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## Court upholds ruling against payday lender

LITTLE ROCK — Arkansas' 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. One of the stores was a Mountain Home store.

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.

The board's director said the fines are the largest the panel has ever levied.

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, but 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 were Fast Cash Check Cashers in Camden, Cash Advance in Hot Springs, Cash Advance in Cabot and Central

Arkansas Check Cashing in Newport. All the stores have ceased operations, according to Peggy Matson, director of the state board.

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.

Matson said the board still has a lawsuit pending against Bailey claiming he had transferred ownership of most of his assets out of his name and to relatives to avoid paying the fine.

"We always believed the board had the authority and the evidence to make its ruling. Now we'll do everything we can to collect on what Dennis Bailey owes," Matson said.

Paul Johnson, an attorney for Bailey, did not immediately return a call Thursday afternoon.

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