

## Operation Choke Point

*Multiple federal bureaucracies harass legitimate businesses in order to please the Left*

**By Jonathan M. Hanen**

**Summary:** *Since 2012, Eric Holder's Department of Justice has been conducting Operation Choke Point by using informal guidance language to manipulate the FDIC into intimidating banks and third-party payment processors to drop services to whole categories of businesses the Obama administration disfavors, such as online arms and ammunition sellers, tobacconists, and payday lenders. Left-wing nonprofits like the Center for Responsible Lending and Americans for Financial Reform have provided media support for Operation Choke Point. Liberty-minded members of Congress have acted with dispatch to bring OCP back into the rule of law and restore the property rights of lawful business owners.*



**President Barack Obama and Attorney General Eric Holder in an undated photograph.**

**F**or years the Obama administration has been engaged in an unorthodox, extra-legal program aimed at undermining businesses of which it does not approve. It is, some may say, the Chicagoland approach to federal law enforcement. The victims are largely involved in industries that are lawful but that the Left considers morally objectionable: financial services, guns, and tobacco. The program, which has the support of numerous left-wing pressure groups, is called Operation Choke Point.

The Obama administration makes Operation Choke Point (OCP) sound innocuous, perhaps even innovative. The goal of OCP, according to federal officials, is to combat fraud by preventing criminals from accessing financial services. The Justice Department claimed in 2012 that the effort would “reduce dramatically mass market consumer fraud.” In reality, OCP is little more than thuggery. Federal officials threaten businesses and make it difficult for them to carry on.

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This is not law enforcement. It is intimidation backed up by the might of the government.

“In meetings with bank officials, the feds made it clear that the bankers have every right to provide services to such businesses, but warned them that doing so might put them at risk, too, and could almost certainly trigger more extensive audits than would be required of banks that don’t service such customers. Bankers depend for their very survival on those who regulate them and know a threat when they hear one. Many decided it would be wiser to quietly get rid of customers in such high-risk businesses,” explained David Keene, the opinion editor at the *Washington Times*. (Aug. 25, 2014).

“The affected businesses were never officially told why, because the government made it clear to the banks that they would face criminal charges if they talked,” Keene added. “Even as the feds were briefing bankers on the program and their need to protect themselves by choking off high-risk businesses, the Justice Department was refusing to brief Congress on what was going on.”

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According to the *American Banker* trade newspaper, Department of Justice (DoJ) officials first disclosed the existence of Operation Choke Point in March 2013. “The probe aims to prevent fraudsters from accessing consumer bank accounts by choking off their access to the payments system. Its effects have been felt by banks, payment processors and companies that make short-term consumer loans over the Internet, with some industry officials arguing that at least some of the affected online lenders are legitimate businesses.”

That same month Michael Bresnick, then-executive director of the Financial Fraud Enforcement Task Force, said that the Justice Department intended to pressure banks that do business with online scammers. “Sadly, what we’ve seen is that too many banks allow payment processors to continue to maintain accounts within their institutions, despite the presence of glaring red flags indicative of fraud,” said Bresnick, who has since left the federal government for private law practice.

Operation Choke Point began with the issuance of 50 federal subpoenas to banks and payment processing companies. Subpoena recipients ranged from PNC Financial Services Group, which has \$220 billion in assets, to National Bank of California, which has \$343 million in assets. New York Financial Services Superintendent Benjamin Lawskey directed 117 banks to begin using safeguards to stop unlicensed online lenders from using the payments system. He also sued Internet-based lenders to deny them access. “We’re really trying to take a shock-and-awe strategy,” Lawskey said. “We want to make payday lending into New York, over the Internet, as unappetizing as possible.”

In September 2013 the Online Lenders Alliance initiated a public relations campaign to push back against the heightened official scrutiny. The trade group’s executive director, Lisa McGreevy, said properly licensed

lenders were also being hurt in the crack-down. “It’s an across-the-board attack,” she said.

Meanwhile, the Justice Department tried to strong-arm subpoenaed banks into settling. “The strategy was to reach a settlement with one of the banks that could then be used as a template in talks with other banks, according to sources,” *American Banker* reported. “At the same time, the Justice Department argued that its tactics were having their intended impact. ‘The system is working,’ a Justice official said in September, ‘and as a result, banks are cutting off processors, processors are cutting off scammers, and scammers are starting to get desperate for a way to access consumers’ bank accounts.’”

