



UNITED STATES COMMISSION ON CIVIL RIGHTS

1331 Pennsylvania Avenue, NW • Suite 1150 • Washington, DC 20425 www.usccr.gov

November 26, 2018

Sen. Dominick Ruggerio
Majority Leader

Sen. Dennis Algiere
Minority Leader

Rep. Nicholas Mattiello
Speaker

Rep. Blake A. Filippi
Minority Leader

Rhode Island General Assembly

Dear Senators Ruggerio and Algiere and Representatives Mattiello and Filippi:

The U.S. Commission on Civil Rights is pleased to transmit to your offices our Rhode Island Advisory Committee's [Report](#), *Payday Lending in Rhode Island*.

The Commission maintains 51 Advisory Committees - one for each state and the District of Columbia. The role of the Committees is to study civil rights issues in their communities and report findings and recommendations to the Commission. The Commission appreciates the Rhode Island Committee's focused attention on the civil rights impacts of payday lending practices - small, short term loans meant to be used to cover expenses until the borrower's next payday.

The Commission requests that your office review the recommendations on pp. 15-16 in the [report](#). They are also attached to this letter in a stand-alone "Recommendations" document. In response to these recommendations, we advise that you take the steps necessary to protect civil rights in your jurisdiction.

We have similarly asked state Governor Raimondo, Treasurer Magaziner, Department of Business Regulation the Department of Administration, and the Employees' Retirement System to review the recommendations.

The Commission appreciates your consideration, in the hope of ensuring civil rights protections. We look forward to hearing from you on what actions you will take in response.

Sincerely,

A handwritten signature in blue ink, appearing to read 'CEL', is positioned below the word 'Sincerely,'.

Catherine E. Lhamon, Chair

Encl. Rhode Island Advisory Committee [Report](#) (via email only)
Recommendations in Report



UNITED STATES COMMISSION ON CIVIL RIGHTS

1331 Pennsylvania Avenue, NW • Suite 1150 • Washington, DC 20425 www.usccr.gov

December 3, 2018

Liz Tanner
Director, Department of Business Regulation
1511 Pontiac Avenue
Cranston, RI 02920

Dear Ms. Tanner:

The U.S. Commission on Civil Rights is pleased to transmit to your office our Rhode Island Advisory Committee's [Report](#), *Payday Lending in Rhode Island*.

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The Commission requests that your office review the recommendations on pp. 15-16 in the [report](#). The Committee found that that payday lenders in Rhode Island disproportionately target communities of color with loans that are financially devastating to these communities and strongly recommended specific state legislative action. The recommendations of the Advisory Committee are attached to this letter in a stand-alone document. In response to these recommendations, we advise that you take the steps necessary to protect civil rights in your jurisdiction.

We have similarly asked state Governor Raimondo, Treasurer Magaziner, Assembly leadership, the Department of Administration, and the Employees' Retirement System to review the recommendations.

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Catherine E. Lhamon, Chair

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Recommendations in Report



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November 28, 2018

Governor Gina M. Raimondo
82 Smith Street
Providence, RI 02903

Dear Governor Raimondo:

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Catherine E. Lhamon, Chair

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November 29, 2018

Seth Magaziner
General Treasurer, State of Rhode Island
82 Smith Street
Providence, RI 02903

Dear Mr. Magaziner:

The U.S. Commission on Civil Rights is pleased to transmit to your office our Rhode Island Advisory Committee's [Report](#), *Payday Lending in Rhode Island*.

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Catherine E. Lhamon, Chair

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November 29, 2018

Frank J. Karpinski
Director, Employees' Retirement System of Rhode Island
50 Service Ave.
Warwick, RI 02886

Dear Mr. Karpinski:

The U.S. Commission on Civil Rights is pleased to transmit to your office our Rhode Island Advisory Committee's [Report](#), *Payday Lending in Rhode Island*.

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Sincerely,

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Catherine E. Lhamon, Chair

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November 29, 2018

Michael DiBiase
Director, Department of Administration
One Capitol Hill
Providence, RI 02908

Dear Mr. DiBiase:

The U.S. Commission on Civil Rights is pleased to transmit to your office our Rhode Island Advisory Committee's [Report](#), *Payday Lending in Rhode Island*.

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Report of the Rhode Island Advisory Committee to the U.S. Commission on Civil Rights:

Payday Lending in Rhode Island

Recommendations

Legislative Action

The General Assembly should pass a bill eliminating the statutory carve-out for payday lenders. The elimination of this payday lending exception does not prevent lenders from offering small dollar loans to Rhode Islanders. Rather, payday lenders should be returned to the authority of the small loan lender statute that restricts the maximum interest rate on small loans to 36 percent APR. This statute requires payments to be made in roughly equal installments at intervals of roughly equal length, which prohibits lenders from turning to the balloon payment loans or payday installment loans adopted by payday lenders following restrictions in other states.

The General Assembly should also consider investigating the use of vehicle title loans in the state. If payday loans are more heavily regulated, payday lenders may transition to offering more vehicle title loans with similar financial consequences for borrowers. To fully protect consumers in the state, Rhode Island should restrict all prohibitively high interest rate loans, including both vehicle title loans and payday loans.

Payday Loan Alternatives

Rhode Island should encourage the growth and development of small dollar loan programs that have lower interest rates and longer terms than payday loans. This could reflect a recent announcement by the Treasury's Office of Comptroller of the Currency calling for traditional banks to offer "responsible short-term small-dollar installment loans, typically two to 12 months in duration with equal amortizing payments, to help meet the credit needs of consumers." Loan programs such as those offered by Navigant and Capital Good Fund have the potential to meet consumers' needs without the adverse consequences of payday loans. These alternatives should be promoted, and the development of similar products encouraged.

Underlying Reasons for Financial Insecurity

Rhode Island should investigate the underlying financial circumstances that leave Rhode Islanders of color especially in need of the credit advances payday loans provide. This investigation may focus on state law and policy regarding education, housing, healthcare, human services, and transportation, among others.

**Footnotes may be found within the full [Report](#)*