

the Solari Report

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Chief Counsel's Office
Office of the Comptroller of the Currency
400 7th Street, SW, Suite 3E-218
Washington, DC 20219

Re: Comments on Notice of Proposed Rulemaking — Implementing the GENIUS Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency, **Docket ID OCC-2025-0372, RIN 1557-AF41**

Dear Chief Counsel:

Solari, Inc. submits these comments in response to the Office of the Comptroller of the Currency's (the "OCC" or "Agency") Notice of Proposed Rulemaking (the "Proposed Rule") implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act (the "GENIUS Act" or the "Act"), published in the Federal Register on March 2, 2026. Docket ID OCC-2025-0372; RIN 1557-AF41.

Solari, Inc. is publisher of the Solari Report (www.solari.com), a subscription website whose mission is to support individuals, families, and communities in building financial sovereignty, privacy, and resilience. Our subscribers and clients include individuals across the economic spectrum who rely on the integrity of the U.S. payments system to conduct their daily financial lives. We write in support of a payments system that is safe, private, accessible, transparent and free from discriminatory or politically motivated controls on access to money and payment systems.

While we recognize that the GENIUS Act establishes an important regulatory floor for payment stablecoin issuers ("PPSIs"), we are deeply concerned that the Proposed Rule, as currently drafted, fails to adequately protect consumers, preserve financial privacy and liquidity, safeguard local banking institutions from loss of deposits that fund bank credit to small businesses, farms and individuals, or prevent the deployment of programmable money as a coercive surveillance and social control infrastructure. We respectfully urge the OCC to strengthen the Proposed Rule in the specific respects set forth below.

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I. THE PROPOSED RULE MUST AFFIRMATIVELY PRESERVE CASH AND NON-PROGRAMMABLE PAYMENT OPTIONS AS LEGALLY PROTECTED ALTERNATIVES

The Proposed Rule is silent on the relationship between payment stablecoins and cash. This silence is dangerous. As payment stablecoins proliferate and network effects concentrate volume among a small number of federally licensed PPSIs, cash and other non-programmable payment instruments are likely to come under sustained commercial pressure. History demonstrates that commercially dominant payment networks can, over time, effectively foreclose alternatives through merchant acceptance policies, fee structures, and technological path dependence — even in the absence of any formal legal prohibition.

The OCC should amend the Proposed Rule to include the following protections:

- No PPSI, and no merchant, retailer, or service provider accepting payment stablecoins facilitated by a PPSI, should be permitted to refuse to accept U.S. currency (cash) or non-programmable money as payment in any transaction in which payment stablecoins are offered as a payment method.
- No PPSI should be permitted to condition the availability of any product or service, or the discount pricing of any product or service, on a customer's agreement to use payment stablecoins rather than cash or other non-programmable payment instruments.
- The OCC should issue guidance confirming that consumers retain an unconditional right to conduct any transaction permissible under applicable law using cash, and that the proliferation of PPSIs shall not be interpreted to diminish that right.

Cash is not merely a payment instrument. It is the only payment instrument that is fully private, cannot be remotely programmed or restricted, and is available to every person regardless of credit history, digital access, or regulatory status. The OCC has a responsibility to ensure that the regulatory framework it establishes for payment stablecoins does not, directly or indirectly, accelerate the marginalization of cash.

II. THE PROPOSED RULE MUST PROTECT THE CREDIT-GRANTING CAPACITY OF COMMUNITY AND LOCAL BANKS AND PROHIBIT ANTICOMPETITIVE INCENTIVE STRUCTURES

The GENIUS Act creates a new class of federally licensed financial institution — the PPSI — that in its nonbank form is not subject to the capital requirements, community reinvestment obligations, or credit-granting mandates applicable to insured depository institutions. The Proposed Rule does not adequately address the systemic threat that large, nonbank PPSIs pose to community banks and credit unions, which serve as the primary source of credit for small businesses, farms, and households in rural and underserved communities.

