

2012 -- S 2602

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LC01867  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO FINANCIAL INSTITUTIONS-LICENSED ACTIVITIES

Introduced By: Senator Maryellen Goodwin

Date Introduced: March 01, 2012

Referred To: Senate Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 19-14-5 of the General Laws in Chapter 19-14 entitled "Licensed  
2 Activities" is hereby amended to read as follows:

3 **19-14-5. Minimum capital.** – (a) Each licensee, licensed pursuant to an application for  
4 license filed after June 30, 1995, shall maintain the following minimum net worth to be evidenced  
5 in accordance with regulations promulgated by the director or the director's designee.

6 (1) Small loan lenders, the sum of twenty-five thousand dollars (\$25,000);

7 (2) Loan brokers, the sum of ten thousand dollars (\$10,000);

8 (3) Lenders, the sum of one hundred thousand dollars (\$100,000); and

9 (4) Sale of checks, the sum of fifty thousand dollars (\$50,000).

10 (b) No lender shall make a loan to a borrower if the loan would cause the borrower to  
11 have more than five hundred dollars (\$500) outstanding among all licensees in the state or is  
12 greater than twenty-five percent (25%) of their monthly gross income (MGI), or the lesser of the  
13 two.

14 (c) The department of business regulation shall develop and administer a real-time  
15 statewide compliance system for deferred deposit lenders licensed under section 19-14-1 to  
16 record each deferred deposit loan transaction. The department may contract with a single third-  
17 party provider to operate the database. If the department contracts with the third-party provider  
18 for the operation of the database, the department shall do all of the following:

19 (1) Ensure the third-party provider operates the database according to the provisions of

1 this section;

2 (2) In selecting a third-party provider, consider the cost of providing the service and the  
3 third-party provider's ability to meet all the requirements of this section;

4 (3) In selecting the third-party provider, give strong consideration to all of the following:

5 (i) The third-party provider's ability to prevent fraud, abuse, and other unlawful activity  
6 associated with payday loan transactions and to provide additional tools for the administration  
7 and enforcement of this section;

8 (ii) Whether the provider is currently providing service for another state.

9 (d) The department shall be charged with the following:

10 (1) Adopting rules governing the creation, structure, and use of the compliance system,  
11 which shall include a real-time customer eligibility verification charge as necessary to maintain  
12 the system;

13 (2) Establishing requirements for the retention, archiving, and purging of information  
14 entered into and stored by the system; and

15 (3) Fully implementing the system by July 1, 2012.

16 SECTION 2. 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-LICENSED ACTIVITIES

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1           This act would require the department of business regulation to develop and administer a  
2 statewide compliance system for deferred deposit lenders.

3           This act would take effect upon passage.

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