

United States Senate

WASHINGTON, DC 20510

May 14, 2026

The Honorable Kelly Loeffler
Administrator
U.S. Small Business Administration
409 3rd St, SW
Washington, DC 20416

Dear Administrator Loeffler:

We write to request information from the Small Business Administration (SBA) about its role in addressing emerging small-business liquidity needs and the concerning rise in merchant cash advances (MCAs). As Ranking Members of the Senate Finance Committee and Senate Small Business and Entrepreneurship Committee, the information we request in this letter will aid our understanding of whether the administration's tariff policy and gaps in small business funding may be inadvertently funneling businesses into predatory financing arrangements without an exit path.

In April 2025, President Trump imposed sweeping tariffs under the International Emergency Economic Powers Act (IEEPA). These tariffs caused chaos and uncertainty for small businesses. Many small businesses immediately faced an urgent need for cash to pay unexpected tariff bills, in some cases because goods already in transit were physically stuck in U.S. ports until importers paid tariffs in full.¹

Recent accounts detail how importers were inundated with offers for MCAs.² Import-reliant firms report nonstop calls, texts, and WhatsApp pitches promising same-day cash, as MCAs have engaged in aggressive and largely unregulated marketing feeding on tariff-driven urgency.³ MCAs are effectively payday loans secured by a company's future sales with interest rates averaging 94% a year, but legally they are a purchase of a company's future receivables.⁴ This allows MCA providers to bypass traditional lending rules and transparency requirements, leading to opaque terms, substantial upfront fees, and repayment obligations that escalate when sales drop.⁵ In many cases, the automatic withdrawals drain operating accounts so quickly that businesses are forced to take out additional MCAs simply to stay afloat, creating a debt-stacking spiral that is widely recognized as a leading driver of small-business insolvency.⁶

1 *A Shadowy Industry Is Helping Small Businesses Pay Tariffs — At a High Cost*, NPR (Feb. 9, 2026), <https://www.npr.org/2026/02/09/nx-s1-5628425/shark-tank-tariffs-loans-cash-advance>.

2 *Id.*

3 *Id.*

4 *Id.*

5 *Id.*

6 *Merchant Cash Advances Piling Up in Small Business Bankruptcies*, Bloomberg Law (Feb. 24, 2026), <https://news.bloomberglaw.com/bankruptcy-law/merchant-cash-advances-piling-up-in-small-business-bankruptcies>.

While MCAs fall outside SBA’s regulatory remit, the agency’s mission remains to aid, counsel, assist and protect the interests of small businesses.⁷ SBA’s website, partner network materials, and outreach campaigns do not appear to include prominent warnings about MCA risks or guidance. We are concerned that many small businesses felt they were unable to access loans available through SBA programs quickly enough to meet their needs and were forced to turn instead to MCAs, unaware of the risks of predatory financing. In addition, SBA Policy SOP 50108, effective June 1, 2025, categorically prohibits using 7(a) or 504 loans to refinance MCA debt.⁸ This closes an essential escape route for small businesses trapped in spiraling MCA debt.

The small businesses harmed by predatory MCAs remain at risk. On February 20, 2026, the Supreme Court struck down President Trump’s IEEPA tariffs, giving businesses that paid the illegal tariffs a right to have their money refunded. Yet the Trump administration continues to delay and obfuscate the refund process, putting small businesses in an increasingly difficult financial situation.

Congress, which has constitutional authority “to lay and collect...Duties” and “to regulate Commerce with foreign Nations,” has a strong interest in oversight of the impact tariffs have on small businesses. In order to better understand SBA’s role and policies concerning MCAs used to fund tariff liabilities, and to inform our Committees’ work, please provide answers to the following questions and requests for information no later than May 28, 2026:

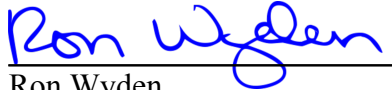
1. Please provide records of any interagency coordination, including, but not limited to, coordination with the Office of the United States Trade Representative and Customs and Border Protection, regarding small-business liquidity preparedness tied to IEEPA tariff actions.
2. Please provide any internal assessments regarding SBA’s capacity to meet immediate working capital needs during tariff-driven crises.
3. Please provide any communications or outreach, including advisories, alerts, webinars, or trainings, warning of MCA risks and directing small businesses to safer alternatives.
4. Please describe how MCA debt is treated in SBA underwriting and whether any policies exist or are planned to allow refinancing of MCA obligations.
5. Please provide policy documents including, but not limited to, data on SBA loans used to refinance MCAs prior to the June 2025 changes, as well as memos, forms, guidance, and lender trainings, explaining the rationale behind the June 2025 SOP restriction concerning MCA debt.

7 U.S. Small Bus. Admin., Organization, SBA.gov, <https://www.sba.gov/about-sba/organization>.

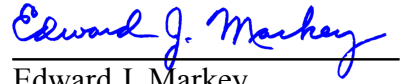
8 U.S. Small Bus. Admin., *SOP 50-10: Lender and Development Company Loan Programs* (June 1, 2025), <https://www.sba.gov/document/sop-50-10-lender-development-company-loan-programs>.

If you have any questions, you may contact Senate Finance Committee oversight staff at (202) 224-4515. Thank you for your prompt attention to this important matter.

Sincerely,



Ron Wyden
United States Senator
Ranking Member, Committee
on Finance



Edward J. Markey
United States Senator