

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 203

Approved May 15, 2009

WHEREAS, People who live in low income communities often don't have the same access to traditional banks that people in higher income communities do; and

WHEREAS, Those without bank access rely on "fringe banking" services, such as businesses that provide payday loans, money transfers, and check cashing; and

WHEREAS, These businesses are not subject to the same level of regulation as traditional banks; and

WHEREAS, Lacking such regulation, many businesses employ aggressive advertising and collection practices, and often charge interest rates upwards of 25%; and

WHEREAS, Such policies drain money from areas already facing financial hardship and exploit people in economic distress; and

WHEREAS, In 2007, more than half a billion dollars changed hands through these types of businesses in Rhode Island; and

WHEREAS, House Bill H-5900 is currently before the General Assembly that would require fringe banking businesses to file reports with the State similar to those required of traditional banks; and

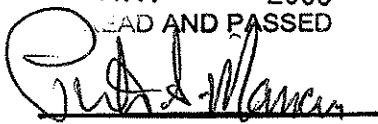
WHEREAS, These reports would include the net earnings for each location, whether or not the business has a policy to guide its community reinvestment, and a list of donations made; and

WHEREAS, A large proportion of Rhode Island's fringe banking business operate in Providence.

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Providence does hereby urge the General Assembly to pass House Bill 5900.

BE IT FURTHER RESOLVED, That upon adoption, copies of this resolution be forwarded to the sponsors of House Bill 5900, as well as to the Speaker of the House, the President of the Senate, the Majority Leaders of the House and Senate, and all Providence representatives and senators.

IN CITY COUNCIL
MAY 7 2009
READ AND PASSED


PRES.


CLERK

APPROVED



MAYOR

5/15/09

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2009

A N A C T

RELATING TO FINANCIAL INSTITUTIONS - SMALL LOAN LENDERS

Introduced By: Representatives Diaz, Williams, Almeida, Carnevale, and Fox

Date Introduced: February 26, 2009

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 19-14.2-6 of the General Laws in Chapter 19-14.2 entitled "Small
2 Loan Lenders" is hereby amended to read as follows:

3 **19-14.2-6. Assignment of earnings.** -- (a) The payment in money, credit, goods, or
4 things in action, as consideration for any sale or assignment of, or order for, the payment of
5 wages, salary, commissions, or other compensation for services, whether earned or to be earned,
6 shall for the purposes of regulation under this chapter be deemed a loan secured by the
7 assignment, and the amount which the assigned compensation exceeds the amount of
8 consideration actually paid shall for the purposes of regulation under this chapter be deemed
9 interest upon the loan from the date of the payment to the date the compensation is payable. The
10 transaction shall be governed by and subject to the provisions of this chapter.

11 **(b) Notwithstanding any regulation to the contrary, any entity seeking a license or**
12 **renewal of any license related to small loan lenders shall be required to indicate the net profits for**
13 **each location listed under its license; whether or not the entity has a policy relative to any**
14 **community reinvestment, and if so to attach said policy; and, provide a list of donations made,**
15 **including the amounts and organizations receiving said donations.**

16 SECTION 2. Section 19-14.3-4 of the General Laws in Chapter 19-14.3 entitled "Sale of
17 Checks and Electronic Money Transfers" is hereby amended to read as follows:

18 **19-14.3-4. Rules and regulations.** -- The director or the director's designee may adopt
19 reasonable rules and regulations for the implementation and administration of the provisions of

1 this chapter. Notwithstanding the foregoing, any entity seeking a license or renewal of any license
2 related to the business of money transfers shall be required to indicate the net profits for each
3 location listed under its license; whether or not the entity has a policy relative to any community
4 reinvestment, and if so to attach said policy; and, provide a list of donations made, including the
5 amounts and organizations receiving said donations.

6 SECTION 3. Section 19-14.4-3 of the General Laws in Chapter 19-14.4 entitled "Check
7 Cashing" is hereby amended to read as follows:

8 **19-14.4-3. Rules and regulations.** -- (a) The director or the director's designee is
9 authorized, directed and empowered to promulgate regulations that provide for the safety and
10 security of customers of the licensee, and/or its employees, from robbery or other criminal
11 activities to include, but not be limited to, bulletproof glass and steel partitions.

12 (b) The rules and regulations, in addition to any other provisions as the director or the
13 director's designee may require, must provide that licensees maintain:

14 (1) Continuously, for each licensed premises, liquid assets of at least ten thousand dollars
15 (\$10,000);

16 (2) A cash sheet which must be prepared daily for each day's business reflecting all
17 transactions for that day;

18 (3) A money order register recording the date issued, money order number, amount and
19 date paid. In lieu of the money order register, a copy of the money order may be kept when
20 carbonized type money orders are used;

21 (4) Insurance issued by an insurance company or indemnity company, authorized to do
22 business under the laws of this state, which shall insure the applicant against loss by theft,
23 burglary, robbery or forgery in principal sum, as determined by the director or the director's
24 designee, which shall in no event be less than ten thousand dollars (\$10,000) nor more than one
25 hundred thousand dollars (\$100,000). The required amounts shall bear a relationship to the liquid
26 assets on hand at the licensed location; and

27 (5) An adequate written policy and affirmative program to insure compliance with state
28 and federal money laundering statutes.

1 (6) Notwithstanding the foregoing, any entity seeking a license or renewal of any license
2 related to the business of check cashing shall be required to indicate the net profits for each
3 location listed under its license; whether or not the entity has a policy relative to any community
4 reinvestment and if so to attach said policy; and, provide a list of donations made, including the
5 amounts and organizations receiving said donations.

6 SECTION 4. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO FINANCIAL INSTITUTIONS - SMALL LOAN LENDERS

- 1 This act would require businesses operating as or taking part in small loan lending,
2 money transfers or check cashing to provide additional information when submitting their annual
3 license renewal. Said information would include the net profit for each location listed under their
4 license; whether or not they have a policy to guide their community reinvestment, and if so to
5 provide a copy of such; and, a list of donations made, including amount and to which institutions
6 or organizations.
- 7 This act would take effect upon passage.

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