At the beginning of 2014, DoJ proposed its first settlement as part of the operation. The terms were for Four Oaks Bank in North Carolina, which had \$809 million in assets, to cough up a \$1.2 million fine and submit to tough restrictions on its ability to conduct business with online consumer lenders. The government claimed the bank deliberately ignored legal wrongdoing in order to keep doing business. The bank did not admit any wrongdoing.

Eventually, Rep. Darrell Issa (R-Calif.), who then chaired the House Oversight Committee, demanded documentation from Attorney General Eric Holder and asserted that the probe was a disguised campaign to put Internet-based lenders out of business. Rep. Elijah Cummings (D-Md.), who was the senior Democrat on Issa’s committee, and 12 other Democratic lawmakers wrote to Holder urging him to stay the course.

## **What is Operation Choke Point?**

Operation Choke Point is a joint effort between the DoJ, Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corp. (FDIC), and the Consumer Financial Protection Bureau (CFPB). OCP officially commenced as a DoJ program in

2012, with the nominal purpose of reducing the incidence of fraud in a variety of “high-risk” industries. However, the comprehensive list of “high-risk” industries was issued by the FDIC in 2011, and included many of the business categories that are perennial pariahs for progressives: payday lenders, third-party payment providers, gun makers, gun dealers, gun retailers, and ammunition sellers, as well as distributors and vendors of tobacco. Since 2012, these and other disfavored industries, such as online gambling sites, escort services, and online pornographers, have had their access to banking services cancelled without explanation. When the Left loses a political battle, it continues the fight by other means, so it isn’t surprising to see Eric Holder’s Justice Department cracking down on banks that serve businesses the Left finds morally objectionable.

The way OCP works is that the FDIC uses regulatory powers granted to it under the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) to ratchet up scrutiny of banks that do business with the third party payment processors (TPPPs) that service the putatively “high risk” industries. Since the OCP program began, the FDIC has sent letters to banks that strongly hinted at or threatened heightened scrutiny, subpoenas, or audits, if the banks continued to service the “high-risk” categories of business entities and their third-party payment processors. Banks respond to political pressure and so they dropped many of the blacklisted businesses and their TPPPs. As a result, many companies and individuals that have never been indicted, subpoenaed, or convicted of anything, have found themselves with no access to banking and payment services.

Make no mistake, Operation Choke Point is an invidious assault by executive agency bureaucrats against property rights, the right of contract, the rule of law, and due process. It is nothing less than an assault on the natural and political rights enshrined in the Declaration of Independence and the Constitution.

This report will detail the history of OCP, the respective roles of the DoJ, FDIC, and CFPB, and the shadowy far-left groups that promote the operation. It will cover the efforts of Reps. Blaine Luetkemeyer and Issa to restore due process and the rule of law in these runaway agencies over the last several months, the current status of agency compliance in the continuing congressional probe, and the bad consequences for liberty that many pundits predict will follow if the extreme politicization of agencies like the FDIC and the CFPB is allowed to continue.

### Outside agitators for OCP

The Left’s statist worldview goes cheek by jowl with its general skepticism toward individual liberty and personal responsibility. Given the Left’s particular distaste for the Second Amendment, all forms of tobacco, online gambling, and payday and credit repair lending, a litany of left-wing nonprofits have come out in support of Operation Choke Point. The primary nonprofit that is lauding the DoJ and CFPB’s power grab is the Center for Responsible Lending (CRL).

On June 18, 2014, CRL teamed up with the leftist group Americans for Financial Reform (AFR) and 25 other community organizing and social justice nonprofits to draft a letter to senators to oppose Congress’ attempt to cancel appropriations for OCP. The month before, CRL teamed up with AFR and many of the same groups to send a letter to CFPB director Richard Cordray that urged him to push for sweeping legislation to restrict not just payday and small-dollar lending but also “longer-term, multi-payment products.”

CRL cannot pass the “Who benefits?” smell test. A glance at the leadership of the Center for Responsible Lending reveals that it has a massive vested interest in using Operation Choke Point to shut down the payday lending and credit repair industry. CRL touts its “affiliation” with the Self-Help Credit Union on its website. CRL is in fact the nonprofit arm of the Self-Help Credit Union, which is

engaged in the business of selling a variety of loans, most notably personal loans and what it calls “Credit Builder Loans” and “WealthBuilder Loans.” It doesn’t take an MBA in finance to see that CRL merely wants to have the executive branch of government crush its patron’s competition.

