



AMERICANS *for* TAX REFORM

December 10, 2019

The Honorable Ted Cruz
United States Senate
127A Russell Senate Office
Washington DC 20510

Dear Senator Cruz:

I write to express support of your legislation, the “Financial Institution Customer Protection Act of 2019.” S. 3003 would prohibit financial regulators from unconstitutionally targeting financial institutions and their association with legally operating businesses.

Operation Choke Point started during the Obama administration was a joint initiative created by the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Department of Justice. These regulators used their threat of enforcement authority to target financial institutions that provide financial services to select industries the regulators found unsavory, or “high risk.” Among those businesses that found their relationship with their financial institution suspended or terminated include the firearms and ammunition retailers, short-term loans, fireworks, and payment transfer networks, among many others.

The FDIC went a step further and warned financial institutions that any affiliation with these industries carried a “reputational risk” that could lead to increased oversight. As a result, many small-and-medium sized banks, already overburdened with compliance costs, had little choice but to terminate their relationships with their clients. Large financial institutions, already facing mounting regulations from Dodd-Frank, were forced to follow their regulators’ demands. Customers of the banks – operating completely legal businesses – were left with no recourse, without a bank account for business purposes and unable to obtain credit.

Your legislation would prohibit any federal banking agency from requiring financial institutions to terminate their customer accounts. A justification for termination must go beyond “solely on reputation risk,” such as it relates to national security. Additionally, S. 3003 amends the Financial Institutions Reform, Recovery, and Enforcement Act by providing businesses with additional due process protections through the courts.

Senator Cruz, I appreciate your leadership on this issue, and **I am pleased to support S. 3003 and its underlying provisions that will prohibit further unconstitutional abuse from federal banking regulators.** I also thank Senators Crapo, Kennedy, Tillis, Sasse, Inhofe, Braun, Lee, Cornyn and Hyde-Smith for co-sponsoring the legislation. A special thank you belongs to Congressman Blaine Luetkemeyer, and his tireless oversight in the House of Representatives of Operation Choke Point.

Sincerely,

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