

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-C12141

Submitter Information

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Submitted Date: 05/19/2026

Please see attached document.

Dear Members of the Board of Governors,

I am writing to submit formal comments in strong support of the Federal Reserve Board's proposed rule to eliminate "reputation risk" from its supervisory framework. Any financial institution responsible for the custody or transmission of legal tender should not possess the discretionary power to dictate how consumers spend their money on legal goods and services. For decades, the vague, subjective implementation of reputation risk has been weaponized by regulators and dominant financial networks to enforce ideological conformity, resulting in the systemic "debanking" of law-abiding individuals, creators, and legal industries. By codifying the removal of this standard, the Federal Reserve takes a critical step toward restoring a neutral, objective financial marketplace focused strictly on material financial risks like liquidity, credit, and operational metrics.

However, while removing this tool from federal bank examiners is necessary, the Board must recognize that private payment infrastructure monopolies—specifically Visa, Mastercard, PayPal, and Stripe—continue to aggressively leverage their own subjective "brand damage" and "reputational risk" clauses to bypass federal guidelines, act as moral arbiters of commerce, and cut off legitimate commerce.

I. The Illusion of Risk: Corporate "Brand Damage" as Financial Censorship

The fundamental flaw of the current framework is that dominant payment infrastructure platforms treat public friction or ideological controversy as an existential financial risk. In reality, these platforms operate as critical utility providers. When Visa, Mastercard, PayPal, or Stripe abruptly terminate services to a legitimate business under the guise of protecting their "brand reputation," it is rarely a data-driven risk management decision. Instead, it is an act of corporate censorship triggered by targeted activist campaigns or pressure from hostile entities.

The consequences of this behavior are devastating. In a platform-driven economy, full participation in public and commercial life requires unfettered access to the financial system. When a nonbank payment processor unilaterally decides that an industry, platform, or individual poses a "reputational threat," they effectively strip that citizen of their livelihood, bypass the First Amendment, and undermine basic capitalist principles.

II. Chronological Timeline of Targeted De-Banking and Platform Extortion

To illustrate the systemic nature of this abuse, the Board must examine how these private entities have executed a targeted, chronological campaign to cut off legitimate users, creators, and political figures by weaponizing internal rules:

December 2010 – Banks and payment processors stop processing payments to WikiLeaks due to political pressure

March 2014 – Paypal stops processing for Patreon over certain content

July 2016 – Paypal allows payments on certain content again

October 2017 – Patreon is pressured by Visa/Mastercard to ban certain content

November 2018 – Alternative Media and Crowdfunding Platforms: PayPal permanently banned alternative media platforms and independent crowdfunding networks such as BitChute. This dynamic triggered cascading de-platforming effects, severing creators' monetization links to independent fund-raising platforms.

January 2021 – Political Campaigns and Public Figures: In the wake of the events on January 6, 2021, Stripe unilaterally shut down the primary fundraising merchant account for Donald J. Trump's political campaign website. Simultaneously, PayPal and Venmo closed accounts belonging to prominent conservative public figures, establishing a dangerous precedent where infrastructure monopolies can turn off the financial pipeline of a major domestic political movement based on non-financial metrics.

Late 2022 – Abuse of Internal Rules and Fines: PayPal updated its Acceptable Use Policy to permit the company to unilaterally seize up to \$2,500 directly from users' accounts as liquidated damages for spreading what the company defined as "misinformation." While intense public backlash forced a public relations retraction, this action demonstrated an overt willingness to weaponize terms of service to police speech through direct financial penalties.

April 2024 – Broad International E-Commerce Restraints: The massive Japanese digital storefront DLsite was forced to completely suspend processing services for Visa and Mastercard. This interruption occurred after international payment processors weaponized their internal guidelines to demand the platform censor specific legal, fictional illustrated works, or face an outright network ban.

May 2025 – Retail Counterparts Coerced: Continuing this global proxy censorship campaign, payment networks forced Japanese online retailer Surugaya to indefinitely

close down and hide large portions of its lawful inventory under the direct threat of losing credit card processing entirely.

July 2025 – Direct Extortion of Major American Storefronts: Driven by campaigns from the Australian anti-pornography lobby group Collective Shout and the U.S.-based National Center on Sexual Exploitation (NCOSE), payment processors forced immediate compliance updates on major PC gaming marketplaces. This compelled Valve's Steam platform to pull hundreds of lawful titles and forced Itch.io to hastily de-index thousands of adult or "not-safe-for-work" (NSFW) indie games overnight to prevent their entire global payment infrastructure from being completely frozen.

December 2025 – Visa and Mastercard force Pixiv to lock sensitive content to Japan under threat of losing payment ability

March 2026 – SubscribeStar is forced to comply with banks and payment processors to continue receiving payments

May 2026 – Kickstarter is further restricted by Stripe with rumors that Visa/Mastercard and/or Wells Fargo is behind this

III. Influence of Non-State Activist Groups, Corporate Denials, and the Steam Contradiction

The Federal Reserve should be deeply concerned by the profound lack of transparency and corporate obfuscation surrounding how payment networks deploy "reputational risk," alongside the clear ideological bias of the activist groups steering American financial rails.

Activist Group Bias and Moral Inconsistencies: The pressure campaigns launched by groups like Collective Shout and NCOSE reveal massive logical double standards. These advocacy groups have historically defended highly controversial mainstream works like the film *Cuties*, while simultaneously campaigning to financially ruin interactive media like *Detroit: Become Human* for its fictional depictions of domestic violence—even when that violence is explicitly framed to support and empower the victim.

The Corporate Denial: Following the massive public outcry over the July 2025 de-indexing wave—which prompted an online anti-censorship petition on change.org signed by more than 260,000 people—Mastercard issued a public statement attempting to deflect blame, claiming it "has not evaluated any game or required restrictions of any activity on game creator sites and platforms."

Steam Disproves the Narrative: This corporate defense was immediately exposed as a semantic shell game. Valve publicly disproved Mastercard's narrative, revealing that while Mastercard avoided communicating with Valve directly, Mastercard instead leveraged downstream acquiring banks and processing intermediaries. These intermediaries explicitly rejected Steam's long-standing policy of hosting lawful content, citing Mastercard's internal Rule 5.12.7 and the threat of brand damage. This proves that credit card monopolies use regulatory capture and intermediary pressure to enforce extrajudicial censorship while publicly denying responsibility. They abuse vague rules to go after certain sensitive adult topics (rape, incest, bestiality, even using ambiguous clauses such as 'anything that goes against morals' for Pixiv) while ignoring large games and media that depict other sensitive topics (murder, torture, mutilation, decapitation, gore, graphic violence, etc.)

IV. Systematic Market Concentration and the MATCH List Weapon

The global duopoly held by Visa and Mastercard means that "de-banking" is an economic death sentence. This unchecked power has manifested in broad industry de-listing, predatory terms of service, and severe impacts on platforms like Patreon and SubscribeStar.

Conclusion and Recommendations

To fulfill the spirit of the proposed rule, the Federal Reserve must ensure that banks do not passively facilitate the extrajudicial de-platforming demands of oligopolistic payment networks. The FTC must also escalate to enforcement as warnings have done nothing to make these processors and banks stop threatening businesses. I urge the Board to finalize this rule immediately and coordinate with inter-agency partners to establish robust protections for lawful, neutral commerce.