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May 21, 2015

The Honorable Michael Crapo
239 Dirksen Senate Building
Washington, DC 20510

Dear Senator Crapo:

On behalf of the members of the Electronic Transactions Association (ETA), I write in support of your amendment to the Financial Regulatory Improvements Act of 2015 to prohibit federal financial regulators from participating in the Department of Justice's Operation Choke Point (OCP). We applaud your leadership on this issue and share your concerns about OCP.

ETA represents acquiring banks, networks, and payment processors. Because our members ultimately bear the costs of fraud, we strongly support efforts to protect the public from fraudulent merchant practices. However, we believe that OCP has needlessly imposed costs on businesses and consumers that ultimately undermine the benefits of this law enforcement effort. In particular, OCP is harming consumers by forcing financial institutions to abandon law abiding merchants that are supplying legal products and services and causing economic harm by reducing the availability of products disfavored by regulators.

We share the goal of ending fraud and illegal activity, but ETA believes a more targeted approach is needed. In contrast to OCP, ETA believes that the best way to address fraudulent and other illegal activities involving payment systems is to provide the payments industry with the flexibility to continue to develop new technologies and practices to combat financial fraud. To this end, ETA members have created the Guidelines on Merchant and ISO Underwriting and Risk Monitoring, which is part of a broader educational curriculum that ETA is deploying nationwide to help strengthen the ability of payments companies to identify and reduce the risk of fraud. We think this is likely to be a far more effective approach with far fewer unintended consequences than OCP.

ETA thanks you for your continued leadership on this important issue.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Scott E. Talbott". The signature is written in a cursive, flowing style.

Scott Talbott
Senior Vice President
Electronic Transactions Association