

LEGISLATIVE MEMO:

# WE SUPPORT



S.3851/Sanders-A.3636/Niou

**This bill would amend the General Business Law so that financial services providers regulated under New York State law would not be permitted to “require a confession of judgment in any contract or agreement for a financial product or service.”**

New Economy Project’s mission is to build a just economy, based on cooperation, racial, economic, and gender justice, and ecological sustainability. Since our organization’s founding in 1995, we have worked with hundreds of grassroots groups to challenge Wall Street banks and other corporations that harm New Yorkers and perpetuate poverty, inequality, and segregation. We also work with groups to build democratically-structured, community-controlled initiatives, including community land trusts and mutual housing, worker and financial co-ops, and more.

We support actions by the legislature to ensure fair access to the courts and procedural due process. Confessions of judgment as currently used violate both of these fundamental principles, and should be checked. Moreover, our financial services system grants lenders and other financial services providers outsized and unfair bargaining power – in the case of confessions of judgment, to the great detriment of New York small business owners and communities.

We urge the legislature to enact S.3851-A.3636 and prohibit abusive and unfair confessions of judgment.

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