

## Cash Cow files for reorganization in pending one year lawsuit

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Cash Cow filed for Chapter 11 reorganization July 6 with the U.S. Bankruptcy Court in Albuquerque, after the company could not reach a settlement on a lawsuit filed more than a year ago.

“We’ve made a reasonable offer,” said Tim Delgado, principal owner, who started the company in September 2003, “to the attorneys who filed the suit.”

A day before Cash Cow held their largest Customer Appreciation Day in Ford Canyon park last year in June, the company was served with a civil summons in U.S. District Court for the District of New Mexico. The suit cited that Cash Cow had violated the Truth in Lending Act and Unfair Practice.

For retail sales in which customers would make payment arrangements, Cash Cow charged a \$25.00 application fee in which attorneys who are suing Cash Cow said that the company did not ‘disclose’ the fee as part of the Annual Percentage Rate. In the Retail Installment Contract the company uses, approved for use by the State of New Mexico, on line two, Cash Cow routinely charged a \$25.00 application fee.

Yet lawyers representing a class action party say that Cash Cow did not put the application fee in the right place on the form, showing that it was part of the overall Annual Percentage Rate.

“Once the lawsuit started last year, we stopped applying the \$25.00 application fee on every retail installment contract,” Delgado said. “We no longer charge a fee.”

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“We offered that we will give a cash rebate of \$25.00 to every customer,” he added.

The offer proposed to pay the \$25.00 fee to 7,214 customers totaling \$342,275. An estimate of 40 percent of Cash Cow’s customers are repeat customers who were charged \$25.00 for each new Retail Installment Contract. Cash Cow disclosed in U.S. District Court that the limit on Retail Installment Contracts per customer is five times. “Over the last year, the lawyers found that customers who were charged the fee more than six times were usually employees,” Delgado said. “Yet they opted out of wanting a refund because the company gave them substantiate discounts.”

The company during its Christmas holiday employee banquet in 2014 employed 120 people. “It hurts to lay off employees,” said Delgado, whose workforce is more than 80 percent Native American, yet nearly all minority. “This year alone we’ve been forced to lay off from employment nearly half of our work force,” he said.

“We are always looking for new ways to appreciate our customers,” said Delgado, who five years ago began introducing an ‘interest free’ retail installment contract for customers who made monthly payment on time.

“When customers make every payment on time, we write them a check for the full amount of the interest they paid to us,” said Delgado for the duration of their loan. “Some of them take the cash, others use the refund to buy tires or something they need.”

This February 2015, Cash Cow adopted the interest free retail installment contract as standard practice.

Cash Cow in November 2014, also came under the scrutiny of an audit by the U.S. Internal Revenue Service for how the company’s tax preparers were preparing individual tax returns.

“The IRS wanted to know if we we’re complying with laws especially as our tax customers were

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using the Earned Income Credit for dependents,” he said. “In 24 days the IRS completed their audit and found that we were doing the right thing.”

Delgado said that Cash Cow is a certified electronic filer and responsible to the IRS to ensure that they correctly enter factual information of taxpayer information.

“We are determined to continue serving our customers,” Delgado said. “We were built on challenges. “Every time we’ve faced a set back, growth was always produced. We will get through this together. We ask our customers to make their payments on time—and a cash rebate awaits you at the end.”

Delgado not only owns the flagship furniture store on Metro Ave, but M&S Shaved Ice, Baskin Robbins, a auto dealership, tire and service shop, and motel. He said that if he’s unable to settle the debt, he may forced to close other stores.

“Our application for Chapter 11 was only filed on Quick Cash Inc.,” he said. “It protects me personally and all our other entities. If Quick Cash is unable pay all its debts, I will liquidate other entities to make those that have trusted and believed in Cash Cow by ensuring our debts are paid.”

*Babette Herrmann contributed to this report.*