



Operation Choke Point Round-Up

OMAHA, NE, July 11, 2014: As we start the second half of the year, it is apparent that one of the top issues that payments providers need to be on top of is Operation Choke Point. [Operation Choke Point](#) is an effort by the federal government to cut off fraudulent merchants' access to the financial system. While the payments industry may agree with the ultimate goal of removing unseemly players, over the past few months, the Justice Department (via the FTC) has created a sense of uncertainty around what merchant types are "high risk" and therefore not suitable to process electronic transactions.

All involved agree that fraudulent merchants should be cut off from the system, but when merchants that provide a legal service [are deemed "high risk"](#), this leads to a gray area in regards to which merchants should be allowed to accept cards and which ones should not. The FTC action further attempts to "deputize" banks, acquirers, ISOs, and processors as part of the enforcement action.

ETA is actively contacting members of Congress including those with direct oversight of the FTC to explain the situation, as well as looking for the Justice Department to clarify its actions. [Click here to sign ETA's petition](#) asking Congress to stop Operation Choke Point.

See below for a roundup of information from the first half of the year on Operation Choke Point and how it may affect your payments related business.

Recent Articles about Operation Choke Point:

- ["Operation Choke Point " Harmful to Flow of Commerce](#)
 - *Jason Oxman (CEO of ETA) Op-Ed*
- [Report: DOJ's Operation Choke Point Secretly Pressured Banks to Cut Ties with Legal Business](#)
 - *House Oversight and Government Reform Committee*
- *American Banker:* [Timeline: Operation Choke Point](#)
- *PYMNTS:* [Operation Choke Point Moves To Change What Types Of Legal Businesses Banks Will Interact With](#)
- *Digital Transactions:* [In Wake of Payday-Lender Suit, Holder Makes the Case for Operation Choke Point](#)
- *The Hill:* [Credit Card Processors Agree to Serve Up Fraudulent Payday Lenders](#)

About TSG

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