

# The Washington Times

## Legal gun sellers threatened in loan fraud prevention program

By: Phillip Swarts  
July 8, 2014

A Justice Department program designed to cut down on loan fraud could instead wind up threatening legitimate businesses, a key Republican congressman warned Tuesday.

The program, named Operation Choke Point, is supposed to prevent banks from handing out risky loans and lines of credit to untrustworthy businesses — something that helped cause the financial collapse in 2007-2008.

But federal regulators don't seem to be targeting based on wrongdoing so much as they are taking aim at business sectors they just don't like, Rep. Darrell Issa, California Republican, said during a speech at the Cato Institute, a free market think-tank.

This sort of operation could easily be used to target political enemies by cutting businesses off from banks and their essential services, from startup loans to the ability to deposit a day's earnings and cut workers their checks, he warned.

“Where do you stop when you start with any law-abiding legal business, lawful enterprise, and decide that they shouldn't have access to the ability [to operate] in a non-cash society?” Mr. Issa said.

“If you empower the government to pick winners and losers within lawful enterprises, there is no place for you to stop,” he continued.

The Justice Department is pressuring banks to cut off services to a collection of businesses that are seen as high risk, such as payday loans, escort services and get-rich-quick schemes.

But controversy has erupted over the fact that many of the businesses targeted are legal, including things like dating-service websites, sales of tobacco, lifetime memberships for organizations and telemarketing.

The fact that some places that sell guns and ammunition have also been swept up in Operation Choke Point has raised concern among conservatives that the program could be used to target businesses based on political motivations.

“The reality is that it is in fact a political ‘gotcha’ waiting to happen,” Mr. Issa said, warning that even if the current administration doesn’t abuse the power, there’s nothing to stop it from happening in the future.

“If we allow it to start, it really is one of those slippery slopes,” he said.

The Justice Department has been quiet on some of the exact details of the program, but insists it only investigates businesses and banks that violate the law.

“When financial institutions choose to process transactions, even though they know the transactions are fraudulent or are willfully ignorant of that fact, they are breaking federal law,” Justice Department spokeswoman Emily Pierce told The Washington Times.

“We do not target businesses operating within the bounds of the law, and we have no interest in pursuing or discouraging lawful conduct,” she said.

But trying to stop fraud by cutting access to the banks could have the opposite effect, warned Mr. Issa, the head of the House Oversight and Government Reform Committee.

Preventing businesses from accessing the credit services rendered by banks would likely force them to move to a cash-only model, something that many criminal enterprises thrive on, he said.

Likewise, for those hoping that preventing gun and ammunition sales from accessing banks would cut down on purchases, it instead would likely make them more unsafe, he argued. Operating with cash only and not with any bank records would remove many clues federal law enforcement officers use when trying to identify weapons used in a crime.

“If you force it out of credit cards, you’re inherently making it less traceable when there’s a crime,” Mr. Issa said.

Colorado and Washington have had similar issues dealing with the legalization of marijuana, with many federal banks refusing to open accounts for pot-dealing businesses. That has left most shops operating cash-only, with stacks of bills lying around, an obvious target for street criminals.

Although Mr. Issa said he has problems with those states’ legalization and attempt to bypass federal law, the lack of bank transactions is removing any sort of transparency the pot industry could have, Mr. Issa said.

But perhaps one of the biggest threats, he said, is the fact that between bailouts and directives from the Justice Department, banks would feel they must do the government’s bidding on unrelated issues.

It could lead to “a few banks all too big to fail that are highly sensitive to what our government wants,” Mr. Issa said.

