

Operation Choke Point Is No More



Red Tape (click for larger image)

A win for the good guys! Operation Choke Point is no more. This underreported story was pointed out by James Taranto who helped me with my first Wall Street Journal op-ed ([Stimulate the Economy and Spend Nothing](#), jan. 16, 2017) I've written about this abysmal assault on our Constitutional rights before. Click [here](#) and [here](#) and [here](#) and [here](#).

Reporting in the Washington Examiner, Joseph Lawlor wrote

The Trump administration has ended Operation Choke Point, the anti-fraud initiative started under the Obama administration that many Republicans argued was used to target gun retailers and other businesses that Democrats found objectionable.

Assistant Attorney General Stephen Boyd told GOP representatives in a Wednesday letter that the long-running program had ended, bringing a conclusion to a chapter in the Obama years that long provoked and angered conservatives who saw Choke Point as an extra-legal crackdown on politically disfavored groups.

“All of the department’s bank investigations conducted as part of Operation Chokepoint are now over, the initiative is no longer in effect, and it will not be undertaken again,” Boyd wrote in the letter.

The letter was addressed to Jeb Hensarling and Bob Goodlatte, the chairmen of the Financial Services and Judiciary Committees, respectively. Their staffs confirmed they received the letter.

Here’s the full letter from Assistant Attorney General Boyd.

[Letter from Steven Boyd](#)

Operation Choke Point

[This was first published in early 2014. I’m reposting it now so it will be easy for Wall Street Journal readers to find.]

I recently wrote about [Operation Choke Point](#). That’s the name of **the new set of banking regulations designed to choke off bank access to illegal activities**. Except that **many of the activities are perfectly legal**. Here’s a **partial list** of entities targeted:

"Some merchant categories that have been associated with high-risk activity include, but are not limited to:

- Ammunition Sales
- Cable Box De-scramblers
- Coin Dealers
- Credit Card Schemes
- Credit Repair Services
- Dating Services
- Debt Consolidation Scams
- Drug Paraphernalia
- Escort Services
- Firearms Sales
- Fireworks Sales
- Get Rich Products
- Government Grants
- Home-Based Charities
- Life-Time Guarantees
- Life-Time Memberships
- Lottery Sales
- Mailing Lists/Personal Info
- Money Transfer Networks
- On-line Gambling
- PayDay Loans
- Pharmaceutical Sales
- Ponzi Schemes
- Pornography
- Pyramid-Type Sales
- Racist Materials
- Surveillance Equipment
- Telemarketing
- Tobacco Sales
- Travel Clubs"

Choke Point Targeted Industries

So much for the second amendment: firearms and ammunition sales. So much for your social life: dating services (no, I won't include escort services). And pharmaceutical sales? Are they talking about the drugs I regularly get from Kaiser via USPS? Needless to say, racist materials, telemarketing, and even pornography are broadly protected by the first amendment.



Kelsey Harkness

Kelsey Harkness is a news producer at The Daily Signal. [Send an email to](#)

[Kelsey.](#)

[@kelseyjharkness](#)

Kelsey Harkness

Kelsey Harkness at [The Daily Signal](#) has been all over this story. [Today she reported what may be a bit of good news:](#)

Under Pressure From Congress, Agencies Agree to Investigate Operation Choke Point

Kelsey Harkness / @kelseyjharkness / November 14, 2014 / 0 comments



Two federal agencies have agreed to investigate the controversial government program known as Operation Choke Point, which critics say targets businesses that are out of favor with the Obama administration.

The Justice Department and the Federal Deposit Insurance Corp. agreed to the investigation after more than 30 members of Congress, led by Rep. Blaine Luetkemeyer, R-Mo., raised questions about Operation Choke Point.

Rep. Blaine Luetkemeyer, R-Mo. (Photo: Bill Clark/CQ Roll Call)

Daily Signal Article

The correspondence I received from the FDIC and DOJ is a great first step in ensuring that those responsible for Operation Choke Point are held accountable and that Congress and the American people receive details and answers they deserve.

The investigation will be conducted by the [Justice Department \(bad\)](#) and the **Federal Deposit Insurance Corporation (probably good)**. Eric Holder's Justice Department has been a cesspool of cronyism, discrimination, racism, and Chicago-style shakedowns. **We owe thanks to Rep. Blaine Luetkemeyer (R-MO), quoted in Ms. Harkness's article →**

But there's more. **Consider this (from the Daily Signal article, quotation attributed to FDIC):**

Responsible for regulating and auditing more than 4,500 banks, the FDIC also agreed to investigate what it calls a

“serious allegation” by the congressmen that an FDIC senior official provided false testimony to Congress on the operation.

“Going forward, we will work through the committees and report the results of our work when and as it is appropriate to do so,” wrote Fred W. Gibson Jr., Principal Deputy Inspector General for the FDIC.

We can only hope.

Operation Choke Point and Marijuana Legalization

On Monday, December 5, 2016, [KPCC-FM \(Pasadena, CA\) aired a segment on “Take Two” about potential banking problems for California’s soon-to-be-legal recreational marijuana industry. California State Treasurer John Chiang was stunningly unprepared, suggesting that a possible solution was state-chartered banks.](#) Anyone familiar with Operation Choke Point will immediately realize the utter ignorance behind that suggestion. Here’s the short version.

Every U.S. bank, whether a national bank or a state bank, is insured by the Federal Deposit Insurance Corporation (FDIC). And to their everlasting shame, FDIC was one of the agencies that helped implement Operation Choke Point. The point of this program was to deny banking services to businesses alleged to be high risk. The fact that many of those businesses were also

politically opposed by the Obama administration is, um, irrelevant, I guess. Here are some of the lawful businesses targeted by Operation Choke Point:

- Firearms
- Ammunition
- Coin dealers (?)
- Government grants (??)
- “Racist materials” (First Amendment, anyone? Bueller?)
- Tobacco sales

The title of my original article was, “Using the Banking System to Circumvent the Constitution.” Since I wrote that, I have had no reason to back down on that title.

I have written about Operation Choke Point several times. Over at the Daily Signal, Kelsey Harkness has done yeoman’s work staying on top of this story. I won’t bother to include detailed links. Search either this site or the Daily Signal for “operation choke point” and you’ll get an eyeful.

Here’s the point. (“About time.” – The Couch, now I owe Jonah Goldberg \$1) Dealing with state banks will not avoid Operation Choke Point restrictions. While FDIC and the Treasury Department have denied that this program is ongoing, [there is evidence that banks are still enforcing the, um, suggestions.](#)

And, oddly, there is an obvious solution. Credit unions are not monitored by FDIC. The National Credit Union Association (NCUA) is the insurance vehicle for these entities. Credit unions offer checkable deposits, savings accounts, and so on. If I was young enough to be entrepreneurial I would start a credit union called “Buds Credit Union” headquartered in Laytonville, CA.

But when the lame-stream media wonders why they get no respect, it’s partly because they talk to idiots like Mr. Chiang instead of people who actually know factual information.

Operation Choke Point: A Win For the Good Guys



Today, [reporter Kelsey Harkness at the Daily Signal gets to tie the first scalp on to her belt.](#) The FDIC has admitted guilt and completely backed down on Operation Choke Point.

Ms. Harkness has been relentless covering this story, digging up new details at regular intervals to keep it alive. I have contributed a couple of blog posts ([here](#) and [here](#)), but my contribution pales in comparison to her accomplishments. I will, however, claim credit for giving her encouragement on a few occasions.



Kelsey Harkness

The good guys win one! Let's all be happy for a few days.