



Businesses Pinched by Federal 'Operation Choke Point'

By Cheryl K. Chumley

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A growing number of businesses — from gun manufacturers to payday loan services — are feeling the pinch from "Operation Choke Point," a federal effort to pressure banks to quit providing financial services to entities the government deems unsavory or inappropriate.

But these businesses are all legal and many are now finding that the feds are choking off their funding and pressing them into closing.

Among the reported victims: a firearms training and supply shop in Miami that recently lost its online banking backing from BankUnited because the company's trade was no longer seen as "commensurate with the industries" that bank executives wanted to do business with, The Blaze reported. And a rifle shop in Nevada saw its banking assets frozen while the bank looked into the store's online business dealings.

But the banks are acting only at the insistence of the Department of Justice and federal regulators, who have been contacting financial institutions with quasi-warnings about certain clients and issuing advisements and encouragements to cut business ties. At the same time, these businesses haven't been charged with any criminal activities.

Frank Keating, CEO of the American Bankers Association, wrote recently in a [Wall Street Journal opinion piece](#): "When you become a banker, no one issues you a badge, nor are you fitted for a judicial robe. So why is the Justice Department telling bankers to behave like policemen and judges? Justice's new probe, known as 'Operation Choke Point,' is asking banks to

identify customers who may be breaking the law or simply doing something government officials don't like. Banks must then 'choke off' those customers' access to financial services, shutting down their accounts."

The program emerged from President Barack Obama's 2009 executive creation, the [Financial Fraud Task Force](#), which was touted as a means of rooting out fraud and criminal activity. But it was implemented largely in secret and without congressional authority in early 2013 as a collaborative scheme of the Department of Justice, the Federal Deposit Insurance Corporation (FDIC), and the newly created Consumer Financial Protection Bureau.

It didn't take long for the list to grow of businesses in the line of federal fire.

The FDIC lists on its website 30 merchant categories that have been flagged, including coin dealers, credit repair services, dating and escort services, firearms and fireworks sales, mailing lists, lottery sales, pornography, get-rich products, payday loans, pharmaceutical sales, travel clubs, and tobacco sales.

Joe R. Hicks, political commentator and vice president of Community Advocates Inc., said Operation Choke Point is "intended to intimidate banks and other legitimate business operations that the Obama administration disapproves of.

"Even more troubling is the specter of the government interfering with, and in some cases, destroying the banking relationships between financial institutions and their clients who are operating within the bounds of legality," Hicks said. "It is no surprise that it is gun and ammunition dealers that are feeling the squeeze."

The constitutional questions of selectively targeting businesses abound, one legal expert told Newsmax.

"Selective enforcement of the law is always a problem," said Ilya Shapiro, a senior fellow in constitutional studies at the Cato Institute and editor-in-chief of the Cato Supreme Court Review. "There's always prosecutorial discretion to go after [for example] violent crime more than nonviolent crime, but you can't say you're only going to enforce law against certain businesses."

Doing so "betrays the rule of law," Shapiro asserted. "And it potentially hurts economic growth because businesses don't know how the rules will apply to them, and they won't be able to plan."

Even some of the most liberal members of Congress have questioned Operation Choke Point, asking top financial regulators Janet Yellen, chair of the Federal Reserve, and Comptroller of the Currency Thomas Curry to cease and desist certain aspects of the program.

Democratic Reps. Alcee Hastings and Bennie Thompson joined with Republican Reps. Blaine Luetkemeyer and Kevin Yoder, along with a handful of other lawmakers from both sides of the aisle, to [express in a letter their "grave concern"](#) with the federal operation that was pushing Money Services Businesses (MSB) to close shop.

"In serving millions of unbanked and under-banked customers, MSBs are often the only providers of financial services in low- and moderate-income areas, where other financial services are not readily available or do not meet customer needs," the March 27 letter stated. "Certain recent efforts of federal and state regulators to eliminate fraud, while laudable, have adversely impacted many legal operating MSBs that are now unable to obtain basic banking services such as bank accounts and lines of credit."

The letter continued: "Legitimate, licensed MSBs are being cut off from vital banking services," leaving customers without service. "Efforts to help eliminate fraud should not come at the expense of limiting access to financial services for some of our most vulnerable citizens."

Hicks claimed the bigger problem is that the Obama administration is trying to find every loophole at its disposal to circumvent the Constitution, the free-market restraints on government, and the rule of law in order to enact policies and agendas that Congress just doesn't want.

"Attorney General [Eric] Holder's Operation Choke Point is yet another indication of an out-of-control administration that finds ever-new ways and methods to interfere in the lives of American citizens and businesses of all sizes," Hicks told Newsmax. "It is my view that Eric Holder is the most left-ideological A.G. in recent history, aided and abetted by President Obama's zeal to 'change America.'"