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Payday loan company shuts doors in MH

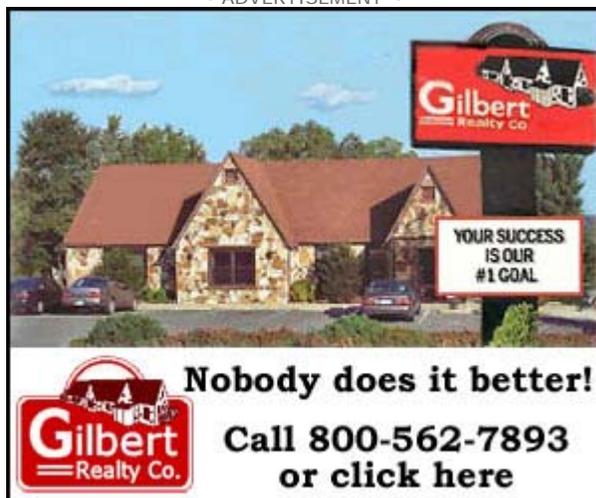
JOANNE BRATTON
Bulletin Staff Writer

A Mountain Home check cashing business has closed, partially complying with an administrative order issued last month, a state regulatory official said Wednesday.

Investigators with the Arkansas State Board of Collection Agencies found the 14 stores operated by Dennis Bailey of Fordyce, including Fast Cash of Mountain Home, have closed, said Peggy Matson, executive director of the State Board of Collection Agencies Check-Cashers Division. A sign on the door of Fast Cash of Mountain Home on State Highway 62 East directs customers to call BMB Finance Company, a business Bailey owns in West Plains, Mo. In the Mountain Home store this week, the lights were out but signs advertised check cashing services.

For more information stores, call the Arkansas Agencies at (501) 37

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On June 28, the ASBCA fined Dennis Bailey \$1.3 million for operating a check cashing business without a state license and ordered his 14 stores to close. The store's transactions were deemed void, which means customers of Bailey's Fast Cash stores do not have to pay back their loans.

Although the stores are closed and no new loans are being made, the company still is

cashing checks from outstanding loans, Matson said. In some cases, Bailey has not kept customer contracts and cashed checks before the agreed-upon dates.

"The stores are shut and that was our main goal," Matson said.

Local customers of area Fast Cash stores have declined to talk to *The Baxter Bulletin*.

The ASBCA administrative order stated Bailey applied for a state check-cashing license in January 2005, but his application was rejected because he

failed to disclose a previous licensing violation related to a Pine Bluff store. After Bailey was denied a license, he opened BMB Finance Co. in West Plains and used the company as a conduit for loans, the ASBCA order ruled.

After the order was issued, Bailey withdrew \$900,000 from one of his businesses and transferred cash to third party accounts in an attempt to avoid paying the fines, according to court documents filed by the ASBCA.

Bailey's attorney, Paul Johnson of Little Rock, asked a Pulaski County Circuit Court judge to review the case. A court date has not been set, Matson said.

No one answered a call made to Bailey's home Wednesday.

In a motion filed last week, Johnson stated the ASBCA's order was in violation of the Constitution, was not supported by substantial evidence and was an abuse of discretion. Enforcement of the order would put Bailey out of business and undue hardship would be created for a large number of employees, Johnson stated in the motion.

In response to the motion, the ASBCA asked for a judgment against Bailey of \$1.3 million plus a 6 percent interest rate and asked for documentation from each bank account Bailey used to transfer funds.

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