

Banks Canceling Business Accounts Tied to Bitcoin

Jan Johansen July 28, 2014



Chase bank drops bitcoin accounts

In a surprising move, banks are dropping long time business account holders if the bank determines they may be tied to “unsavory” transactions. Is your account an “undesirable business”?

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Chase bank has begun sending out account cancelation letters to long time business account holders.

The letter states in part;

“We recently reviewed your account and determined we will be closing it on xxxxx xx, xxxx. Please accept our apologies for the inconvenience. We want you to have enough time to complete pending transactions and open another account at **another bank**.”

“If you have any questions, please call us at”

An account holder did just that and was told “...according to the terms of our account, either party may cancel the account for any reason at any time. We are exercising our right to cancel the account.”

The bank letter was directed from “Chase Operating Loss Preventing” so naturally questions about the proposed cancelation were asked.

Q. Why is the account being canceled?

A. We are exercising our right to cancel.

Q. For what reason are you canceling the account?

A. Per our account terms, we are exercising our right to cancel.

Q. The letter is directed from loss prevention. Has there been activity on the account that we should be aware of?

A. We cannot discuss that with you.

Q. What do you mean you cannot discuss it? You have verified the account holder using your security questions?

A. We are not allowed to discuss that with you.

Q. Under what law are you not allowed to discuss? This is not a HIPAA (Health Insurance Portability and Accountability Act) violation. Under FoIA (Freedom of Information Act) shouldn't you be required to inform the account holder?

A. We cannot discuss the reasons with you.

Q. This account has been open for years without problems. If this concerns a loss prevention issue, isn't it important that the account holder know what may be causing a potential loss?

A. We reserve the right to cancel the account at any time for any reason without any explanation.

And so it went up the chain. No explanation required, just your account will be canceled.

But this account had been used to purchase bitcoin.

And apparently there is a new tool that the federal government is using to crackdown on businesses that they

determine as “undesirable”.

If you sell guns, coins, or any other product the FED doesn't like, the message is clear:

The government now has the right to restrict financial institutions from working with you.

According to Obama's Financial Fraud Enforcement Task Force, the “initiative”—known as “Operation Chokepoint”—is being front-lined “on behalf of the American people.”

Mark Cohen, a gun seller in Massachusetts, lays it out. *“Our loan was turned [down] not because of our credit—We had perfect financials and [had] been working with the same bank manager for 20 years. It was just because we sell guns—and they said that to us specifically.”*

Since federal attorney Michael Bresnik introduced the initiative last March, The Justice Department has sent hundreds of subpoenas warning banks and payment processors that they will be severely fined if caught financing businesses like Cohen's.

Thousands of banks are now rushing to cut ties with “undesirable” businesses in what California Representative Darrell Isa calls “The Justice Department's newest abuse of power.”

The first “choking” victim was not a gun seller or coin dealer, but an \$809 million-asset Four Oaks Bank in North Carolina.

The Fine: \$1.2 million.

The Crime: Working with a payday lender.

In short, Four Oaks Bank is now the poster child of the government's new relationship with finance. Finance someone the government doesn't like? You will be run out. Produce a product the government doesn't like? You will be “choked” out.

Sources:

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