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Inside

- [Top Stories: U.S. & World](#)
- [Arkansas](#)
- [KUAR News: Election 2008](#)
- [Elections 2008](#)
- [U.S.](#)
- [World](#)
- [Business](#)
- [Science](#)
- [Arts & Culture](#)
- [Sports](#)
- [Opinion](#)
- [Weather](#)

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[advanced](#)

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Arkansas

## Arkansas Supreme Court upholds fines against payday lender

Associated Press

(2008-04-17) Arkansas's highest court Thursday upheld \$1.4 million in fines levied against the owner of a string of payday lending companies that regulators say operated in violation of state law.

The Arkansas Supreme Court affirmed a circuit judge's 2007 ruling ordering Dennis Bailey to pay the fines to the Arkansas State Board of Collection Agencies, which found he operated 14 payday lending outlets without a license.

Bailey argued that the court should have remanded the case to the state board because the panel's decision to fine him was not based on sworn testimony. The court rejected Bailey's argument, noting that he did not make a similar objection before the board.

In 2005, the board ordered Bailey to shut down his check cashing operations because he did not have a license and investigators learned over the next few months that he was still issuing payday loans. In 2006, the panel found Bailey in violation of state law and fined him. Pulaski County Circuit Judge Marion Humphrey upheld the board's decision.

The 14 stores included 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, allow 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.

Attorney General Dustin McDaniel has ordered payday lending outlets in Arkansas to shut down and stop collecting debts, or face lawsuits accusing them of charging high interest rates that violate the state constitution.

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