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Testimony of Lindsey Vigoda, New York Director, Small Business Majority

RE: How to protect New York City small business owners from unfair and abusive lending practices

Thank you, Chair Epstein and members of the committee. My name is Lindsey Vigoda, and I'm the New York Director of Small Business Majority. As representatives of the more than 2.2 million small businesses in New York City, I am pleased to speak with you, the Committee on Consumer and Worker Protection, to emphasize the need to protect small businesses from unfair and abusive practices.

We are a national small business organization with an office here in New York that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

New York's small businesses are nearly at a breaking point. Between rising commercial rental prices, changing tariff policies, a decline in traditional lending opportunities and the stripping of many U.S. Small Business Administration (SBA) lending programs, running a small business is becoming increasingly more expensive and access to affordable, safe capital is even more challenging. A [survey](#) we released in November highlights the position small business owners are in, with 45% of entrepreneurs reporting a decrease in revenues in the last three months.

In my work as a small business advocate, I have seen time and time again how in periods of economic uncertainty and turmoil like this, small business owners frequently turn to predatory lenders—often unknowingly—as a last resort to save the business they have worked so hard to build. With the decline in safe avenues of capital and the rise in AI and quick technology, this trend of predatory actors targeting small businesses is only going to increase.

While New York was once a leader in enacting policy to protect small businesses from bad loans, our neighboring states have now all passed laws to stop unfair and abusive behaviors from those who target small businesses, while New York has not. We cannot continue to fall behind on these common-sense protections as our city's small businesses fall victim to loan agreements with outlandish annual percentage rates (APRs) and impossible payment schedules.

These lenders prey on vulnerable small business owners who have nowhere else to turn, and with the latest SBA ruling, which bars all non-US citizens from accessing SBA loan programs, predatory lenders will continue to fill the space putting New York City's immigrant business owners—who make up nearly half of our city's entrepreneurs—at more risk now than ever before.

And while access to capital is a pressing issue for New York City's small business community, this is just the tip of the iceberg. Small businesses are increasingly faced with more and more unfair practices. I have heard all sorts of stories from small business owner from abusive collections practices to a business unknowingly, without consent signing up for an Energy Service Company that raises their utility bill, to a corporation stripping a small business's catalogue for their own use. In the city of endless opportunity, it is far too easy for a small business to be taken advantage of. So, I beg the question, what will happen if we don't act now? Too often, abusive fees and predatory actors place enormous strain on small businesses. With predatory and unfair practices taking over the small business landscape, it's time for New York to step up once again and defend our most precious asset—our small business community.