



## **Introducing ‘Operation Choke Point’: Obama’s strategy for attacking businesses he doesn’t like**

By Dan Calabrese  
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It’s hardly a huge news flash that Democrats don’t like business. Oh sure, they’ll put up with you if you’re union-friendly, or if you give money to Democrat candidates, or if you underwrite left-wing foundations. But that whole provide-a-product-or-service-and-make-a-profit thing? Not their bag. And when you add in the decidedly un-left-wing missions of certain types of businesses, it’s no surprise that the faculty lounges, the non-profit offices and - of course - the Oval Office would be filled with talk about how to rid the world of such wretchedness.

But you know what? You run for president so you can amass power to use for your own purposes. Ask anyone. And even though there is no law that allows the administration to go after businesses just because they don’t like them, the Obama Administration is nothing if not creative at coming up with administrative/legal strategies to get the outcomes they want.

So it’s with all this in mind that we now learn of Operation Choke Point, an Eric Holder special that expands the scope of anti-fraud laws to go after perfectly legal and legitimate businesses - such as gun dealers and tobacco vendors - just because liberals don’t like them. In a nutshell, the DOJ tells banks that if they lend to certain kinds of businesses, that decision will put them in line for the threat of a federal investigation.

House Republicans discovered the initiative and exposed it in this May 2014 report. From that report:

“Operation Choke Point has forced banks to terminate relationships with a wide variety of entirely lawful and legitimate merchants. The initiative is predicated on the claim that providing normal banking services to certain merchants creates a “reputational risk” sufficient to trigger a federal investigation. Acting in coordination with Operation Choke Point, bank regulators labeled a wide range of lawful merchants as “high-risk” – including coin dealers, firearms and ammunition sales, and short-term lending. Operation Choke Point effectively transformed this guidance into an implicit threat of a federal investigation.

The Department is aware of these impacts, and has dismissed them. Internal memoranda on Operation Choke Point acknowledge the program's impact on legitimate merchants. Senior officials informed Attorney General Eric Holder that as a consequence of Operation Choke Point, banks are exiting entire lines of business deemed "high risk" by the government.

The Department lacks adequate legal authority for the initiative. Operation Choke Point is being executed through subpoenas issued under Section 951 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The intent of Section 951 was to give the Department the tools to pursue civil penalties against entities that commit fraud against banks, not private companies doing legal business. Documents produced to the Committee demonstrate the Department has radically and unjustifiably expanded its Section 951 authority."

Much of the focus has been on payday lenders - the businesses you see mainly in low-income areas who will lend you cash at a premium against your next paycheck. Now I would definitely not recommend the use of lenders like that if you can help it. They will cost you a lot more money in the long run than just budgeting wisely and managing your cash properly. But there's nothing illegal about them, and there's no reason for the White House or the Justice Department to be going after them - unless one specifically breaks the law, in which case, bring charges.

But that's not how the Obama Administration rolls. If they don't like you, they will find or manufacture a way to attack you.

And Operation Choke Point doesn't end there, as the Daily Signal reports:

Initially, in the wake of the 2008 financial crisis, officials targeted small-dollar, nonbank lenders. But it grew to include other legal, legitimate businesses such as gun dealers and tobacco vendors at Walmart and Bass Pro Shop.

Issa, speaking on Operation Choke Point at Cato Institute, called it "proactive, progressive activity" by government against banks and other legitimate businesses.

"Fraud should be prosecuted," Norbert Michel, research fellow in financial regulations at The Heritage Foundation, told The Daily Signal. "They don't have to use the banking system to shut out every single player in an industry to do that."

House Republicans already have passed legislation prohibiting funding for Operation Choke Point.

Needless to say, it's a positive sign that Republicans are putting so much light on this.

There's one thing about the above, though, that makes no sense. House Republicans don't have to pass "legislation prohibiting funding for Operation Choke Point." All they have to do is not fund it. The power of the purse lies in the House. The federal government can't spend a dime on anything unless the House allocates money for it. I suppose you could argue that the DOJ has discretion in how to use the broader budget it receives from Congress, but there is nothing stopping the House from restricting the DOJ's budget to prohibit any spending on such activities.

Harry Reid would try to restore it in the Senate, of course, and this is where we usually get to these government shutdown threats that scare the bejeezus out of John Boehner because he is convinced the media will blame the Republicans if it happens. It's maddening. If you don't give the Democrats absolutely everything they want, they refuse to deal, the government shuts down and the Republicans get blamed.

At any rate, the most important thing they need to do with respect to Operation Choke Point is expose it. The American people need to understand that the Obama Administration is abusing its power - yet again - by using a department whose proper charge is to enforce the law to instead go after perfectly legal businesses, and threatening to hold circus investigations of anyone who tries to lend them money.

I actually think this is one of the most insidious abuses of power we've seen from the Obama White House. The power to target for investigation is, for all intents and purposes, the power to destroy. And one thing the banks bought themselves by taking bailout money in 2008 was dependence on the very people who can now subject them to such show trials whenever it suits their purposes.

Maybe you don't like payday lenders. Maybe you don't like gun dealers. Maybe you don't like Walmart. But if the government can "go after" businesses like these who are breaking no laws, just because they don't like them . . . you really don't see the problem with that?