



STATEMENT FOR THE RECORD

By

THE FREE SPEECH COALITION

“Making Community Banking Great Again”

United States House Committee on Financial Services

February 5, 2025

Introduction

Chairman Hill, Ranking Member Waters, and members of the Committee, the Free Speech Coalition (FSC) appreciates the opportunity to submit this Statement for the Record as the Committee examines the serious consequences of debanking in America. More specifically, our statement highlights the growing and unjustified trend of restricting basic financial services from lawful businesses and individuals in the adult industry.

About the Free Speech Coalition

The Free Speech Coalition is the non-partisan trade association representing the legal adult industry with the mission of protecting the rights and freedoms of our members. For over thirty years, FSC has been a resource, an advocate, and a leader in the communities that we serve. An increasingly important matter for our membership is the lack of reliable access to basic financial products and services and the increasing evidence that FSC members are being subject to systematic debanking despite FSC members representing no increased risk to the banking system.

As in many industry sectors, the pandemic had a profound impact on the adult industry and spurred innovation. The creation of digital content platforms enabled thousands of individuals to supplement lost income or start new careers in adult content creation. Unfortunately, concurrent with this phenomena is evidence that financial regulators are putting pressure on banks to terminate relationships with those who participate in the adult industry leaving thousands – and potentially hundreds of thousands – of legal workers without the ability to access basic financial services.

Despite being a lawful industry that adheres to legal and financial compliance requirements, FSC members continue to experience systematic debanking—a practice that deprives individuals and businesses of fundamental financial services without clear justification. As financial institutions and federal banking regulators appear to apply subjective moral judgments rather than objective risk assessments, thousands of legal workers, independent entrepreneurs, and businesses are left without access to banking, payment processing, and lending.

The Real-World Impact of Debanking on the Adult Industry

The issue of debanking is not theoretical—it has profound, tangible consequences for law-abiding Americans. According to FSC’s 2023 [*Financial Discrimination and the Adult Industry Report*](#), nearly **80% of surveyed industry professionals** reported experiencing some form of financial unfairness, and **63% had an account closed by a bank or digital payment**

provider, such as Zelle, Cash App, Paypal, or Venmo. These closures often occur **without warning, due process, or clear reasoning.**

Among the affected:

- Independent performers, creators, and small business owners who rely on digital platforms for income.
- Technology companies providing services to adult professionals.
- Educational organizations, advocacy groups, and even FSC itself—a 501(c)(6) nonprofit that has been denied banking services.

Moreover, this financial exclusion disproportionately harms women and individuals from marginalized communities, exacerbating economic inequality and forcing many into precarious financial situations, leading to a higher risk of financial exploitation.

Regulatory Overreach and the Chilling Effect of FinCEN Guidance

The current wave of debanking in the adult industry can be traced back to unclear and overly broad regulatory guidance, particularly from the Financial Crimes Enforcement Network (FinCEN).

- **Misinterpretation of "High-Risk" Designations:** Financial institutions and digital payment platforms **misconstrue FinCEN's risk-based guidance** and default to closing accounts rather than assessing individual risk.
- **Conflation with Human Trafficking:** FinCEN advisories, particularly the **2014 and 2020 human trafficking risk indicators**, have led institutions to **wrongly associate routine transactions in the adult industry with illicit activity.**
- **Fear of Regulatory Repercussions:** The legacy of past government initiatives, such as Operation Choke Point, continues to instill **uncertainty among financial institutions** that servicing lawful adult businesses will result in heightened scrutiny from federal banking regulators.

While financial institutions and digital payment platforms are not required to close accounts merely because of Suspicious Activity Reports (SARs), **many institutions claim that FinCEN's guidance leaves them no choice.** This chilling effect creates a de facto prohibition on financial services for an entire legal industry.

Personal Testimonies: The Human Cost of Financial Exclusion

1. Alana, Actress, Labor Advocate, and Mother

"After being a customer with Wells Fargo for over 30 years, Wells Fargo decided I was high risk due to my line of work and ended our relationship. Without any cause or reason, other than they were reevaluating our business relationship, my good credit with the bank was tossed to the side, all because I am adult actress. As the President of the performer union, I felt discriminated against for my choice of legal occupation. As a mother, a registered voter, a tax payer, and active advocate for our industry, I have seen others go through similar issues, but this was my first true experience of financial discrimination."

2. Zoë, CEO of an eCommerce Startup in the Adult Industry

"Since entering the sex toy industry nearly 10 years ago, I have been denied basic banking services such as a savings account, have been prohibited from using PayPal as an individual, am ineligible for the vast majority of loans or lines of credit, and in one instance in 2016 had funds withheld by the Michigan state treasury for unexplained reasons. I consider my experiences with banking discrimination to be relatively minor, relative to my colleagues in the industry, and yet it significantly disrupts my life and ability to prosper as a small business owner."

3. Maeve, Independent Content Creator & Small Business Owner

"Fall 2022 Charles Schwab shut down my checking account with no reason given. I was receiving payments from my main streaming site and OnlyFans. The closure letter was dated within one week of my last OnlyFans deposit. Upon contacting the bank, I was told they would not provide a reason and that there was no appeals process. I was not allowed to speak with anyone above frontline customer service agents."

Legislative and Regulatory Path Forward

The Free Speech Coalition urges Congress to take the following steps to ensure financial fairness and equal access for all legal businesses:

1. Clarify FinCEN Guidance

- Congress should work with FinCEN to **explicitly affirm that lawful adult industry businesses do not present an inherent financial crime risk.**
- FinCEN should **revise its advisory language** to prevent the **misuse of trafficking-related "red flags" against legal adult businesses.**

2. End Arbitrary Debanking

- Congress should investigate cases of **arbitrary and preemptive account closures** and demand transparency from financial institutions regarding their risk assessment processes.
- **Regulatory agencies must provide clear due process protections** to ensure businesses have recourse before account terminations.

3. Promote a Truly Risk-Based Approach

- Rather than blanket exclusions, banks, credit unions, and payment platforms should be encouraged to **evaluate businesses on their individual merits** and compliance history.

4. Increase Congressional Oversight of Financial Institutions' Practices

- The Senate Banking Committee should examine whether financial institutions are making **independent, objective risk assessments** or merely acting out of fear of regulatory backlash.


Conclusion

The ongoing debanking of the adult industry raises serious concerns around financial fairness and due process. The **denial of basic financial services to a lawful industry undermines fundamental American values**—economic freedom, equal opportunity, and the rule of law.

FSC remains committed to working with Congress, regulatory agencies, and financial institutions to ensure that all Americans—regardless of their lawful profession—have equal access to the financial system.

We thank Chairman Hill, Ranking Member Waters, and the Committee for its leadership on this critical issue and urge swift action to address the real-world harms of debanking in America.

Sincerely,



Alison Boden
Executive Director
Free Speech Coalition