The conduit between the Self-Help Credit Union and CRL comes in the form of Martin Eakes, the CEO and founder of CRL, and Herb and the late Marion Sandler. Eakes launched the Center for Responsible Lending as the last piece of Self-Help’s banking network, under the banner of the need “to combat predatory lending.” The Sandlers—allies of radical left-wing hedge fund manager George Soros, who built a substantial portion of their financial empire on adjustable-rate mortgages (ARMs) and were named by *Time* magazine as two of the “Twenty-five people to blame for the [2008] financial crisis”—were co-founders in Eakes’ new endeavor, according to DiscovertheNetworks.org.

The Sandlers actually invented ARM loans that played a central role in the 2008 subprime real estate collapse. In addition to donating about \$20 million to fund CRL from 2002 to 2008, the Sandlers used their ill-gotten mortgage gains to fund voter-fraud colossus ACORN and the beacon of left-wing ideology known as the Center for American Progress.

But if the Sandlers made a fortune in the ARM industry, how well did the tandem of CRL and the Self-Help Credit Union fare in the ARM real-estate bubble and the ensuing mortgage backed securities meltdown?

The Center for Responsible Lending has received significant funding from left-wing philanthropies. Among its biggest funders are Herb and Marion Sandler’s charity, the Sandler Foundation (\$39,550,000 since 2005), John D. & Catherine T. MacArthur Foundation (\$3 million since 2002), Ford

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Foundation (\$2.2 million since 2003), and Pew Charitable Trust (\$1,030,000 since 2007).

CRL's partner in outside agitation for Operation Choke Point is Americans for Financial Reform (AFR), a group that drafted much of the Dodd-Frank legislation that created the Consumer Financial Protection Bureau. AFR was founded by Chicago-based community organizer Heather Booth, a longtime Obama ally who is regularly listed alongside Elizabeth Warren as one of the prime movers behind the Obama administration's creation of the CFPB. Booth, a Sixties radical, is the founder of the Midwest Academy, a Saul Alinsky-inspired school for community organizers. "Alinsky is to community organizing as Freud is to psychoanalysis," she has been quoted saying.

Booth regards the capitalist system as the enemy. "This fight against Wall Street is part of an even larger fight over who matters in the society, over our values and our priorities, over whether or not we have corporate control in banking, whether BP can destroy the coast, whether the insurance companies can deny our health care, whether companies can dominate our politics saying that money is speech," Booth said at a 2010 conference. According to former radical David Horowitz's online encyclopedia of the Left, DiscovertheNetworks, "In the late 1960s and early 1970s, she supported the Weather Underground." Booth is also deeply plugged in to the Democratic Party establishment and the Obama administration. She's a former training director for the Democratic National Committee (*American Spectator*, June 11, 2010).

Americans for Financial Reform discloses on its website that it is a project of the Leadership Conference Education Fund (LCEF), which it describes as "the premier national network working to reform our nation's financial system." LCEF receives major funding from the left-wing philanthropic complex.

Through two of his charities, Open Society Institute and the Foundation to Promote Open Society, George Soros has given LCEF a total of \$1,995,000 since 2000. Other big institutional donors include Ford Foundation (\$5,424,000 since 1999), Charles Stewart Mott Foundation (\$1,162,098 since 2000), Sandler Foundation (\$800,000 since 2007), Rockefeller Foundation (\$300,000 since 2012), Marisla Foundation (\$100,000 since 2008), and Carnegie Corp. of New York (\$75,000 since 2000).

Another major signatory to the CRL letters is National People's Action (NPA), a street protest group from Chicago that was founded in 1972 by Alinskyite community organizers Shel Trapp and Gale Cincotta. NPA is famous for authoring much of the language of the 1977 Community Reinvestment Act—the initial legislation that required banks to issue home loans to uncreditworthy borrowers and so contributed to the 2008 financial collapse.

