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TOP STORY >> Payday lender keeps stores open

By JOAN MCCOY
Leader staff writer

The owner of 14 payday lending businesses in Arkansas, including businesses in Cabot, Beebe and Searcy, was fined \$1.3 million Wednesday for operating without a license and ordered to immediately cease, but all 14 are still open and the state board that handed down the order will have to take him to court to enforce it.

“Whether or not I collect (the \$1.3 million) is not as important as getting him shut down,” Peggy Matson, executive director of the Arkansas State Board of Collection Agencies, said Friday when asked if her agency had any authority to enforce the board’s rulings against Dennis Bailey of Fordyce.

“What we’ll do next is go to circuit court and try to get him shut down,” Matson said. “We could get him arrested

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on a misdemeanor (charge), or we could get his employees arrested. But arresting him wouldn't close the businesses. And they are just working people who have to make the choice between doing something they know is against the law and losing their jobs."

To collect the \$1.3 million fine – the highest in the board has ever levied in the seven years since it was created to oversee collection agencies, check cashers and payday lenders – would require going to court and getting a judgment against Bailey that would allow the agency to file a lien against his assets, she said. The largest fine before Bailey's was \$50,000.

Bailey's businesses in Beebe, Searcy, Bryant, Corning, Fordyce, Harrison, Little Rock, Mountain Home, Sheridan and Walnut Ridge go by the name Fast Cash. In Cabot and Hot Springs they are Cash Advance.



The Camden business is called Fast Cash Check Cashing and Central Arkansas Check Cashing operates in Newport.

Operating a payday-lending business without a license is illegal under the Arkansas Check-Cashers Act of 1999.

Bailey opened 13 of the businesses early in 2005 without licenses for any of them, according to documents submitted to the board during the Wednesday hearing.

He applied to the board in January 2005 but was turned down for a variety of reasons, including stopping payment

on a \$20,000 check he wrote Feb. 9, 2004 to pay a fine for operating a business in Pine Bluff without a license and violations of the state's alcohol and tobacco laws.

To get around the Arkansas law requiring licensing, documents presented to the board showed that Bailey applied to the state of Missouri for organization of BMB Finance Co., LLC in West Plains, Mo.

After he was licensed in Missouri, Bailey structured his payday loans as loans from BMB Finance Company LLC. But that also was illegal, according to a letter dated Jan. 26, 2006 from Joe Crider, supervisor of consumer credit for Missouri's Division of Finance. Bailey's Missouri business was not licensed to conduct business anywhere except West Plains.

Hank Klein, president of Arkansans Against Abusive Payday Lending, said the board's action was commendable.

"They finally stepped up to the plate and did something" to stop businesses that are "taking advantage of the poorest people," Klein said.

Bailey could not be reached for comment.

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