SUPREME COURT OF ARKANSAS

Mike Woodall and Mike Woodall Auto Sales, Inc. v. Chuck Dory Auto Sales, Inc.

347 Ark. 260 (2001) (Ark. 2001) · No. No. 01-659 · Decided December 13, 2001

SUMMARY

The Arkansas Supreme Court reversed a judgment dismissing Mike Woodall's usury claim and awarding Chuck Dory Auto Sales, Inc. $102,230 on a counterclaim for returned checks. The court held that evidence that a $75-per-title charge was compensation for the use of money constituted substantial evidence that the charge was interest, and that the trial court improperly resolved credibility issues at the close of the plaintiff's case. The case was remanded for further proceedings, including resolution of whether the counterclaim amount included transaction fees.

CASE DETAILS

COURT	Supreme Court of Arkansas
WRITING FOR THE COURT	Robert L. Brown, Justice; Arnold, Chief Justice; Imber, Justice, not participating
JURISDICTION	Arkansas
DECIDED	December 13, 2001
DOCKET	No. 01-659
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from a judgment after a bench trial that granted Chuck Dory Auto Sales, Inc.'s motion to dismiss at the close of Woodall's case, rejected Woodall's usury claim, and awarded Dory $102,230 on a counterclaim for dishonored checks.
STANDARD OF REVIEW	On review of a directed verdict or motion to dismiss at the close of the plaintiff's case, the evidence is viewed in the light most favorable to the nonmoving party, given its highest probative value, and all reasonable inferences are taken in that party's favor. The motion should be granted only when there is no substantial evidence supporting the claim; the trial court may not resolve credibility questions at that stage.
PRECEDENTIAL VALUE	Published Arkansas Supreme Court opinion; precedential

PARTIES	Mike Woodall, Mike Woodall Auto Sales, Inc. v. Chuck Dory Auto Sales, Inc.

TOPICS

commercial litigation | contracts | civil procedure | constitutional law | damages

PRACTICE AREAS

Commercial litigation | Contract law | Civil procedure | Constitutional law | Remedies

QUESTIONS PRESENTED

1. Whether the circuit court improperly dismissed Woodall's usury claim at the close of his case by determining that the $75-per-title charge was a transaction fee rather than interest.
2. Whether the circuit court improperly awarded Dory $102,230 on its counterclaim before resolving whether that amount included any allegedly usurious transaction fees.

HOLDINGS

1. Woodall presented substantial evidence that the $75-per-title charge was interest because it was compensation paid to Dory for the use of money; therefore, dismissal of the usury claim at the close of Woodall's case was improper.
2. The trial court could not resolve credibility or determine conclusively that the transactions were sales rather than loans when ruling on the motion at the close of Woodall's case.
3. The judgment awarding Dory $102,230 on the counterclaim was also reversed and remanded because the record did not establish whether that amount included any of the $75 transaction fees.

KEY QUOTATIONS

> *"The compensation which is paid by the borrower of money to the lender for its use, and generally, by a debtor to his creditor in recompense for his detention of the debt."* (61 S.W.3d at 839)

> *"That may be, but this state's policy against usury as set out in our constitution is mandatory and provides no exception for knowledgeable businessmen."* (61 S.W.3d at 840)

FACTUAL BACKGROUND

During 1995 through 1997, Dory routinely provided Woodall with short-term funds in exchange for vehicle titles, with repayment typically occurring the next business day. Woodall testified that Dory charged $75 per vehicle title as a fee for the use of the money, while the titles were not formally assigned and vehicle possession did not change hands. Dory characterized the transactions as sales rather than loans, and three checks issued by Woodall and returned for insufficient funds formed the basis of Dory's counterclaim.

PROCEDURAL HISTORY

Woodall filed a complaint in 1998 and later amended it, alleging that Dory's short-term vehicle-title transactions were loans carrying usurious interest. After Woodall presented his evidence at a February 2, 2001 bench trial, the circuit court dismissed the usury claim and entered judgment for Dory on a counterclaim involving three insufficient-funds checks. The Arkansas Supreme Court reversed both rulings and remanded for further proceedings, including a new trial if necessary.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Conduct further proceedings, including a new trial if necessary, on Woodall's usury claim and Dory's counterclaim. The lower court must determine whether the $102,230 counterclaim amount includes any of the $75 transaction fees.

CASES CITED

- Lytle v. Wal-Mart Stores, Inc., 309 Ark. 139, 827 S.W.2d 652 (1992)
- Mankey v. Wal-Mart Stores, Inc., 314 Ark. 14, 858 S.W.2d 85 (1993)
- Howard v. Hicks, 304 Ark. 112, 800 S.W.2d 706 (1990)
- Morehart v. Dillard Dep't Stores, 322 Ark. 290, 908 S.W.2d 331 (1995)
- Swink v. Giffin, 333 Ark. 400, 970 S.W.2d 207 (1998)
- Neely v. Jones, 234 Ark. 812, 354 S.W.2d 726 (1962)
- Arkansas Sav. & Loan Ass'n v. Mack Trucks of Ark., Inc., 263 Ark. 264, 566 S.W.2d 128 (1978)
- Sosebee v. Boswell, 242 Ark. 396, 414 S.W.2d 380 (1967)
- Winston v. Personal Fin. Co. of Pine Bluff, 220 Ark. 580, 249 S.W.2d 315 (1952)