George Goehl, executive director of NPA, brags about all the damage the Wall Street bust is allowing his group to do to the economy and its free institutions. "The banking crisis is the next big thing," he told a conference hosted by the class warfare-obsessed Campaign for America's Future. "People are questioning capitalism. People are asking, Will this economy ever work for me or will it work for my kids? This is a once in a lifetime opportunity as progressives to engage millions of Americans in a big conversation around serious economic restructuring, not around eking out some victories around the margins, not about making life a little less worse for people, but about big time transformative change" (*American Spectator*, June 11, 2010).

Kelsey Harkness of the *Daily Signal* covered the congressional investigations of Operation Choke Point throughout 2014. Harkness and other journalists provide example after example of long-established, legally oper-

ating businesses across the nation, such as TomKat, Terminal Performance Associates, and Calico Weapons Systems, being denied access from their TPPP with no explanation from the FDIC. Harkness also details how third-party processors, such as Square and PayPal, have mysteriously started refusing to service the gun industry.

Gun retailers complain of discrimination. "Being shut out from mainstream payment processors makes us feel like we are part of some type of shady business when, in fact, there is more regulation and documentation required for federally licensed firearms dealers than most businesses," said Trevor Blandford of Terminal Performance Associates in Caroline, Va.

"In most of the states, especially California and New York, you're a lunatic if you start a gun business," Cody Wilson, co-founder of Defense Distributed told Harkness. Wilson said Chase closed his bank account twice; he was blocked from his PayPal account twice and shut out from Stripe, a service that facilitates online transactions.

Center for Responsible Lending president Mike Calhoun defends the Obama administration's law enforcement by intimidation. "Detractors wrongly complain that the Department of Justice (DOJ) program is targeting legal businesses and pressuring banks to drop legitimate accounts; this accusation is patently false.... It's startling that anyone invested in the safety and soundness of the American economy would want to eliminate such a vital program," said Calhoun.

## Extreme economic and political consequences

The finest discussions of the economic consequences and the progressive machinations behind Operation Choke Point belong to Iain Murray of the Competitive Enterprise Institute. Murray explains how the federal bureaucracy acts outside the law to hurt the online gaming industry:

“Operation Choke Point echoes—and may in fact be modeled on—the federal government’s takedown of the otherwise legal American online poker industry in 2011. In that instance, regulators targeted payment processors that dealt with gambling businesses. As a result, banks became wary of doing business with those targeted payment processors. Finding their lifeblood cut off, some companies had no choice but to turn to less scrupulous processors or disguise transactions with them, leading to criminal liability—which in turn allows DOJ to close down the industry. Operation Choke Point appears to be heading down this road.”

In congressional testimony (see below), FDIC and CFPB officials have justified Operation Choke Point by the legitimate need to prosecute specific third-party payment processors and businesses that have actually committed fraud. But the FDIC guidance language is general and directed at broad categories of industries. “The [2011 FDIC] circular also explained how certain industries appeared to be at greater risk of fraud than others, including: ammunition sales, cable box de-scramblers, coin dealers, credit card schemes, credit repair services, dating services, drug paraphernalia, escort services, firearms, fireworks, home-based charities, lifetime guarantees, lifetime memberships, lottery sales, money transfer networks, online gambling, payday loans, pornography, tobacco, travel clubs, and many others,” writes Murray. The FDIC, faced with what should be the DoJ prosecutors’ task of determining what counts as “high-risk,” simply kicked the decision over to the risk-averse banks, who began arbitrarily dropping TPPPs and businesses involved in these lawful lines of work.

Murray explains that OCP has had a “chilling effect on commerce.” Banks are so highly regulated that small and medium-sized ones are merging in order to afford the compliance costs. Since a DoJ subpoena brings on extra supervision, many of the 4,500 banks under

the supervision of the FDIC have dropped TPPPs and entire categories of business designated as “high-risk.”

As with so many attempts at central government planning, the law of unintended consequences strikes with a vengeance, producing the opposite of the intended effect. “Customers, meanwhile, are left with no recourse. Payday lenders’ customers are often ‘unbanked’ and have no viable credit rating. They will therefore be tempted to seek out dubious or even illegal loan sources. Similarly, gun and ammunition purchases may increasingly be done off the books,” Murray explains. Since Operation Choke Point is a general investigation of entire categories of businesses, and not a prosecution of individual fraud cases, the heavy-handed regulations are driving legitimate businesses underground and expanding the very fraud that the agencies claim they wish to stop.

