



Independent file photo

In this July 9, 2015, file photo, traffic from U.S. Highway 491 passes by Cash Cow in Gallup.

Cash Cow bankruptcy plan sours?

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GALLUP — Although a settlement and bankruptcy plan had been tentatively worked out in the spring for Quick Cash, doing business as Cash Cow in Gallup, the plan was not implemented and the case goes on.

A brief history

Attorney Richard Feferman, of the Albuquerque law firm Feferman & Warren, represented Caroline Tullie in a lawsuit against Quick Cash. Tullie's complaint, filed May 23, 2014, in U.S. District Court for the District of New Mexico, states Cash Cow threatened Tullie with repossession of her truck if she did not refinance her late husband's loans. The resulting loan agreement failed to properly disclose a \$25 finance charge as part of its APR, dates and frequency of payments, and Cash Cow's security interest.

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Cash Cow bankruptcy

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The suit alleged Quick Cash violated the Truth in Lending Act and the Unfair Practices Act and that Cash Cow knew it was doing wrong because it had been sued for similar practices in 2012.

U.S. Bankruptcy Court, District of New Mexico records indicate Cash Cow filed for bankruptcy July 6, 2015, because of financial difficulties and the pending lawsuits. The Tullie class action was moved from federal district court to bankruptcy court Aug. 5, 2015.

The parties in the bankruptcy — the consumer claimants committee, unsecured creditors committee and Quick Cash — had a successful settlement meeting in March and had anticipated filing a consensual Chapter 11 reorganization plan by late April, according to court records. They signed a term sheet outlining the provisions of the plan. They agreed Quick Cash's future business would be limited to financing purchases of personal property and automobiles. They also agreed to hire Gallup attorney Henry Howe to help Cash Cow ensure its business practices comply with consumer protection laws.

But by August, according to court records, Cash Cow owner Tim Delgado no longer wanted a bankruptcy plan on the terms previously negotiated because he did not believe it was feasible.

'Greedy' lawyers

"There was an agreement worked out in writing signed by Quick Cash and Mr. Delgado," Feferman said during a telephone interview Monday. "And then they renege on the agreement."

Delgado expressed a different outlook during his Monday tele-

phone interview.

"Other than the lawyers continuing to be greedy, everything's going great," Delgado said regarding the bankruptcy. "I think we've got a plan confirmed. Everything is ready to go. The only fear is the lawyers on the opposing side are afraid we'll pay everybody off and forget all about them."

Delgado said Quick Cash is moving successfully through the Chapter 11 bankruptcy process.

"We've paid down tons of debt," Delgado said. "Our creditors are rooting for us. Our customers are paying their accounts."

Delgado said Quick Cash has already paid down \$3.5 million in debt over the past nine or 10 months and has about \$3 million left to go.

Delgado said Cash Cow Furniture, Cash Cow Tires and Cash Cow Auto Sales are all open. He said Cash Cow Auto Sales still has its dealer's license but sells cars by appointment only.

"Because we're rebuilding," Delgado explained. "It's been tough, but our vendors are stepping up and helping us. ... We're rebuilding this trust. ... And people are still employed."

Delgado said Cash Cow is down to about 20 staff from a previous high of 120.

"But nobody looks at that," he said. "They make it a race issue. They think Native Americans can't think for themselves. 'We gotta come in on our white horse and teach everybody how to think.'"

Delgado said the attorneys representing other parties in the case, including Feferman, don't care about correcting problems in the community; they're only upset with Quick Cash because "they feel they won't get paid."

"The truth is, they've tried to hurt me personally," Delgado said. "They feel we outmaneu-

vered them."

Delgado said the attorneys tried to exploit Cash Cow's customers in their lawsuits. He said when that didn't work, the attorneys tried to hurt Delgado personally by calling the FBI, New Mexico Securities Division, New Mexico Regulatory Commission and the IRS.

"All to no avail," Delgado said. "They haven't found anything."

Delgado said the attorneys are trying to put him out of business.

"They want me to sign an injunction saying I won't do business in McKinley County, the Navajo Reservation, Hopi Reservation, Zuni Reservation, anywhere in Gallup and the surrounding area," Delgado said. "They're trying to get me to agree not to do any business in this area."

Delgado said the attorneys thought he was going to close Cash Cow, reopen under a different name and leave creditors to "hang out to dry."

"I said, 'No, we've got a lot of great clients, in business over 14 years,'" Delgado said. "We're going to make this right."

Court

During a status conference Aug. 25, after Delgado's counsel told the court Delgado didn't want to stick to the March agreement, Judge Robert H. Jacobvitz set a deadline of Sept. 30 for any interested parties to file a plan and disclosure statement.

At the next status conference Sept. 14, the court gave Delgado until Sept. 20 to submit a written proposal detailing the changes he wanted to make to the previously negotiated plan and describing a new line of tax preparation services he wanted to offer at Cash Cow. But by the Sept. 26 status conference, Delgado believed he wouldn't be able to propose a

confirmable plan.

"They're not supposed to be in the business of making tax refund loans," Feferman said.

The consumer claimants committee filed its Chapter 11 plan of reorganization for Quick Cash and disclosure statement Sept. 30, according to court records. Quick Cash filed a plan and disclosure statement Nov. 14. The consumer claimants committee then filed an amended plan Nov. 14 and filed a motion to strike Quick Cash's plan Nov. 17.

"After they renege, Quick Cash filed its own proposed plan," Feferman said. "Last week the court ruled they no longer had the right to file their own plan."

According to court records, Judge Jacobvitz granted the motion to strike Quick Cash's Chapter 11 plan of reorganization at a hearing Nov. 23. Jacobvitz also set a hearing on the disclosure statements for 9 a.m. Jan. 20, 2017.

Disclosure statements are sent to creditors so they can make an informed decision when voting for or against the proposed Chapter 11 plan of reorganization. A disclosure statement summarizes information such as the debtor's business history, current operations, recent significant transactions, assets and liabilities, the bankruptcy plan and the bankruptcy proceeding.

According to the consumer claimants committee's disclosure statement, its plan of reorganization "substantially incorporates" the terms Delgado and the other parties agreed upon at a mediation March 16.

"There'll still be efforts to work something out with the bankruptcy," Feferman said. "The problem is, they don't honor their word. It's tough to get an agreement and then they just break it."