

38 Studios

Here is my position on 38 Studios.

"It is most important to separate the 38 Studios case into two segments:

1. The **investigation and prosecution** of any person or persons who might be guilty of any crimes related to this loan.
2. The **question of repayment** of the debt by the State of Rhode Island to the bond holders.

I believe that the General Assembly should leave the investigation and prosecution of any purported criminal activity to properly trained and experienced state and federal law enforcement agencies. Toward that end, I believe that the House Oversight Committee should not be granted subpoena powers.

On the second point, my position all along has been to honor our commitment and to pay the debt.

My reasons are:

- Currently the State has an excellent bond rating. Failure to pay would risk that rating.
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- The failure to pay the debt will put the State of Rhode Island in the unique position of being only the second state to renege on a bond debt. [The only other state was Arkansas during the 1930's.]
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- The failure to pay the debt would most probably put the State of Rhode Island in a position of having to pay higher interest rates on future bonds.
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- This coming year that will be \$175,000 in new bonds if approved by the voters. A one percent increase in interest rates of these new bonds will cost \$3,5 million additional interest.
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- If the State of Rhode Island does not pay the additional \$12.500,000 this year, that would reduce the damages that any one found guilty would need to pay back to the State. "
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- The State of Rhode Island could be sued for this money and end up with high legal costs defending that suit.