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## State News

### Ark. board asks judge to fine, close payday lender

Tuesday, July 11, 2006 2:50 PM CDT

LITTLE ROCK - The owner of a string of payday lending companies was accused Tuesday by state regulators of having siphoned cash from his businesses after being fined and ordered by them to shut the businesses down.

A Pulaski County court filing by the Arkansas State Board of Collection Agencies claims that Dennis Bailey "has taken large sums of cash from the stores (and) swept the bank accounts" of his businesses in an effort to avoid paying more than \$1.3 million in fines. Bailey was ordered by the board June 28 to close his 14 stores in Arkansas after regulators found him in violation of state lending laws.

Bailey asked a circuit Judge to review the board decision. Little Rock attorney Thomas Thrash submitted the board's response Tuesday.

Thrash asked for a full accounting of the finances of the payday loan businesses and for a judgment against Bailey for the \$1.3 million in fines, plus 6 percent interest. The filing also asked the judge to order Bailey to return money transferred out of his business accounts subsequent to the board decision.

The board ordered Bailey to stop collecting any payments, making new loans or cashing checks for a fee. He also was ordered to reimburse fees to all customers, and his payday loans were declared null and void.

Board Executive Director Peggy Matson said a court order would be needed to close the stores because the businesses perform other services than payday lending or check cashing, such as selling money orders, and those operations aren't regulated by the board.

Bailey's attorney, Paul Johnson, said Tuesday afternoon he hadn't seen the board's filing but had been told it was coming. Johnson had asked Circuit Court Judge Marion Humphrey for a stay and said he expected the board would ask for a judgment.

"I anticipate we'll have a hearing on that, then go from there," Johnson said.

The 14 stores include 10 that go by the name of Fast Cash in Beebe, Bryant, Corning, Fordyce, Harrison, Little Rock, Mountain Home, Searcy, Sheridan and Walnut Ridge. The others are Fast Cash Check Cashers in Camden, Cash Advance in Hot Springs, Cash Advance in Cabot and Central Arkansas Check Cashing in Newport.

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.

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