

# Financial Censorship in the 21st Century

Rhode Island Bitcoin Policy Initiative | March 2026

*Financial censorship — the ability of governments and corporations to restrict or block economic transactions — is a growing concern in the digital age. This paper examines documented cases, explains how Bitcoin provides censorship-resistant alternatives, and outlines policy implications for Rhode Island.*

<b>1.4B</b> Unbanked Adults (Global)	<b>Checkpoint</b> U.S. Debanking Program	<b>\$1.2B+</b> GoFundMe Frozen (2022)	<b>\$0</b> BTC Frozen by Gov't
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## 1. THE LANDSCAPE OF FINANCIAL CENSORSHIP

### 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 because of government pressure. The program was officially ended in 2017, but its effects persisted for years.

### 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. Multiple legitimate crypto companies reported being suddenly "debanked" without explanation. Custodia Bank, a fully reserved Wyoming SPDI, was denied Federal Reserve access despite meeting all requirements.

### Canadian Trucker Protest (2022)

During the 2022 trucking protest in Ottawa, the Canadian government invoked the Emergencies Act to freeze the bank accounts of protesters and anyone who donated to them — without court orders. Over \$8 million in donations through GoFundMe was also frozen. Many donors had their bank accounts flagged despite having committed no crime. **Bitcoin donations were the only funds that could not be seized.**

## 2. WHY THIS MATTERS FOR RHODE ISLANDERS

Financial censorship does not require authoritarian government. It happens when banks, payment processors, or regulators can unilaterally cut individuals off from the financial system. Rhode Islanders have experienced this through:

- Banks closing accounts of legal cannabis businesses despite state legalization
- Payment processors blocking transactions related to firearms dealers operating legally under RI law
- Small businesses losing payment processing due to industry categorization rather than individual conduct

## 3. HOW BITCOIN PROVIDES PROTECTION

Bitcoin transactions cannot be blocked, reversed, or frozen by any government, corporation, or financial institution. This is not a bug but a fundamental design feature. The network is maintained by thousands of independent nodes worldwide, and no single entity has the power to censor transactions.

This does not mean Bitcoin enables crime. Bitcoin's public ledger makes it one of the most traceable forms of money ever created. Law enforcement agencies routinely use blockchain analysis to track and seize criminal funds. The distinction is that access to the network cannot be arbitrarily denied, while criminal activity can still be investigated and prosecuted.

## 4. POLICY RECOMMENDATIONS

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- **Pass H.7957/S.2196 (Private Key Protection):** Protecting private keys is the digital equivalent of protecting the right to hold cash. Without key protection, self-custody Bitcoin can be compelled away from citizens.
- **Support S.2021 (De Minimis Exemption):** Making Bitcoin usable for everyday transactions gives Rhode Islanders a practical alternative payment rail.
- **State-level anti-debanking provisions:** Consider legislation that prevents state-chartered banks from terminating accounts solely based on a customer's legal industry or political activities.
- **Educate legislators:** The Study Commission (H.7956) should examine how Bitcoin and digital assets protect against financial censorship.

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## SOURCES

<sup>1</sup> U.S. House Committee on Financial Services, "Operation Chokepoint" Investigation, 2017

<sup>2</sup> Nic Carter, "Operation Chokepoint 2.0," Pirate Wires, 2023

<sup>3</sup> Government of Canada, Emergencies Act Invocation and Financial Orders, 2022

<sup>4</sup> Custodia Bank, Federal Reserve Membership Application and Denial, 2023

<sup>5</sup> Chainalysis, "The 2025 Crypto Crime Report," 2025