One of the most pernicious consequences of OCP is the way allegedly non-political agencies like the OCC and the FDIC, and the banks themselves, are drawn into being henchmen for the hyper-politicized DoJ. “Operation Choke Point forces banks to do the investigators’ work for them by scrutinizing their customers’ business methods for potential criminal violations. While due diligence is to be expected from banks, criminal investigative duties are not. Shifting the costs onto supervised bodies is not an acceptable principle of governance. Businesses need to be allowed to make their own business decisions without the threat of being required by their regulators to do their job for them,” writes Murray. If, in the absence of any indictment, let alone conviction, the banks can be compelled to shut down whole industries or businesses that the executive branch finds morally distasteful, it is hard to see how the fundamental rights of contract and property can be called secure.

The Left should not pat itself on the back over OCP’s hidden attempt to shut down the

online gun industry, the tobacco industry, and other lines of business that it finds morally objectionable. OCP could backfire on the Left, as Murray explains: “The FDIC’s list of high risk industries seems guided more by moral censure than by any real prospect of criminality. If ‘reputational risk’ is a significant factor in designating an industry ‘high risk,’ then it is not too difficult to imagine a future FDIC in more ‘conservative’ times designating a whole different list of industries. For instance, otherwise legal marijuana sellers might make the list. So might abortion providers.”

Andrew Langer of the Institute for Liberty provides a plausible theory as to the administration’s true political motivations behind OCP:

“We know from the report by the House Oversight and Government Reform Committee that the targeting of short-term, high-risk lenders was being driven by personal animus against the payday lending industry. What we also know is that once this industry was destroyed, the intention was to replace payday lending with a bizarre mix of giveaways to two of the administration’s chief beneficiaries: community organizers and public sector employee unions. One goal was to create a successor-in-interest to ACORN, but with the ability to ‘lend’ cash to people who would have been under no obligation to pay, leaving taxpayers footing the bill, with a second goal of propping up the U.S. Postal Service by allowing it to start making so-called payday loans!”

In this way, OCP would be a boon to the postal workers union and especially to the hundreds of community organizing groups under the ACORN umbrella that were defunded by Congress in 2009.

Langer explains the far-reaching political consequences of OCP for right-of-center nonprofits:

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“But the danger of Operation Choke Point goes far beyond the extra-legal nature of the targeting (as if that wasn’t dangerous enough). Since the pretext for the program was the combating of fraud, any administration, by labeling the advocacy of its opponents as ‘fraudulent’ could use Choke Point to silence them. If, for instance, a progressive presidency decided, through executive order, that any advocacy of skepticism to man-made climate change was tantamount to committing fraud, then they could use Choke Point to pressure banks into shutting down organization bank accounts, and credit card payment processors into stopping the processing of donations! ... And this is not as far-fetched as this might seem. Love or hate Wikileaks, it was Operation Choke Point-style tactics, the shutting down of WikiLeaks bank accounts and credit card payment processing, that almost shut it down completely!”

Since OCP provides the DoJ and FDIC with the potential to choke off the economic lifeblood of any right-of-center group deemed “fraudulent,” “high risk,” or “a reputational risk,” it is clear that the operation is just as dangerous to the continued existence of conservative nonprofits as the IRS scandal in which Tea Party groups were systematically denied nonprofit status in the run-up to Obama’s re-election. OCP is every bit as much a threat to free speech as was the IRS scandal.

## Three cheers for Luetkemeyer and Issa

Over the summer, Rep. Luetkemeyer led the way in the congressional investigation of the FDIC and CFPB. On June 18, 2014, CFPB director Richard Cordray testified in Congress but provided no useful information on his agency’s role in Operation Choke Point. Cordray stonewalled by repeatedly claiming that the intention of the CFPB was to assist the DoJ and FDIC in prosecuting specific businesses engaging in fraud, as opposed to broad categories of businesses, and evaded Luetkemeyer’s challenge to

designate a safe harbor for the businesses and TPPPs that the banking industry serves. After that, on July 15, 2014, Luetkemeyer brought Stuart F. Delery, Assistant Attorney General, and Richard J. Osterman, Acting General Counsel, FDIC, and others, before the Financial Services Oversight and Investigations Subcommittee. Luetkemeyer received much the same stonewalling and yet another evasive answer on his proposed safe harbor bill.

