August 24, 2026

The Honorable Gavin C. Newsom
Governor of the State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: AB 2116 (Schiavo) Commercial Financing - REQUEST FOR SIGNATURE
Dear Governor Newsom,

On behalf of a broad coalition representing hundreds of for-profit financing companies and nonprofit advocates for economic opportunity, as well as thousands of small business owners, we write to respectfully request your signature on AB 2116 by Assemblywoman Pilar Schiavo.

Over the last fifteen years, predatory lending practices that led to the subprime mortgage

foreclosure crisis have become common in small business financing. Small business owners need access to capital – be it a loan or other financing product. Currently, certain other financing products that purport not to be loans are not subject to the same oversight as regulated loans. This bill requires companies that offer these financing products and their brokers to be licensed by the Department of Financial Protection and Innovation (DFPI), so that they receive the same oversight as traditional small business lenders and brokers.

AB 2116 is unanimously bi-partisan; it has encountered zero “no” votes.

AB 2116 solves two problems:

(1) **The “wild west” of small business financing and brokering** – Today, brokers routinely steer small business owners into financing that pays the broker excessive fees while charging the small business owner an unnecessarily high rate, echoing one of the causes of the subprime mortgage foreclosure crisis. In fact, investigative reports that have gone viral online, with over a million views, have shown that many subprime mortgage brokers who lost their mortgage licenses simply moved over to the unregulated “wild west” of small business financing.

AB 2116 empowers the DFPI to ensure that small business owners can make informed decisions and report bad actors, by establishing an oversight framework and transparency about financing products and their associated costs.

2) **Unfair practices in the financing shadows** - While small business lenders are subject to oversight by DFPI, similar businesses that offer products that purport not to be loans evade these requirements and operate in the shadows. California’s 2022 ban on “confessions of judgment” (SB 688) is being circumvented by dubious practices used to take money straight from a small business owner's bank account without legal recourse. And “confidentiality clauses” are used to bully small business owners into keeping silent about their experience and unexpected costs.

AB 2116 will catalyze fair lending to small businesses by preventing bad-actor financing companies from taking unfair advantage of their competition and of small business customers.

As for-profit financing companies ourselves, as well as nonprofit advocates and small business owners, we commend the legislature for incorporating the feedback of all stakeholders and finding a compromise that works. We respectfully request that you take the next step and sign AB 2116 to create a fair financial marketplace where good actors compete fairly and small businesses thrive.

Sincerely,

Heidi Pickman
VP, External Relations
CAMEO Network

Ted Mermin
Executive Director
California Low-Income Consumer Coalition

Louis Caditz Peck
Executive Director
Responsible Business Lending Coalition
Members include:
Accion Opportunity Fund
Opportunity Finance Network
Camino Financial
Bluevine
Community Investment Management
National Community Reinvestment Coalition
National Association of Latino Community Asset Builders (NALCAB)
Small Business Majority, and
Aspen Institute

Suli Kenyatta
Northern California Outreach Manager
Small Business Majority

Tate Hill
President & CEO
Access Plus Capital

Mar Diteos
CEO
Accessity

Lamar Heystek
President
ASIAN, Inc.

Monica Robles
Founder & CEO
Asociacion de Emprendedor@s

Ron Fong
Executive Director
Asian Pacific Islander Small Business Collaborative

Nate Schaffran
Executive Director
California Coalition for Community Investment

Andy Lucas
Partner
Community Development Services

Robert Herrell
Executive Director
Consumer Federation of California

Stacey Caico
Development Manager
Economic Development & Financing Corporation

Carmen Herrera-Mansir
Executive Director
El Pajaro Community Development Corporation

Debbie Notkin
Chair of the Board
Friends of the Public Bank East Bay

Allison Kelly
CEO
ICA

Roberto Barragan
Executive Director
ICON CDC

Nancy Swift
Executive Director
Jefferson Economic Development Institute

Yasmin Badri
CEO
MicroCare Community Development Solutions

Pamela Deans
Executive Director
Microenterprise Collaborative of Inland Southern California

Elizabeth Kaetzel
Founder & President
Narratur Studio

Leigh Ferrin

California Project Director
National Consumer Law Center

Bulbul Gupta
President and CEO
Pacific Community Ventures

Ritu Mahajan
Directing Attorney
Public Counsel

Jyotswaroop Bawa
Chief of Organizing and Campaigns
Rise Economy

Mercedes Gibson
Small Business Economic Strategy Senior Program Manager
The Greenlining Institute

Rani Langer-Croager
Founder & Co-CEO
Uptima Entrepreneur Cooperative

Sarah Bodnar
CEO
West Business Development Center

Ashley Goldstein
WBC Director
Women's Economic Venture