The OCC should amend the Proposed Rule to:

- Prohibit PPSIs and their affiliates from offering rewards programs, cashback incentives, interest-equivalent payments, product discount or any other financial inducement designed to shift or having the effect of shifting consumer deposit balances from insured depository institutions to PPSI-administered wallets or reserve accounts.
- Require the OCC to conduct and publish a community banking impact assessment prior to approving any PPSI application from a nonbank entity with total assets (including assets of its affiliates) in excess of \$50 billion.
- Prohibit any PPSI from acquiring an equity interest in, or entering into any exclusive distribution or servicing arrangement with, an insured depository institution with total assets below \$10 billion without prior OCC approval following a public comment period.
- Require any PPSI that attracts consumer deposits or payment flows exceeding 10% of the total deposit base of federally insured institutions in any Metropolitan Statistical Area to file a competitive impact report with the OCC and the applicable Federal Reserve Bank.

Community banks and credit unions are the lifeblood of local economies. Their capacity to grant credit — to a farmer who needs a seasonal operating loan, to a first-generation homebuyer, to a small business owner — depends on deposit funding. A regulatory framework that allows large nonbank PPSIs to divert that funding through freedom from regulatory compliance at expense and community reinvestment obligations, would be deeply harmful to the communities the OCC is charged with serving.

III. THE PROPOSED RULE MUST GUARANTEE CONSUMER ACCESS TO NON-PROGRAMMABLE DIGITAL AND CASH PAYMENT OPTIONS

The Proposed Rule does not guarantee that individuals who choose not to use programmable payment stablecoins will retain access to equivalent payment functionality through non-programmable means. As payment infrastructure consolidates around PPSI-issued stablecoins, consumers who prefer or require non-programmable options — including individuals with privacy concerns, individuals without technology access, those in communities with limited digital infrastructure, the elderly, and persons who object on religious or principled grounds to programmable financial surveillance — risk effective exclusion from the payments system.

The OCC should amend the Proposed Rule to require that:

- Any payment network, merchant system, or financial infrastructure that accepts PPSI-issued payment stablecoins must simultaneously offer a functionally equivalent non-programmable digital payment option (such as a PIN-debit transaction settled in central bank reserves) or accept cash.
- PPSIs may not structure fee schedules, interchange rates, or settlement terms in a manner that penalizes merchants for offering cash or non-programmable digital payment alternatives.

- The OCC shall publish annual data on the geographic and demographic distribution of non-programmable payment access, and shall impose corrective access requirements on any PPSI whose operations are found to contribute to non-programmable payment deserts.

IV. THE PROPOSED RULE MUST CLOSE THE “PUBLICLY AVAILABLE INFORMATION” LOOPHOLE AND REQUIRE PRIVACY-PROTECTIVE TECHNOLOGY

The Proposed Rule, following the GENIUS Act, treats transaction data recorded on public blockchains as “publicly available information” — a classification with profound and largely unexamined consequences for financial privacy. Unlike bank records, which are protected from warrantless government access by the Right to Financial Privacy Act, 12 U.S.C. §§ 3401 et seq., blockchain transaction records are permanently accessible to any actor with the computational capacity to analyze them, without any legal process whatsoever.

Chain analysis firms have demonstrated the ability to de-anonymize blockchain wallets at scale using commercially available tools, linking on-chain transactions to individual identities through a combination of know-your-customer records held by regulated PPSIs and pattern analysis of on-chain behavior. The practical effect of classifying on-chain data as “publicly available” is to create a permanent, searchable, and globally accessible record of every payment made by every PPSI customer — a surveillance infrastructure of a kind never before associated with a retail payments system.

The OCC should amend the Proposed Rule to:

- Narrow the definition of “publicly available information” **to exclude** transaction-level data recorded on public or permissioned distributed ledgers that can be linked, directly or through chain analysis, to an identified or identifiable individual. Such data should be classified as protected financial records subject to the same legal process requirements applicable to bank records under the Right to Financial Privacy Act.
- Require all federally licensed PPSIs to implement, by a date certain, privacy-enhancing technologies — including zero-knowledge proofs, confidential transaction protocols, or equivalent cryptographic privacy tools — that prevent the public disclosure of transaction amounts, counterparty identities, and transaction metadata on the blockchain, while still permitting legally required disclosures to supervisory authorities through secure and audited channels.
- Prohibit PPSIs from making transaction-level data available to commercial data brokers, advertising networks, or any third party that is not the OCC, a primary federal payment stablecoin regulator, a law enforcement agency acting pursuant to valid legal process, or the customer whose transaction data is at issue.
- Require a formal Privacy Impact Assessment for any PPSI seeking to operate on a public blockchain, to be submitted to the OCC as part of the application process and updated annually.