On Oct. 6, 2014, Republican Sens. Crapo (Idaho), Johanns (Neb.), Moran (Kans.), Coburn (Okla.), and Heller (Nev.) wrote to Attorney General Holder requesting information about Operation Choke Point and stating that it “is inappropriately targeting business models not supported by the administration and is politicizing the payment system and access to credit markets.”

On Oct. 16, 2014, 30 members of Congress joined Luetkemeyer in demanding an internal Justice Department investigation of OCP in order to determine who was behind the intimidation of the categories of businesses deemed “high-risk.” Their letter was addressed to Michael Horowitz, DoJ’s inspector general, and Robin Ashton, head of DoJ’s Office of Professional Responsibility. The letter called OCP a “blatant abuse of legal authority.”

On Dec. 8, 2014, Reps. Issa and Jim Jordan (R-Ohio) released a report from the House Oversight and Government Reform Committee that “cites confidential briefing documents that show senior Justice Department officials informing Attorney General Eric Holder that, as a consequence of Operation Choke Point, banks are ‘exiting’ lines of business deemed ‘high risk’ by regulators,” according to Kelsey Harkness of the *Daily Signal*. Issa is quoted as saying, “Internal FDIC documents confirm that Operation Choke Point is an extraordinary abuse of government power. In the most egregious cases, federal bureaucrats

injected personal moral judgments into the regulatory process. Such practices are totally inconsistent with basic principles of good government, transparency and the rule of law.”

## Rumors of OCP’s demise

Facing heat from both houses of Congress and the media, on Jan. 28, 2015, the FDIC backed off somewhat on Operation Choke Point. The agency issued a “Memorandum to all FDIC Supervisory Staff” that conceded two points. First, “Recommendations or requirements for terminating deposit accounts must be made in writing and must be approved in writing by the Regional Director before being provided to and discussed with IDI management and the board of directors.” Second, “Recommendations for terminating deposit account relationships cannot be based solely on reputational risk to the IDI.” IDI here stands for insured depository institution. These two provisions, coupled with the FDIC’s earlier removal of the list of targeted high-risk business categories on July 28, 2014, should go a long way toward restoring the FDIC’s reputation as an honest broker.

But rumors of Operation Choke Point’s demise are greatly exaggerated. These two provisions, while helpful, do not rise to the level of the safe harbor envisioned by Luetkemeyer in which a business or a TPPP would know that it is in the clear with the FDIC and the CFPB. Moreover, as Murray explains, OCP is likely to continue because the lawyers at the DoJ who initiated the program still retain the power to subpoena the banks for servicing high-risk businesses and TPPPs. It is up to Congress to re-establish its authority over these unaccountable bureaucrats and hold DoJ to account.

Sen. Marco Rubio (R-Fla.), a prospective presidential candidate, grabbed headlines last month when he vowed to fight back on behalf of persecuted businesses such as the firearms industry.

“It has become clear that the FDIC and the Department of Justice can no longer be trusted to carry out Operation Choke Point without targeting the Second Amendment and firearms dealers and manufacturers,” Rubio said in a statement to the media. “We must stop this administration’s effort to target private industries and the Second Amendment rights of law-abiding citizens.”

## Conclusion

Operation Choke Point is but one manifestation of the general trend over the past hundred years in which the administrative-regulatory state has radically expanded the power of the executive branch. The advance of big government has reached the point that the autonomy of civil society, free markets, and the sovereignty of the states are imperiled by the regulatory regime. The Obama administration has continued this long trend by issuing sweeping executive orders and presidential memos, and by abusing the appointments clause to expand the number of unaccountable policy czars from the low 30s under President George W. Bush to 45, according to Judicial Watch.

Operation Choke Point is but one part of the process whereby the rule of law is subverted by administrative fiat. To be clear, Congress is fully to blame for not exercising its power to pass laws that would undo these over-reaching administrative power grabs. Obama’s justification for impinging on congressional powers is best exemplified in his “We Can’t Wait” stump speech, in which he employed populist rhetoric: We can’t wait for Congress to enact legislation. The premise is that whatever subjects of legislation are not acted upon by Congress, should by right be determined by the executive branch. Obama virtually stated that, with his phone and his pen, he will do everything in his power to enact the laws that he cannot persuade Congress to pass. Populist rhetoric such as this and the litany of agency scandals make it evident that Obama’s 2008 campaign promise to “fundamentally transform America” is

nothing less than the ambition to transform America from a federal republic into a European Union-style social democracy.

