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## Receivership sought for stores in Fordyce State pursues unpaid loan-violation fine

BY DAVID SMITH

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LITTLE ROCK — The Arkansas State Board of Collection Agencies filed a motion Friday for a

receiver to be put in place to manage Dennis Bailey's convenience store operations in Fordyce.

Bailey is former owner of payday lending stores in Arkansas who was fined \$1.3 million in June last year for operating his 14 stores without a license.

The state board sued Bailey, his wife, children, a business partner and his businesses this month, claiming he has transferred ownership of most of his assets out of his name and to relatives, including one son who is a student at the University of Arkansas in Fayetteville.

The lawsuit is filed in Pulaski County Circuit Court and will be heard by Pulaski County Judge Timothy Fox. No trial date has been set.

Friday's motion said that Bailey's Super Store Inc. operates a combination convenience store, gas station, sandwich shop and liquor store on the Highway 79 bypass in Fordyce and another combination convenience store, gas station, Mazzio's Pizza shop and car wash on Moro Street in Fordyce. Either Bailey or Bailey's Super Store Inc. also operates a storage unit business on West Fourth Street in Fordyce, the motion said.

"There is a reasonable likelihood that Dennis Bailey will attempt to convey the assets of these business operations to prevent the collection of the [\$1.3 million] judgment by the state board," the motion said.

Paul Johnson of Little Rock, Bailey's attorney, said Friday that he had not received the motion and

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could not comment on it.

Peggy Matson, executive director of the state board, said that her office believes Bailey is running money from his other businesses through the convenience stores.

"Therefore he's going to tell us that those other businesses have no value when we know in fact that there is money coming into those businesses," Matson said. "He is just diverting it into another business. At this point, we don't know what the value of those Super Stores are without taking over the running of the [stores]."

Matson also said that Bailey may drain the cash from the Super Stores and give the assets away.

A receiver is needed to inventory the assets of the businesses, maintain employees, maintain contracts with vendors, collect rent, pay expenses and maintain the business operations to preserve their value, the motion said.

The board asked that Garland Ridenhour, a Little Rock lawyer, serve as receiver of Bailey's businesses. Ridenhour has agreed to operate the businesses for \$10,000 a month, the motion said.

Ridenhour has "substantial experience" operating convenience stores, gas stations and business operations, the motion said.

Taking out a payday loan in Arkansas works like this: The 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 Arkansas Code 23-52-106, 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.

The annual interest rate on payday loans in Arkansas exceeds the 17 percent interest-rate limit allowed on consumer loans by the Arkansas Constitution. A bill to limit interest on payday loans to 17 percent failed to pass the Legislature this year.

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