

ANONYMOUS

Proposal and Comment Information

Title: Prohibition on Use of Reputation Risk or Other Supervisory Tools to Encourage or Compel Banking Organizations to Engage in Politicized or Unlawful Discrimination, R-1884

Comment ID: FR-2026-0002-01-C11923

Submitter Information

Name: Anonymous

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To the Board of Governors of the Federal Reserve System:

I strongly support the proposed rule. I lead a data-driven consultancy and newsletter focused on romance books and publishing. My background includes over a decade of data science work at Fortune 500 companies. I hold a Master of Library and Information Science and am PMP-certified. My comment reflects experience in market analytics, publishing economics, and direct engagement with the independent author community.

I. THE INDUSTRY AT STAKE

The romance genre generates over \$1.4 billion in annual U.S. revenue and is a top performer in the book market. [1] A growing share comes from independent authors, often women, who run small businesses. Many subgenres contain explicit, legal, constitutionally protected content marketed to adults.

II. THE DOCUMENTED PATTERN OF FINANCIAL DISCRIMINATION

The harms this proposed rule seeks to remedy are not hypothetical for romance authors. They are documented, recurring, and systemic.

Operation Choke Point was the precedent. From 2013 to 2017, the DOJ targeted banks serving "high risk" but legal adult content businesses. A 2014 House report found banks were pressured to cut ties with lawful businesses. [2] Despite ending in 2017, Operation Choke Point remains a regulatory template that shapes how banks and processors treat adult content creators. The Board's proposal recognizes this.

Payment processors institutionalized the pattern. Romance and adult content businesses are often labeled "high-risk" by Visa, Mastercard, and PayPal, not because of fraud or credit risk, but because of their content's perceived respectability. In 2021, Mastercard imposed new verification rules on adult content platforms. The ACLU challenged those rules in an FTC complaint, arguing they harm free speech and creators' income. [3] [4]

Platform-level censorship followed. Payment processor pressure has spread into content suppression across the digital publishing ecosystem:

* In March 2018, Amazon shadow-banned romance and erotica titles from bestseller rankings without notice. The Romance Writers of America stated it was "aware of and very concerned." Amazon later called the change "inadvertent." [5]

* In July 2025, Steam introduced "Rule 15," prohibiting content that "may violate the rules and standards set forth by Steam's payment processors." Valve confirmed it was acting on payment partner notification. Dozens of games were immediately removed. [6]

* Days later, itch.io deindexed all adult content from search following a pressure campaign targeting its payment processors. The deindexing was indiscriminate. A collective of disabled and queer authors reported that their Disability Pride Month book bundles were hidden despite containing no extreme content, and that payments to queer creators were being withheld. [7] [8]

III. WHY THIS RULE MATTERS

"Reputation risk" in bank supervision enables discrimination. When examiners cite reputational concerns instead of financial risk, lawful businesses are denied access to services under the guise of regulatory action.

Harm extends past extreme content. Disabled, queer, and romance authors have all been affected. Enforcement triggered by subjective reputational judgments rather than objective financial risk unfairly penalizes lawful business owners, even though millions of readers value their work.

This harm intensifies in the AI era. Independent romance authors now face AI-generated content flooding their marketplace and unauthorized use of their copyrighted works for model training. Financial instability based on cultural bias rather than business risk is an unnecessary and unjust additional burden.

IV. RECOMMENDATION

I urge the Board to finalize this rule. Supervisory decisions must rely on objective financial risk, not arbitrary notions of respectability. The romance industry supports thousands of lawful businesses that deserve equal access to financial resources.

REFERENCES

- [1] WordsRated, "Romance Novel Sales Statistics," Circana/BookScan, May 2022-2023.
- [2] House Oversight Committee, "Operation Choke Point" report (May 2014). <https://oversight.house.gov/report/report-dojs-operation-choke-point-secretly-pressured-banks-cut-ties-legal-business/>
- [3] Mastercard, "Protecting Our Network" (April 2021); effective October 15, 2021.
- [4] ACLU, "How Mastercard is Endangering Sex Workers" (August 2023). <https://www.aclu.org/news/lgbtq-rights/how-mastercard-is-endangering-sex-workers>
- [5] Samantha Cole, "Amazon Is Burying Sexy Books," Vice (March 2018); TechSpot (March 2018).
- [6] Automaton Media (July 2025); Windows Central (July 2025).
- [7] Itch.io, "Update on NSFW Content" (July 2025). <https://itch.io/updates/update-on-nsfw-content>
- [8] Disability Pride Against Censorship, statement (July 2025). <https://disabilitypac.carrd.co/#statement>