.

The board levied the fine Wednesday to Dennis Bailey of Fordyce after concluding he did not have state licenses for his 14 businesses. Bailey owns Fast Cash of Mountain Home on State Highway 62 East.

During Wednesday's hearing, the board ordered the stores to cease operation and voided all transactions, which releases customers from repaying outstanding loans. Bailey also is required to pay back customer fees for check cashing, according to the order.

The fine is one of the highest the board has imposed, said Peggy Matson, executive

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director of the Arkansas Board of Collection Agencies, Check-Cashers Division.

The board alleged that Bailey operated the businesses without having the proper state license that allowed cashing checks for a fee and making payday loans, violating the Arkansas Check-Cashiers Act. The board's responsibility is to regulate the activity of check-cashing companies and investigate allegations of overcharges, early depositing of checks and criminal prosecution of insufficient checks.

The order affects payday lending stores in Beebe, Bryant, Cabot, Camden, Corning, Fordyce, Harrison, Hot Springs, Little Rock, Mountain Home, Newport, Searcy, Sheridan and Walnut Ridge. Most of the stores operated under the "Fast Cash" name.

Bailey had applied for a state license in January 2005, but his application was rejected because he failed to disclose a previous licensing violation related to a Pine Bluff store, according to the order. After the denial, Bailey opened BMB Finance Co. in West Plains, Mo., using the company as a conduit for loans, according to the board's findings.

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Bulletin Phot

The owner of Arkansas Sta 14 payday ler above in Mou

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Bailey was advised by the Missouri Division of Finance that he was not authorized to conduct business in any place other than West Plains, the order stated.

In the Mountain Home Fast Cash business, the signs read, "Fa\$t Ca\$h Loans/Checks Cashed," "Cash Checks Here" and "Get Cash Now."

Investigators who entered the stores were told by employees that the business did not cash checks but handled loan transactions through BMB Finance Co., according to agency documents.

Payday loans involve short-term loans where someone writes a check to the check cashing company for more than the amount borrowed. If a Fast Cash customer was approved for a loan, the customer wrote a personal check for the loan amount plus a fee. The employee printed out a BMB check, which the customer endorsed and received cash. If the customer paid off the loan before the date the personal check was to be cashed, the personal check would be returned. If not, the company would deposit the personal check, paying the loan.

If Bailey refuses to stop operating or does not pay the fines, the board can obtain a court injunction, Matson said. The violation could result in a misdemeanor charge for Bailey and his employees, Matson said.

Fines issued Wednesday include \$1,000 for each check cashing transaction this year and \$250 for each deferred presentment transaction and a \$20,200 fine from 2004 for a Pine Bluff store which has since closed.

Bailey's attorney, Paul Johnson of Little Rock, did not return a call for comment Thursday, and Bailey could not be reached for comment. Johnson told The Associated Press on Wednesday his client planned to appeal the board's decision.

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