



June 15, 2021

Dan Schulman, President and CEO at PayPal  
Louise Pentland, Executive Vice President,  
Chief Business Affairs and Legal Officer at PayPal  
Darrell Esch, Senior Vice President, General Manager at Venmo  
Liz Alspecter, Head of Legal at Venmo

**To the leaders of PayPal and its subsidiary Venmo,**

As organizations dedicated to the promotion of human rights, civil liberties, and equitable technology policy, we are writing to express our deep concern over PayPal’s continuous practices of opaque account limitations and closures and call on your company to institute systems that ensure due process, transparency, and accountability for your users.

In our increasingly digital world, in which websites and online consumers rely on payment processors such as PayPal to send online payments for goods and services, fund their online infrastructure, and even pay staff, these opaquely implemented account freezes can be disruptive and disadvantageous to individuals, nonprofits, and companies. PayPal and your subsidiary Venmo have over 360 million users<sup>1</sup>— which means you have a staggering amount of influence over the financial lives of these individuals as well as access to an enormous trove of highly sensitive information that should not flow to the government without adequate safeguards.

We are particularly concerned about how these account closures have historically been used to pressure or single out websites hosting First Amendment-protected speech. Clear examples of this include when PayPal shut down the account of online bookseller Smashwords over concerns about erotic fiction<sup>2</sup>; when PayPal refused to process payments for the whistleblower website Wikileaks<sup>3</sup>; when PayPal froze the account of News Media Canada over a payment to submit an article about Syrian refugees for an award<sup>4</sup>; and when PayPal repeatedly shut down the account of online community SoulSeek over claims of copyright infringement between users.<sup>5</sup> We also know that PayPal has a history of shutting down individual user accounts with little due process, as most recently seen in the case of a long-time Tor supporter.<sup>6</sup> This lack of due process has a

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<sup>1</sup> <https://www.paypal.com/in/business>, accessed 6/4/21.

<sup>2</sup> <https://www.techdirt.com/articles/20120301/17363217939/paypal-pressured-to-play-morality-cop-forces-smashwords-to-censor-authors.shtml>.

<sup>3</sup> <https://www.theguardian.com/media/2010/dec/04/paypal-shuts-down-wikileaks-account>.

<sup>4</sup> <https://www.cbc.ca/news/canada/manitoba/paypal-freezes-flin-flon-newspaper-syrian-refugees-1.3977292>.

<sup>5</sup> <https://www.eff.org/deeplinks/2018/06/following-copyright-law-should-be-enough-even-when-payment-processors-say-it-isnt>.

<sup>6</sup> <https://www.eff.org/deeplinks/2021/06/paypal-shuts-down-long-time-tor-supporter-no-recourse>.

disproportionate impact on marginalized communities, including people of color and religious minorities. Last year, Venmo was sued for its discriminatory policy of targeting payments associated with Islam or Arab nationalities or ethnicity,<sup>7</sup> while PayPal and Venmo both were widely criticized for stalling urgent efforts to provide bail support for protestors amidst Black-led protests for racial justice.<sup>8</sup>

We are calling on PayPal and its subsidiary Venmo to provide more transparency and accountability around its policies and practices for account freezes and closures. Specifically, we ask that you:

- **Publish regular transparency reports.** At a minimum, these reports should be published on an annual basis and should indicate: how many requests to surveil, limit, investigate or shut down accounts you receive from governments or other entities, how many of these requests you comply with, and how many accounts are impacted by compliance. These reports should also include how many accounts you freeze or close due to alleged Terms of Service violations, broken down by which Terms of Service provision was violated. Additionally, we ask that you include the total number of Suspicious Activity Reports<sup>9</sup> you file reporting the activity of your users.
- **Provide meaningful notice to users.** When PayPal or Venmo decides to close an individual or entity's account, it should provide meaningful notice to the owner of the impacted account that includes detailed information on what aspect of PayPal's terms were violated or why the account was shut down, unless PayPal is forbidden from doing so by law or in cases of suspected account takeover.
- **Offer a timely and meaningful appeal process.** When a user's PayPal or Venmo account is frozen or shut down, they should have the opportunity to appeal the decision. Appeals should be reviewed by an individual or panel of individuals who were not involved in the initial decision to carry out enforcement action against the account. Appeals should be reviewed and processed in a timely manner.

These recommendations are in alignment with the Santa Clara Principles on Transparency and Accountability in Content Moderation,<sup>10</sup> a set of principles developed by free expression advocates and scholars to help companies center human rights when moderating user-generated content and accounts. Companies including Facebook, Twitter, and YouTube have endorsed the Santa Clara Principles; it's time for PayPal to do so as well.

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<sup>7</sup> <https://www.cair-ny.org/news/2020/7/21/cair-ny-files-bankingwhilemuslim-complaint-against-venmo-for-policy-that-singles-out-muslims-for-disparate-treatment>.

<sup>8</sup> <https://www.vice.com/en/article/k7qbnz/venmo-paypal-freeze-transfer-limits-bail-funds>.

<sup>9</sup> <https://www.occ.treas.gov/topics/supervision-and-examination/bank-operations/financial-crime/suspicious-activity-reports/index-suspicious-activity-reports.html>.

<sup>10</sup> <https://santaclaraprinciples.org/>.

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Finally, we ask that PayPal's senior leadership team meet with the human rights and civil liberties community to address the concerns outlined in this letter and provide assurance that these recommendations will be adopted promptly.

Sincerely,

7amleh - The Arab Center for the Advancement of  
Social Media, <https://7amleh.org/>  
Access, <https://www.accessnow.org>  
ACLU of Northern California,  
<https://www.aclunc.org/home>  
American Civil Liberties Union, <https://aclu.org>  
Article 19, <https://article19.org>  
Center for Democracy and Technology, <https://cdt.org/>  
Center for LGBTQ Economic Advancement &  
Research (CLEAR), <https://lgbtq-economics.org/>  
Demand Progress Education Fund,  
<https://demandprogresseducationfund.org/>  
Electronic Frontier Foundation, <https://www.eff.org/>  
European Legal Support Center (ELSC),  
<https://elsc.support/>  
Fight for the Future, <https://www.fightforthefuture.org/>  
Freedom of the Press Foundation,  
<https://freedom.press/>  
Global Voices, <https://globalvoices.org/>  
Masaar-Technology and Law Community, Egypt,  
<https://masaar.net/>  
Mnemonic, <http://mnemonic.org/>  
New America's Open Technology Institute,  
<https://www.newamerica.org/oti/>  
PDX Privacy, <https://www.pdxprivacy.org/>  
The Tor Project, <https://www.torproject.org/>  
Taraaz, <https://taraazresearch.org/>  
Ranking Digital Rights, <https://rankingdigitalrights.org/>  
Restore the Fourth Minnesota, <https://rt4.mn/>  
SMEX, <https://smex.org/>

cc: Kim Eichorn, Global Senior Corporate Affairs Manager, PayPal