- Require PPSIs to make a detailed disclosure available in plain English form to users of payment stablecoins in advance of their use regarding the risks and conditions of their use (including but not limited to timing of redemptions and delays thereof).
- Require PPSIs to notify customers of any cybersecurity or information security incidents affecting the customers' private data, including a customer's private key or any personally identifiable information.

Financial privacy is not merely a personal preference. It is a foundational precondition of economic liberty. A person who cannot make a payment without that payment being permanently recorded, analyzed, and potentially disclosed to governments, employers, or commercial actors is not financially free, regardless of the nominal legal permissions attaching to that payment. The OCC must ensure that the framework it creates for payment stablecoins does not, by default, create a financial panopticon.

V. THE PROPOSED RULE MUST PROHIBIT GOVERNMENT-MANDATED AND ISSUER-IMPLEMENTED FREEZES, EXPIRATIONS, AND SPENDING RESTRICTIONS WITHOUT DUE PROCESS

One of the defining and most dangerous features of programmable money is the ability to embed conditions, restrictions, expirations, and triggers directly into the payment instrument itself through smart contracts. Unlike a bank account freeze, which requires a legal order, administrative process, or at minimum a documented institutional decision reviewable by a court, a smart-contract-implemented restriction on a payment stablecoin can be triggered automatically, instantaneously, and without any human decision-maker in the loop at the moment of execution.

The Proposed Rule does not adequately address this risk. It does not prohibit the use of programmable restrictions as a condition of issuing payment stablecoins. It does not establish a due process framework that must precede any freeze or restriction of a consumer's stablecoin holdings. And it does not prohibit the OCC or other government actors from directing PPSIs to implement freezes or spending restrictions on a class-wide basis without individualized legal process.

The OCC should amend the Proposed Rule to:

- Prohibit any PPSI from freezing, expiring, suspending, or restricting a customer's payment stablecoin holdings or transaction capabilities, whether directly or through the operation of a smart contract, except pursuant to: (a) a valid court order directed to that specific customer; (b) a specific administrative order issued under a statute that provides for judicial review; (c) a specific OFAC blocking order directed to that specific customer; or (d) the customer's own affirmative instruction.
- Require that any smart contract code governing a PPSI's payment stablecoins be fully audited and publicly disclosed, and that any programmable restriction capability embedded in that code be explicitly disclosed to customers at the time of account opening and at any time the restriction capability is modified.

- Prohibit the OCC from directing or requesting that a PPSI implement a class-wide freeze, expiration, or spending restriction, or mandate affecting more than one customer except pursuant to an act of Congress or a court order.
- Require that any customer whose payment stablecoin holdings are frozen or restricted receive immediate written notice of the freeze, the legal authority for the freeze, and the process for challenging the freeze, no later than the time the freeze becomes effective, except in cases where a specific court order prohibits such notice for a defined and limited period.
- Require PPSIs to notify customers of the risks of potential delays in redemption as well as actual delays in redemption when they occur, the reason(s) for the delay, and the process for challenging the delay if beyond the seven-day extension period.
- Require PPSIs to make appropriate disclosures, including disclosures concerning privacy, redemption, smart contracts, and security incidents, to persons using issued payment stablecoins in secondary markets.
- Require that any customer whose payment stablecoin transaction is denied receive immediate written notice of the denial, the reason(s) for the denial and any relevant legal authority in support, and the process for challenging the denial, no later than the time the denial becomes effective.

VI. THE PROPOSED RULE MUST PROHIBIT TRANSACTION DENIAL BASED ON PROTECTED CHARACTERISTICS, LAWFUL ACTIVITY, AND VIEWPOINT

Programmable payment stablecoins introduce a novel and constitutionally troubling possibility: that the payment system itself can be used as a mechanism for discriminating against individuals based on who they are, what they believe, what they say, where they go, or what lawful activities they engage in. This risk is not hypothetical. The debanking of firearms dealers, fossil fuel companies, cannabis businesses, political advocacy organizations, and religious institutions by traditional financial institutions over the past decade demonstrates that financial infrastructure can and will be deployed as a tool of viewpoint-based discrimination when regulatory frameworks do not prohibit it.

