



June 17, 2026

The Honorable Chair Tim Grayson  
The California Senate Banking and Finance Committee  
Capitol Office, 1021 O Street, Suite 7250  
Sacramento, CA 95814

*RE: Support for Commercial financing (AB 2116)*

My name is Suli Kenyatta, I'm the Northern California Outreach Manager for an advocacy organization called Small Business Majority and I'm here today on behalf of California's more than four million small businesses. I'm pleased to provide testimony on AB 2116, legislation that would expand the California Consumer Financial Protection Law (CCFPL) to protect small businesses from abusive commercial financing practices. It would require commercial financing providers to register with the state, prohibit "confessions of judgment," and enforce stricter disclosure rules.

Right now, traditional lenders operate under clear rules, but certain high-cost, non-loan products — like merchant cash advances — function outside that framework. What's more, California's 2022 ban on confessions of judgment (SB 688) is easily circumvented by legal devices used to take money straight from a small business owner's bank account without legal recourse while confidentiality clauses are used to bully a small business owner into keeping silent about their experience and unexpected costs.

AB 2116 would ensure consistent oversight so that all financing providers play by the same rules. Increased transparency empowers small business owners to make informed decisions and report bad actors without limiting their access to capital. This is especially important as small businesses navigate challenging business conditions today. We are seeing unprecedented federal cuts to small business funding and new regulations from the U.S. Small Business Administration that bar non-U.S. citizens from applying for SBA loans, severing many legal, taxpaying residents from the safest and most affordable avenues to capital for small business owners. These cuts come as an economic crisis brought on by war overseas, tariffs at home and unpredictability in Washington continues to grow. It will leave more small business owners in need of cash infusions and create a gap in the lending market that will undoubtedly be filled by predatory actors.

It's important for California to have a fair and transparent financial marketplace where good actors compete fairly and small businesses can safely access capital. We urge you to support AB 2116 to help protect small businesses from abusive financial practices so they can continue to grow and thrive.

Sincerely,

Suli Kenyatta  
Northern California Outreach Manager  
Small Business Majority