



Arkansans Against Abusive Payday Lending

www.StopPaydayPredators.org

FOR IMMEDIATE RELEASE
June 29, 2006

CONTACT: Michael Rowett
(501) 372-3435

State fines payday lender \$1.3 million, orders 14 outlets closed

Outstanding loans from outlets declared 'null and void,' borrowers due refund of fees

LITTLE ROCK—The Arkansas State Board of Collection Agencies on Wednesday fined Dennis Bailey of Fordyce \$1.3 million for illegally operating payday lending stores, ordered the 14 stores closed and declared outstanding loans from the stores “null and void.”

The 14 stores closed under the administrative order issued Wednesday are **Cash Advance in Cabot; Garland County Cash Advance in Hot Springs; Fast Cash in Beebe, Bryant, Corning, Fordyce, Harrison, Little Rock, Mountain Home, Searcy, Sheridan and Walnut Ridge;** and **Fast Cash Check Cashers in Camden.**

The order issued Wednesday found that Bailey was illegally making payday loans in Arkansas using licenses from Missouri. In addition to the record \$1.3 million fine, the order also makes any transactions entered into at the 14 payday lending stores “null and void,” meaning persons who cashed checks or got loans at those locations won't have to meet the terms of those contracts. The 14 stores additionally are required to refund any fees collected from these transactions.

Payday loans are small loans, usually \$100 to \$500, made for an average of 14 days. Individuals who borrow money from payday lenders typically pay interest equivalent to an annual percentage rate of **more than 400 percent**—despite the usury provisions of the Arkansas Constitution, which limits annual interest on consumer loans to **no more than 17 percent.**

According to the Center for Responsible Lending, the average payday borrower pays \$800 to borrow \$325. Research shows that payday lenders are disproportionately located near military bases and disproportionately target customers who are minority or low-income.

Arkansans Against Abusive Payday Lending (AAAPL) is a coalition of 22 Arkansas organizations dedicated to addressing issues related to abusive payday lending in our state. In March, AAAPL released a report that offered several recommendations for strengthening state law and regulations to ensure that Arkansas consumers receive the protections against high-interest loans guaranteed under the Arkansas Constitution. Among the recommendations were stronger oversight and licensing actions by the Board of Collection Agencies.

Kathryn Hazelett, Co-Chair of AAAPL, said that the coalition is pleased with the Board's action.

“We hope this is a first step in many of increased regulation,” Hazelett said. “This sets a strong precedent for people who aren't following the laws and regulations we have in the state.”

Consumers who took out loans or had checks cashed at any of the 14 locations closed under the order can contact the State Board of Collection Agencies Division of Check Cashers at (501) 371-1434.
