



Testimony in Support of Senate Bill 2206
Senate Committee on Commerce
Andrew Posner, Capital Good Fund

April 13, 2026

Dear Members of the Senate Committee on Commerce:

As the Founder and CEO of Capital Good Fund, a Rhode Island-headquartered national nonprofit and U.S. Treasury-certified Community Development Financial Institution,¹ I am pleased to submit written testimony on behalf of the organization **in strong support of Senate Bill 2206**. As a community lender providing financial coaching and affordable loans to low-income Rhode Islanders for 17 years, we have repeatedly witnessed firsthand the devastating impacts of predatory lending, and we know how critical it is to protect Rhode Island borrowers by ending loopholes that allow out-of-state lenders to evade the sensible rate caps that have long protected Rhode Islanders from crushing interest rates.

"Rent-a-bank" refers to financial arrangements under which ultra high-cost lenders, operating primarily online or through storefronts, partner with out-of-state banks in states without usury caps—such as Utah—to issue loans at excessively high interest rates, circumventing Rhode Island's legal limits. Research from Pew Charitable Trusts and the Center for Responsible Lending confirms that these loans trap borrowers in cycles of debt, causing severe financial harm. Over half of these high-cost loans end in default, negatively affecting credit scores and often leading to aggressive collections practices, including wage garnishment. Rather than aiding financial stability, these loans significantly worsen borrowers' situations.

The legislation under consideration would accomplish two things for Rhode Islanders. First, it would close the rent-a-bank loophole, ensuring that whoever has "the predominant economic interest, risk or reward" in the loan is the true lender and therefore subject to Rhode Island's usury laws. And second, it opts Rhode Island out of a federal statute which permits banks chartered in one state to export their higher rate caps to states with lower rate caps.

Passing this legislation will reinforce Rhode Island's consumer protections, uphold fairness, and ensure local control over lending practices. These consumer protections are more important than ever: between rising inflation and economic uncertainty, Rhode Islanders can ill-afford to pay triple-digit interest rates on loans, in circumvention of Rhode Island law. We urge the Committee to protect Rhode Islanders from these harmful, exploitative financial products by supporting S-2206.

¹ <https://www.capitalgoodfund.org>



Sincerely,

A handwritten signature in black ink, appearing to read "Andy Posner", with a long, sweeping horizontal stroke at the end.

Andy Posner
Founder & CEO
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