

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

NOTICE OF HEARING

June 26, 2019

11:30 A.M., 2360 Rayburn House Office Building

TO: Members, Committee on Small Business

FROM: Nydia Velázquez, Chairwoman

DATE: Wednesday, June 19, 2019

The Committee on Small Business will meet for a hearing titled, “Crushed by Confessions of Judgement: The Small Business Story.” The hearing is scheduled to begin at **11:30 A.M. on Wednesday, June 26, 2019 in Room 2360 of the Rayburn House Office Building.**

Time and again, small businesses report one of the biggest challenges they face in starting, operating, or expanding a business is access to capital. Unfortunately, some small firms fall victim to merchant cash advance companies who require borrowers to sign a document called a confession of judgment (COJ) as part of an application. By signing, small business borrowers agree in advance to automatically lose in the event of a legal dispute. That lender can then accuse a borrower of not paying, without presenting proof, and have a court judgment signed by a clerk the same day. At that point the lender can present the COJ to the borrower’s bank demanding funds, leaving small business owners penniless overnight and forced to close their business. This hearing will enable the Committee to examine this practice as Members seek to address this issue. Members will hear from a variety of witnesses detailing the legalities of the practice, its use, and impact on small business borrowers.

A staff briefing will be held at 2:00 P.M. on Monday, June 24, 2019 in Room 2360 of the Rayburn House Office Building.

If you or your staff have questions, please contact Matthew Gomez, Counsel for the Committee, at 202-225-4038.