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Appeal lost in Fast Cash lending case

By Warren Watkins
 The Daily Citizen
 Saturday, April 28, 2007 2:08 PM CDT

A payday lender who had two offices in White County has lost an appeal of a state ruling that he violated the law.

Dennis Bailey, who operated 13 offices in Arkansas including Searcy Fast Cash, 3205 E. Race, and Beebe Fast Cash, lost his appeal in Pulaski County Circuit Court. The Arkansas State Board of Collection Agencies had previously ruled Bailey had engaged in the check cashing business in violation of the Arkansas Check-Cashers Act, and Judge Marion Humphrey agreed on April 13.

In June, the board ordered Bailey to cease all operations immediately, fining him \$1,317,450. Bailey was fined \$562,000, which was \$1,000 for each check cashing transaction; \$725,250, which was \$250 for each deferred presentation transaction; \$20,200 for the illegal operation of his Pine Bluff store; and \$10,000 in attorney's fees.

One of Bailey's major contentions at the appeal hearing was there was not sworn testimony taken at the hearing and that the board's findings of fact and conclusions of law were based solely on the argument of Peggy Matson, the board's executive director.

At the board's hearing last year, Matson presented a five-inch stack of documents as evidence, but did not read them to the board. Humphrey ruled that method of presenting evidence at the board's hearing was legal.

The board ruled Searcy Fast Cash had been operating without a license. The businesses' parent company is BMB Finance Company of West Plains, Mo.

Bailey's company also operated businesses in Cabot, Little Rock, Bryant, Corning, Harrison, Mountain Home, Sheridan, Walnut Ridge, Fordyce, Camden, Hot Springs, Newport, Pine Bluff and Magnolia.

"All of his stores are closed, and now we're asking the court to give us a judgment in that case so we can execute against all of his assets," Matson said. "He will be personally liable."

Bailey is now attempting to transfer his assets, but they have already been tracked by the state.

"We have another hearing coming up in Faulkner County that is almost the same as the Bailey case," Matson said.

Every check cashing store is audited twice a year by the board. Items which are required include: Posting their license on the wall; showing customers the actual

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adjusted percentage rate on their particular transactions; holding checks only until their the due date and not beyond; posting fees on the wall; allowing no customer more than one transaction per location; exceeding legal loan limit (checks cannot be more than \$400, and the highest amount of a loan is \$350).

Matson said Bailey was ordered to refund any fees for cashing checks and making loans to customers, and said customers did not have to repay outstanding loans.

“They owe him no money,” Matson said. “They do not have to repay these loans.”

The equivalent annual percentage rate for loans offered at the Searcy office, which closed last year, was 521 percent.

Bailey had also been found guilty of selling tobacco without a permit by the Arkansas Tobacco Control Board and had violated regulations of the Arkansas Beverage Control.

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