America remains fortunate, however, that the executive branch still requires the consent of Congress to raise taxes and declare war. We have not reached the stage of the meaningless, ceremonial parliaments of Italy and France.

Our system of ordered political liberty requires constant vigilance from its citizens to preserve the institutions of representative government, the system of checks and balances that serve to limit the federal government, and the autonomy of civil society and its economic freedom. As Reagan famously remarked, “freedom is never more than one generation away from perishing.” One may still hope that the congressional effort to halt Operation Choke Point will set a precedent for increased scrutiny of the contagion of lawlessness brought on by runaway executive agencies.

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**Terrence Scanlon, President**

# BrieflyNoted

Supporters of **Hillary Clinton's** presidential campaign are becoming quite tired of requests to donate to her campaign when she still hasn't gotten around to declaring that she is actually running, *Politico* reports. "I'm not going to be ready for Hillary until she announces she's running for president," said **Mary Tetreau** of Londonderry, N.H., a longtime Democrat who called the early-and-often email approach of the political action committee **Ready for Hillary** "annoying." Democratic activist **Bill Verge** adds, "I'll be ready for Hillary when Hillary's ready for Hillary." He considers himself a likely Clinton supporter who is turned off by what *Politico* calls the "aggressive fundraising on behalf of a candidate who appears intent on postponing an official entry into the race possibly until July."

Fundraising professionals aren't worried about alienating potential donors. "The best practice used to be that you would only send a couple per day at max," said **Michael Whitney**, an email campaigning specialist at **Revolution Messaging**. Although email solicitors have become increasingly aggressive in recent years the feared backlash hasn't materialized. The new consensus is that nonstop emailing "might annoy a lot of people, but it doesn't mean they're going to unsubscribe and it doesn't mean they're not going to donate in the future." "Three years ago, the idea of sending more than two emails a day was considered abusive," Whitney said. "That's gone out the window."

The **Obama** administration is using taxpayer dollars to fund a radical anti-Israel group that aims to drive Israeli Prime Minister **Benjamin Netanyahu** from office in that country's March parliamentary elections. The U.S.-based group receiving federal money, **OneVoice International**, in turn is working with V15, an "independent grassroots movement" in Israel, according to *Ha'aretz*. (The exact amount of the grants, which come from the U.S. Department of State, was not reported in the media.) V15's unofficial motto is said to be "anyone but Bibi," a reference to the prime minister's nickname. OneVoice has hired Obama campaign aides such as **Jeremy Bird** of political consulting powerhouse **270 Strategies** to take on Netanyahu's Likud Party. Bird was national field director for Obama's 2012 re-election campaign.

A Boston-based hub of terrorism associated with a top Islamic State propagandist and producer of hostage-beheading videos was slated to receive the red carpet treatment at a White House anti-terrorism conference last month as this publication went to press. The terrorist-friendly **Islamic Society of Boston (ISB)**, reportedly a front for Islamist terrorist groups, operates mosques in and around Boston and is sending officials to the "Summit on Countering Violent Extremism." Social media guru **Ahmad Abousamra**, who is now the chief propagandist for the Islamic State, regularly attended ISB's Cambridge mosque. So did Boston marathon bombers **Tamerlan** and **Dzhokhar Tsarnaev**.

President Obama is running a massive illegal operation that issued 5.5 million work permits from 2009 through 2014 that were never authorized by Congress, according to a new report from the nonpartisan **Center for Immigration Studies**. The report comes as Congress considers reversing some of Obama's executive overreaches that reward illegal aliens with lawful status for breaking the nation's immigration laws. The scheme uncovered by CIS "is a huge parallel immigrant work authorization system outside the limits set by Congress that inevitably impacts opportunities for U.S. workers, damages the integrity of the immigration system, and encourages illegal immigration," according to **Jessica M. Vaughan**, CIS's director of policy studies. CIS uncovered the existence of the scheme by obtaining statistics from U.S. Citizenship and Immigration Services under the Freedom of Information Act.