Programmable money intensifies this risk exponentially. A traditional bank account can be closed by a human decision, which can be challenged in court or before a regulator. A smart contract-implemented payment restriction can be executed automatically, at scale, without any human decision-maker and without any notice, based on algorithmic scoring systems whose criteria may never be disclosed to the affected customer. The OCC must ensure that its regulatory framework does not permit this outcome.

Specifically, the OCC should amend the Proposed Rule to prohibit any PPSI from denying, restricting, suspending, or terminating a customer's access to payment stablecoin services, or from declining to process any specific transaction, whether directly or through the operation of any smart contract, algorithm, or automated system, based on any of the following:

- Sex, race, skin color, ethnicity, national origin, or sexual orientation;

- Political opinion, political affiliation, or political speech, including support for or opposition to any candidate, party, policy, legislation, or governmental action;
- Religious beliefs, religious exercise, or religious affiliation;
- Any other lawful opinions, associations, or expressive activities protected by the First Amendment to the Constitution of the United States;
- Medical history, including diagnosis, vaccination status, or participation or non-participation in any medical treatment, procedure, or program;
- Purchase history, browsing history, consumer preferences, or any inference derived therefrom;
- Geographical location, place of residence, or location history;
- Trade, profession, business activity, or industry membership, provided such activity is lawful under applicable federal and state law; or
- Any other lawful act or behavior.

Further, the OCC should prohibit any PPSI from denying, restricting, suspending, or terminating a customer's access to payment stablecoin services, or from declining to process any specific transaction, based on any rating, score, analysis, or classification produced by a social credit scoring system or substantially equivalent system, including any system that evaluates individuals based on:

- Any of the characteristics or activities enumerated in the preceding section;
- The lawful manufacture, distribution, sale, purchase, ownership, or use of firearms, firearm accessories, or ammunition;
- Participation in fossil fuel, timber, mining, or agricultural industries, or any other industry whose activities are lawful under applicable federal and state law;
- Lawful advocacy regarding state or federal government policy, including with respect to immigration enforcement, drug trafficking interdiction, or human trafficking prevention;
- Refusal or failure to adopt, comply with, or report on environmental, social, or governance (ESG) standards, diversity equity and inclusion (DEI) standards, or employment composition targets, provided the person is in compliance with applicable federal and state law;
- Participation in, or refusal to participate in, social justice programs, including diversity, equity, and inclusion initiatives;
- Reporting or publishing the existence of alleged legal infractions, health and safety violations or threats thereto, or status as a "whistleblower," whether or not the individual or entity qualifies as such under federal or state false claims acts or "whistleblower" protection laws;
- Employment of, engagement with, association with, or support for any person or organization engaged in any lawful activity; or
- Any other lawful act, belief, or association.

The OCC should further require that the criteria, weighting, and decision logic of any automated system used by a PPSI to make transaction approval, account eligibility, or service

termination decisions be fully disclosed to the OCC and made available to any affected customer upon request. No PPSI should be permitted to operate a “black box” system whose criteria are unknown to the customers whose financial lives it governs.

VII. CONCLUSION

Solari, Inc. respectfully urges the OCC to amend the Proposed Rule to incorporate each of the protections set forth above. The GENIUS Act represents the foundational regulatory moment for payment stablecoins in the United States. The rules the OCC establishes now will shape the architecture of the U.S. payments system for decades. If the OCC does not act decisively to protect financial privacy, preserve access to cash and non-programmable alternatives, safeguard community banking, and prohibit the use of programmable money as a tool of discrimination and social control, it will be far more difficult to remedy these failures after the network effects of a PPSI-dominated payments system have entrenched themselves.

Freedom requires the ability to transact freely. A payments system that surveils, restricts, scores, and controls the financial behavior of individuals — however efficiently and at however low a transaction cost — is not a payments system that serves a free people. The OCC has both the authority and the responsibility to ensure that the framework it establishes for payment stablecoins reflects this truth.

We thank the OCC for the opportunity to submit these comments and respectfully request that the Agency carefully consider the concerns and recommendations set forth herein. We would welcome the opportunity to discuss these matters further with Agency staff at the OCC’s convenience.

Respectfully submitted,

/s/

Catherine Austin Fitts

President

Solari, Inc.

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