

Bad-check program banks on knowledge

■ Problem has sizable impact

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The Henderson County Attorney's Office is launching a new program with Bank on Henderson to try to educate bad-check writers on how to avoid doing so in the future.

"For years we've looked for ways to come up with a financial education piece of our bad-check program," County Attorney Steve Gold said last week. "With Bank on Henderson, we've found the perfect partner. They've been doing financial education ... and some of their graduates have had success."

Bank on Henderson is a nonprofit organization, affiliated with the United Way of Henderson County, that encourages people to use traditional banks instead of expensive check-cashing companies and also provides free training on how to manage their finances, manage a budget and get out of debt.

The organization has provided financial training to more than 2,000 people since the spring of 2013, according to Zach Chavira, a financial stability specialist for Bank on Henderson.

"Bad checks have an effect throughout the community," hurting both the business or person that

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receives such a check as well as the writer of the check itself, Gold said.

"What I hear from small businesses is, one or two bad checks can make for a really bad month," he said.

And, for the check writer, "A \$10 bad check, if not paid attention to, through fines and court costs can grow to more than \$300 over time, Gold said.

Depending on how responsive the writer of such a check is, they can be compelled to not only repay the original \$10, but are subject to a \$50 penalty owed to the victim; a \$50 fee to the Henderson County Attorney's Bad-Check Division; and could be subject to \$185 in court costs and a \$30 criminal fine, he said.

"Writing a \$10 (cold) check on Friday night for a pizza — it's an easy loan. But the 'interest rate' is terrible," Gold said.

Bad checks aren't rare here. In fiscal year 2013-14, the county attorney's office handled 1,840 bad checks and collected on 1,751, or 95 percent of them.

Now, through a diversionary program called Henderson's SAFE — Stabilizing Assets and Financial Education — a person who comes to court on a Class A misdemeanor theft by deception charge for writing a bad check of less than \$500 could be offered a chance to avoid a criminal conviction by taking a two-hour financial management course through Bank on Henderson.

"For a person, when it's an honest mistake" — such as making a math error in their checkbook or having a paycheck that didn't get deposited on time — "or they're not aware of basic financial management, it's a way to not have that kind of blemish

on their record," Gold said.

He said he feels a need "to help people not make mistakes in the future" and offer people who make innocent mistakes "a path for redemption."

However, Gold said, "It's really going to take somebody with the desire ... to make things right and not do it again."

"It won't be a program for someone who papers the town with bad checks," he said. "It's for a limited number (no more than five) of small checks" of less than \$500.

"They're not going to get rid of (paying) restitution" to the recipient of the check and the Bad Check Division fee, Gold said. "But it will get rid of court costs, a fine and probated jail time."

The SAFE program will be offered to eligible defendants starting this week, and the first class is tentatively scheduled for Sept. 23. Plans call for the class to typically be offered on Tuesday evenings, but some Saturday morning classes might also be offered.

A fee of \$40 will be charged for taking a SAFE class to help Bank on Henderson recover the costs of a 40-page instructional booklet it has prepared for participants. Payment must be made with a cashier's check or money order. Also, a SAFE graduate can't use the program again for one year.

"As far as we know, it's the first (such) partnership anywhere," Gold said.

"It is the first statewide," Chavira said. "We're the pilot for the whole state of Kentucky for the Bank On programs."

Gold credited Bank on Henderson executive board members Shasta Ligon of BankTrust Financial and Ben Joergens of Old National Bank for their cooperation in setting up SAFE.

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