

## **BROKE USA – CHAPTER 3**

### **GOING BIG**

*Cleveland, Tennessee, in the 1990s*

Allan Jones wasn't seeking to launch an industry in the spring of 1993 as he sat in the cockpit of his single-engine Piper Saratoga on his way to Johnson City, Tennessee. He only wanted to convince a man to come to work for him.

Jones was still in his early twenties when he took over his father's small collection agency and built it into a multi-city behemoth—"the largest in Tennessee," he'll tell you—but it gnawed at him that he had no presence in the northeast corner of the state. "My final plug on the map," Jones recalled in a marbly Tennessee drawl. So when he heard that an old friend of his father's who lived up that way had been let go after years in the business, Jones jumped on the opportunity. He lives in Cleveland, Tennessee, a rural outpost thirty miles north of Chattanooga. He told Steve Hixson, a childhood friend whom he calls "Doughball," to meet him at the small airport where he kept his plane.

"We're gonna see ol' James Eaton and see if we can't get him to come work for us," he told Hixson.

Hixson and Jones told me the story after work one day. We were at the bar of the Bald Headed Bistro, a restaurant that Jones opened a one-minute walk from his office. Jones, who has made a couple hundred million from the payday business, was sipping what he calls a "Scotch slushie"—the single malt he drinks over crushed ice in a red plastic cup his bartender stocks especially for the boss—and Hixson was on his feet next to Jones, the better to narrate the story. A small crew of regulars, Jones underlings who seem only too happy to drink his alcohol, laugh at his jokes, and listen attentively as the boss runs through a familiar repertoire of old tales, had joined us. The James Eaton story is apparently a favorite for no other reason than that it offers a chance to showcase the imitations of Eaton that Jones and Hixson have lovingly honed over the years. One or the other will raise his voice one or two octaves and then, adopting a kind of mezzo-soprano hillbilly twang, proceed to make the other laugh.

"Ale-ann. Ale-ann, I shore do i-pree-shy-ate y'all comin' on up he-ya."

Jones had always admired James Eaton. He was a "real stately" fellow, he said, a bespectacled man who smoked a pipe. "He looked to me kind of like Sherlock Holmes," Jones said. That made it all the sadder when they found Eaton working in a shack so shabby the paint was peeling off the walls. It was the office of a

dilapidated gas station where Eaton had set up a business he called Check Cashing, Inc. “I guess I’ve found myself my man in northeast Tennessee,” Jones told himself.

Jones was not deep into his pitch that day when Eaton excused himself to deal with a customer. A baffled Jones asked Eaton what he was up to and he explained. “Ale-ann, Ale-ann, I’ll tell you what.” It turned out he was loaning cash to people who needed a bridge loan until the next payday. The school janitor who needed \$100 today would pay him back \$120 when he received his next paycheck.

At that point Jones was a successful businessman with around 250 employees. He was wealthy enough to own his own plane but he was also in the debt collection business, which meant he spent his days dealing with unhappy people. The people behind the businesses who paid his bills were constantly bellyaching that his collection agents weren’t aggressive enough and he was forever hearing complaints from the debtors that they were too gung-ho. After an hour or so of watching Eaton deal with his customers, he was struck by how friendly it all was.

“People would thank him,” Jones recalled. “They would thank him and thank him and thank him.” The other thing that stuck in his mind was that these were working folk, not poor people. They drove decent cars. They dressed in good clothes.

Jones wondered about the fee Eaton was charging. Wasn’t 20 percent too steep for a short-term loan of maybe a week or two? “Ale-ann. Aleann,” Eaton drawled, and then pointed out that his customers’ banks would charge them at least that much on a bounced check.

“That’s when the lightbulb went off in my head,” Jones said.

Eaton, of course, said no to Jones’s job offer. “I sure do appreciate you coming on up here,” Eaton told him, “but this is the happiest business I’ve ever been in. I’m happy, my clients are happy. They just love me.”

On the plane ride home, Hixson recalled, Jones was there but not there. “I couldn’t hardly say a word to him,” Hixson said.

They’re happy, I’m happy.

Collections is a tough business. All those hospitals and department stores and credit card companies always on your back.

They just love me.

All those deadbeats demanding to talk with him because his people were rough with them over the phone.

Cheaper than a bounced check.

Jones thought of the grateful look on people's faces when Eaton handed over the money. And Eaton? How could he help feeling anything but ecstatic making 20 percent on his money? He kept thinking about that steep fee and how his customers saw it as a bargain. Jones sat on the board of a local bank; he saw the money they were making on bounced checks. Collections is a low-overhead business but Eaton was essentially running his operation out of a shack.

Jones was pushing forty at the time. He would be getting in on the ground floor of a potential new business. He would be siphoning off money from the banks and make a tidy profit in the process. What was there not to like?

He went over the numbers in his mind. Ten grand, he concluded. He would set aside \$10,000 and give it a shot.