

Financial Censorship in the 21st Century

Documented cases, Bitcoin's censorship-resistant alternative, and policy implications for Rhode Island and federal frameworks

Rhode Island Bitcoin Policy Initiative | June 2026

Financial censorship — the ability of governments and corporations to restrict or block legal economic transactions — has emerged as a meaningful concern in the digital age. This paper examines documented cases of debanking and account freezes, explains how Bitcoin provides censorship-resistant alternatives at the protocol layer, and outlines policy implications for Rhode Island and federal frameworks.

1.4B Unbanked adults globally (World Bank Findex 2021)	Chokepoint U.S. debanking program (2013–2017, formally ended)	~\$10M GoFundMe frozen, Canadian truckers (2022)	Protocol Self-custodied bitcoin: not freezable at base layer
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1. THE LANDSCAPE OF FINANCIAL CENSORSHIP

1.1 Operation Chokepoint (2013–2017)

The U.S. Department of Justice pressured banks to deny services to legal businesses deemed "high risk," including firearms dealers, payday lenders, and coin dealers. Banks cut off these businesses not because of illegal activity but in response to regulatory pressure. The program was formally ended by DOJ on August 16, 2017, but its operational effects persisted for years after the official end.

1.2 Operation Chokepoint 2.0 (2022–2025)

Beginning in late 2022, federal banking regulators issued a series of guidance documents and enforcement actions that effectively discouraged banks from serving cryptocurrency businesses. The FDIC released approximately 175 documents in February 2025 in response to Coinbase's FOIA request, confirming the existence of "pause letters" to banks regarding crypto-related services. The program was formally ended by Executive Order on August 7, 2025 ("Guaranteeing Fair Banking for All Americans").

Custodia Bank, a fully-reserved Wyoming SPDI, was denied Federal Reserve master account access in 2023. The Tenth Circuit affirmed the Federal Reserve's discretion on October 31, 2025; en banc rehearing was denied March 13, 2026. Custodia's Supreme Court certiorari petition deadline is July 11, 2026.

1.3 Canadian Trucker Protest (2022)

During the 2022 trucking protest in Ottawa, the Canadian government invoked the Emergencies Act and ordered banks to freeze the personal bank accounts of protesters and their financial supporters. GoFundMe pulled donations to the truckers' campaign — approximately \$10 million in total — and either refunded or redirected the funds. The episode demonstrated that fundraising platforms operate with significant discretion to restrict transfers based on political classification of recipients.

1.4 Global unbanked population

The World Bank's Global Findex 2021 estimated approximately 1.4 billion adults worldwide remained unbanked, lacking access to formal financial services. While banking penetration has improved since then, large unbanked populations remain in sub-Saharan Africa, South Asia, and parts of Latin America. Censorship at the institutional level compounds the practical effect of structural exclusion.

2. HOW BITCOIN PROVIDES CENSORSHIP RESISTANCE

2.1 Protocol-layer self-custody

Bitcoin's protocol-layer design provides a structural alternative to institutional censorship. Self-custodied Bitcoin cannot be frozen at the protocol layer: there is no entity with technical capacity to restrict access to a user's private keys. This is the structural property that distinguishes Bitcoin from bank deposits, fundraising platforms, and other intermediated systems.

Important framing

Self-custodied Bitcoin is not freezable. Bitcoin held at exchanges or custodians (Coinbase, Kraken, etc.) operates under the same operational regime as bank deposits and can be frozen by court order or institutional discretion. The protection is in the custody model, not the asset itself.

2.2 Seizure remains possible at custodial layers

Governments routinely seize Bitcoin held at regulated exchanges and custodians; the Department of Justice has seized hundreds of thousands of BTC over the past decade through forfeiture proceedings and law enforcement actions. The censorship-resistance property applies at the protocol layer, not the custodial layer.

3. THE BITCOIN POLICY FRONTIER

3.1 Federal Strategic Bitcoin Reserve

President Trump signed Executive Order 14233 on March 6, 2025 establishing the U.S. Strategic Bitcoin Reserve. The reserve holds Bitcoin previously forfeited to the federal government — an estimated 200,000+ BTC. This federal embrace of Bitcoin as a reserve asset is structurally inconsistent with the prior decade's debanking pressure and reflects a substantial policy reorientation.

