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## Uphold lender's fine, board asks judge

BY DAVID SMITH

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LITTLE ROCK — The Arkansas State Board of Collection Agencies argued Friday that

Pulaski County Circuit Judge Marion Humphrey should uphold a \$1.3 million ruling against former payday lender Dennis Bailey.

The Board of Collection Agencies, which regulates payday lenders, collection agencies and check cashers in the state, ordered in June that Bailey close his 14 payday-lending stores. The fine is the largest ever set by the board. Bailey appealed that decision.

Bailey was fined because he operated his stores without a license, a violation of the Arkansas Check-cashers Act. Bailey closed all his stores last year.

In Arkansas, a payday loan works like this: A customer writes a check for \$400, for example, and receives \$350 in cash. The lender usually keeps the check for two weeks before cashing it.

A \$50 charge on a \$350 loan for 14 days equals 371 percent in annual interest. Under the Arkansas Check-cashers Act, the customer must repay the loan before the agreed-upon date or the lender must deposit the check. Once the loan is repaid or the check deposited the customer can take out another loan by exchanging another check for cash and promising to repay the loan.

On Friday, Bailey's attorney, Paul Johnson of Little Rock, told Humphrey that he should send the case back to the Board of Collection Agencies. Johnson argued that none of the testimony at the June hearing was taken under oath. Most of the testimony in June was a 27-page administrative order prepared before the hearing began by Peggy Matson, executive director of the board.

Bailey was not at Friday's hearing or at his hearing before the board. In June, Johnson represented

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Bailey, but Johnson packed his briefcase and left only minutes into that hearing, leaving Bailey without legal representation.

Tom Thrash, a Little Rock at-torney representing the board, argued that the rules for an administrative hearing in Arkansas do not require that testimony be taken under oath.

Thrash said Bailey purported to run loans at his 14 stores through a Missouri company, BMB Finance Co. But Missouri law prohibits BMB from doing business outside its Missouri office, the board's testimony showed in June.

Thrash said Bailey presented no evidence to support his case at the June hearing and Bailey madeno objections to the testimony presented at the time.

"There are just too many loose ends" in the case, Johnson told Humphrey on Friday. "The board does not have the power to interpret Missouri law or Arkansas law."

After the hearing, Thrash said, "We feel like there is substantial evidence that Dennis Bailey was given notice to cease his unlawful [payday lending]. He ignored those notices, he continued to [make loans] and the board acted on it."

When asked if it would be possible to collect the \$1.3 million from Bailey if Humphrey rulesagainst him, Matson said after the hearing, "It may be difficult, but we will make every effort within our power to get some sort of restitution from Mr. Bailey."

Humphrey will rule next week, a spokesman in his office said.

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

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