



Written by [Bob Adelman](#) on August 15, 2017

Five Congressmen Demand the DOJ “Repudiate” Operation Choke Point

Five Republican Congressmen [fired off a letter](#) last week to Attorney General Jeff Sessions, Fed Chair Janet Yellen, and Acting U.S. Comptroller Keith Noreika, demanding that they repudiate the Obama administration’s successful and continuing efforts to strangle financially gun shops and other supposedly “high-risk” and “disreputable” businesses. Called Operation Choke Point, the program continues despite declamations from the Justice Department to the contrary.



Said the letter:

While the FDIC [Federal Deposit Insurance Corporation which implemented the program] rescinded its “High-Risk Merchant” list, it has never (a) retracted its general guidance about reputational risks posed by bank customers, or (b) retracted its assertion that the industries it had listed are particularly high-risk.

We are ... informed that banks have continued to refuse to serve law-abiding members of lawful industries on account of their purported poor reputations.

Accordingly, we request that your respective Departments and agencies issue clear and public formal policy statements repudiating Operation Choke Point and the abuses by financial regulators of the “reputational risk” guidance they developed and promulgated under Operation Choke Point’s auspices.

The representatives gave the letter’s recipients until August 31 to provide them with their plans for “remedial action” to rid the agencies of the odious oppression put in place by the previous administration.

The congressmen signing the letter included Financial Services Chairman Jeb Hensarling of Texas and Judiciary Chairman Bob Goodlatte of Virginia, in conjunction with Representatives Blaine Luetkemeyer of Missouri, Tom Marino of Pennsylvania, and Darrell Issa of California.

Operation Choke Point was a scheme to choke off financing to various businesses and industries deemed disreputable, according to the previous administration’s totalitarian worldview. The extensive list created by the DOJ and implemented by the FDIC included gun shops, ammunition sellers, pawn shops, coin dealers, those offering payday loans and selling tobacco products, among others. As Senator Ted Cruz explained, “The Obama Administration initiated Operation Choke Point to punish law-abiding small businesses that don’t align with the president’s political leanings.” Senator Rand Paul was even clearer about the target, calling Operation Choke Point an “end run” around the Second Amendment by putting gun and ammunition dealers out of business through eliminating their sources of credit.

The program continues to this day despite a letter issued by the FDIC on January 29, 2015: “The



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Federal Deposit Insurance Corporation issued a Financial Institution Letter today encouraging supervised institutions to take a risk-based approach in assessing individual customer relationships, rather than declining to provide banking services to entire categories of customers without regard to the risks presented by an individual customer or the financial institution's ability to manage the risk."

Alden Abbott of the Heritage Foundation explained how the program works to choke off credit to the offending industries:

Banks receive notifications from federal regulators, including the Federal Deposit Insurance Corporation (the agency responsible for insuring deposits), that the government considers certain types of businesses [as] "high risk." Banks then are pressured, through the implied threat of government investigations, to sever ties with customers engaged in those enterprises.

Steve Stratford started his Secure Account Services company in Lake Havasu City, Nevada, in 2009. He awoke one day in the spring of 2013 to learn that both Chase Bank and Horizon Community Bank, with which he had been doing business, had suddenly closed his business accounts. When Stratford called Chase, he learned why: Chase had sent letters to "hundreds of companies in similar industries in obedience to directions from several federal agencies, including the Office of Comptroller of the Currency at the Department of the Treasury." The banker told Stratford that if the bank didn't "mitigate the risk" by terminating the offending businesses' accounts, the bank would be subject to audit.

When Sandra Perry, the owner of Cash Express in Las Vegas, tried to open a branch in Mesquite, she couldn't find a bank that wanted her business: "I was told that [my] money service business is too 'high risk' for the banks."

Brian Brookman decided to open a pawn shop in late 2013 in Grand Haven, Michigan, and opened a business account with Chase Bank, where he and his wife had personal accounts. Two weeks later they got a letter from Chase telling them they were closing that account. Said Brookman: "The only account they closed [was] my business account. It was strictly targeted at my business, and the only reason they would have targeted my business is because of Choke Point."

Mark Cohen, the owner of Powderhorn Outfitters in Hyannis, Massachusetts, tried to get a new line of credit but he was rejected because he was involved in selling firearms. The bank manager told him: "I'm very sorry to say this — I'm very embarrassed — but the bank won't lend you money because you sell guns."

One tends to forget, with the passage of time, the evil intentions of the previous administration when it comes to the Second Amendment. One also tends to forget that, once a government program is started, it is "sticky" and remains in place long after it was officially declared extinct.

It'll be interesting to see what sort of "plans" Sessions, et al., come up with to make sure that the death of Operation Choke Point is permanent.

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelman@thenewamerican.com.

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