3.2 State Bitcoin reserve laws

Three states have enacted Bitcoin reserve legislation as of mid-2026 (New Hampshire HB 302, signed May 2025; Texas SB 21, signed June 20, 2025; Arizona's narrower follow-up after SB 1025 was vetoed). Roughly two dozen additional states have introduced reserve legislation. State-level adoption is independent of federal action and continues to advance.

3.3 Private key protection legislation

Wyoming HB0086 (2023; Senate 31–0; House 41–13) prohibits compelled disclosure of private cryptographic keys when a public key suffices. Rhode Island H.7957 / S.2196 would extend similar protection. These laws preserve the practical conditions under which self-custody operates by limiting the legal pressure that can be brought to bear on holders.

4. POLICY IMPLICATIONS FOR RHODE ISLAND

4.1 Digital property rights as a constitutional principle

Rhode Island has a strong tradition of protecting individual property rights. H.7957 / S.2196 extends this principle to digital property by recognizing the unique characteristics of cryptographic key control. The bill operates regardless of policy positions on Bitcoin as money or investment; it concerns whether the state can compel disclosure of a master credential.

4.2 Federal-state alignment

Federal action (EO 14233, GENIUS Act, end of Chokepoint 2.0) has created political space for state-level Bitcoin policy. Rhode Island's 2026 bill package — S.2021, H.7956 / S.2198, H.7957 / S.2196, H.7413 — fits within this federal direction without depending on federal action.

4.3 Practical consumer protection

Rhode Island can advance both digital property rights protection and kiosk consumer protection without contradiction. The structural concerns RIBPI has raised about H.7955 / S.2648 (kiosk expansion overbreadth) reflect drafting concerns about how protection is structured, not opposition to consumer protection objectives.

5. RECOMMENDATIONS

1. Pass H.7957 / S.2196 to extend Rhode Island's digital property rights protection consistent with Wyoming HB0086.
2. Pass H.7413 to establish state framework under which institutions operating under federal GENIUS Act stablecoin regime can be chartered.
3. Pass S.2198 Sub A (Senate floor vote June 10) to systematize Rhode Island's blockchain policy through expert commission study.
4. Coordinate with federal agencies on the implementation of EO "Guaranteeing Fair Banking for All Americans" (August 7, 2025) to ensure consistent state-level posture.
5. Avoid stand-alone state CBDC bans, which federal action (EO 14178, GENIUS Act) has rendered largely redundant.

APPENDIX: SOURCES AND REFERENCES

Documented Cases

- DOJ formal end of Operation Chokepoint, August 16, 2017
- FDIC Coinbase FOIA disclosure, February 2025 (~175 documents)
- Senate Banking Committee testimony, February 5, 2025 (Coinbase Chief Legal Officer Paul Grewal)
- Executive Order "Guaranteeing Fair Banking for All Americans," August 7, 2025
- Custodia Bank v. Federal Reserve (10th Cir., No. 24-8024)
- Canadian Emergencies Act invocation and GoFundMe statement on trucker convoy donations (~\$10M total)

Statistical Sources

- World Bank Global Findex 2021 (1.4 billion unbanked adults)
- Chainalysis Crypto Crime Reports (2024, 2025)
- Bitcoin Policy Institute, debanking research series

Legal and Constitutional Context

- Wyoming HB0086 (2023): Senate 31–0, House 41–13; signed and effective July 1, 2023

- Rhode Island H.7957 / S.2196 (2026)
- Coin Center, "Constitutional Analysis of Digital Asset Compelled Disclosure" (2023)

Federal Strategic Bitcoin Reserve Context

- Executive Order 14233 (March 6, 2025), Strategic Bitcoin Reserve and U.S. Digital Asset Stockpile
- BITCOIN Act, S.954 (119th Congress)
- White House Fact Sheet on Strategic Bitcoin Reserve (March 2025)

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End of Report