



August 21, 2017

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Hensarling:

Thank you for your letter dated August 10, 2017, requesting that the Office of the Comptroller of the Currency (OCC) issue a formal policy statement repudiating Operation Chokepoint.

The OCC is not now, nor has it ever been part of Operation Chokepoint. That has been, is, and will continue to be the policy of this agency. The agency rejects the targeting of any business operating within state and federal law as well as any intimidation of regulated financial institutions into banking or denying banking services to particular businesses. Agency officials have stated this position in Congressional testimony¹ and on other occasions.²

The agency's mission is to ensure that national banks and federal savings associations operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. Failures in providing fair access and fair treatment cut off economic opportunity for legitimate bank customers, whether those customers are individual consumers or businesses. If the system fails to provide fairness to all, it cannot be a source of strength to any.

Decisions on whom to bank are business decisions and matters of banker judgment. We expect banks to assess the risks posed by individual customers on a case-by-case basis and to implement appropriate controls to manage their relationships. The agency expects the banks it supervises to maintain banking relationships with any lawful businesses or customers they choose, so long as they effectively manage any risks related to the resulting transactions and comply with applicable laws and regulations.

While the OCC has never issued guidance related to Operation Chokepoint that requires retraction, we have consistently communicated our position on acceptable risk management practices and supervisory expectations to institutions within the federal banking system, OCC examiners, and the public. Most recently, the agency issued a supervision tip to all OCC

¹ Oral Statement of Daniel P. Stipano, Deputy Chief Counsel, before the Subcommittee on Oversight and Investigations, House Committee on Financial Services, U.S. House of Representatives, July 15, 2014.

² See letters to the Honorable Erik Paulsen (February 24, 2017), the Honorable Blaine Luetkemeyer (January 25, 2017), and the Honorable Alcee L. Hastings (January 25, 2017).

examiners³ which reiterates our longstanding policy not to direct banks to open, close, or maintain individual accounts, or engage in the termination of entire categories of customer accounts, without regard to the risks presented by individual customers. This internal communication follows previous guidance issued in 2014⁴ and 2016,⁵ which clearly explain the OCC's position to the industry and examiners, as well as public statements by senior agency officials articulating that position broadly.⁶

We appreciate the opportunity to share information about our ongoing efforts so that the OCC's position regarding risk management is fully and consistently understood. We welcome the recent clarification by the Department of Justice of its position ending Operation Chokepoint. We also welcome the Federal Deposit Insurance Corporation's previous rescission of its list of purportedly "high-risk" industries and clarification of its expectations for insured depository institutions.⁷ Please be assured the OCC will continue to articulate our position rejecting the tactics and goals of Operation Chokepoint that were previously pursued by other agencies and departments of the federal government during the prior administration.

I hope this information is helpful. If you have questions or need additional information, please contact Carrie Moore, Director for Congressional Relations, at 202-649-6737.

Sincerely,



Keith A. Noreika
Acting Comptroller of the Currency

³ Supervision Tip 2017-01, "Bank Secrecy Act Risk Management for Customer Accounts."

⁴ OCC Bulletin 2014-58, "Banking Money Services Businesses: Statement on Risk Management."

⁵ OCC Bulletin 2016-32, "Risk Management Guidance on Periodic Risk Reevaluation of Foreign Correspondent Banking."

⁶ Remarks by Comptroller of the Currency Thomas J. Curry before the Association of Anti-Money Laundering Specialists, September 28, 2016.

⁷ Statement on Providing Banking Services, Financial Institution Letter (FIL-5-2015), January 28, 2015.