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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
 AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEBSITE: <https://commerce.senate.gov>

September 25, 2023

Mr. Sasan K. Goodarzi
 Chief Executive Officer
 Intuit Inc.
 2700 Coast Avenue
 Mountain View, CA 94043

Dear Mr. Goodarzi:

As the Ranking Member of the Senate Committee on Commerce, Science, and Transportation, I welcome Intuit’s reversal of its policy that had forbidden gun manufacturers and sellers from using certain QuickBooks services. Intuit’s recent decision to allow such businesses to use the company’s payroll and payment services—a change prompted by my staff’s oversight investigation—was long overdue. I hope Intuit’s recent actions demonstrate a commitment to provide all legal gun manufacturers and sellers the full use of its products and services.

While Intuit boasts that QuickBooks is the number one accounting software for small businesses,¹ not all small businesses were welcome to use the full suite of QuickBooks services. Until August 1, 2023, Intuit’s acceptable use policy stated that businesses engaged in “[g]uns and [f]irearms [m]anufacturing...[are]...ineligible (or may become ineligible)” for QuickBooks’ payroll services.² The policy also stated that businesses engaged in “mail order, phone, or online ... firearms and weapons sales...[are]...ineligible (or may become ineligible)” for QuickBooks’ payment processing services.³ Those were not just empty threats. Intuit informed my staff that pursuant to these policies, the company has cancelled automatic payroll services on the less popular⁴ desktop version of QuickBooks for hundreds of businesses.⁵

My office became aware of these discriminatory policies when Dawson Precision, a Texas company that manufactures small firearm parts, informed my office that Intuit had, without warning, cancelled its subscription to QuickBooks payroll services. Dawson Precision only discovered what had happened after it submitted payroll and, rather than receiving confirmation that payroll had been

¹ *Quickbooks Online*, Intuit Quickbooks (accessed Sept. 21, 2023), <https://quickbooks.intuit.com/accounting/>.

² *Compare Intuit Payments Acceptable Use Policy*, Intuit QuickBooks (May 9, 2023) (on File with Committee) and *Intuit Payments Acceptable Use Policy*, Intuit QuickBooks (May 1, 2020), <https://web.archive.org/web/20211125211714/https://quickbooks.intuit.com/payments/legal/toc102017/acceptable-use/>, with *Intuit Payments Acceptable Use Policy*, Intuit QuickBooks (Aug. 1, 2023), <https://quickbooks.intuit.com/payments/legal/toc102017/acceptable-use/>.

³ *Id.*

⁴ Intuit offers both desktop and online versions of the QuickBooks software. During the May 25, 2023 briefing, Intuit informed my staff that approximately 90 percent of users use the online version.

⁵ June 13, 2023 Briefing with Intuit.

processed, received a notification that its payroll subscription had been terminated. Intuit later said that it cancelled Dawson Precision's account because, as a firearm manufacturer, it was in violation of Intuit's acceptable use policy.

Moreover, Intuit failed to provide an effective way to appeal the termination. When Dawson Precision tried pointing out that it was not actually in violation of Intuit's policy because it did not manufacture firearms, just small parts, Intuit directed it to lodge a complaint with the third party that had discovered the alleged violation. However, Intuit did not give Dawson Precision any contact information for the third party. Dawson Precision—through its own efforts—found a contact for the third party and reached out to appeal the cancellation, but it never received a response. Ultimately, Intuit's sudden decision had forced Dawson Precision to print paper checks for weeks while scrambling to secure another vendor.

Similarly, Intuit's prohibition on payment processing for gun sellers limited those vendors' ability to run their small businesses efficiently. For example, pursuant to this policy, in 2018, Intuit abruptly stopped processing credit card payments for Gunsite Academy, an Arizona business that, in addition to providing marksmanship training, sold guns.⁶ According to Intuit, it banned companies that engaged in non-face-to-face gun sales because its policy required a customer to be physically present when purchasing a firearm.⁷ Yet when Gunsite Academy explained that it was not violating that policy because it legally shipped firearms to local dealers, rather than directly to customers, Intuit refused to reverse its decision.⁸ As this episode demonstrates, Intuit's policy effectively prohibited small businesses that sell firearms from operating online, even though such sales are entirely legal and heavily regulated.⁹ My staff have not yet received a satisfactory explanation as to why restrictions were necessary for businesses that ship firearms to another licensed firearms dealer, or why a private entity desired to impose an extra-governmental, quasi-regulatory requirement on a lawful industry.

It turns out that Intuit's firearm policies may not have been entirely of its own making. When my staff approached Intuit about this issue, your company explained that its banking partners, JPMorgan and Bank of America, demanded that Intuit create and enforce bank policies regarding firearm sellers and manufacturers.¹⁰ After my staff met with those banks, Intuit clarified that Bank of America required it to prohibit gun manufacturers from using QuickBooks payroll services while JPMorgan required Intuit to restrict gun sellers from using QuickBooks payment processing services.¹¹ JPMorgan acknowledged that it indeed was the source of Intuit's payment processing services policy restricting firearm sellers.¹² Bank of America, however, denied that it had ever given

⁶ Lois Weiss, *Credit Service Shuts Down Payments on All Gun Purchases*, NY POST (updated Jun. 13, 2018), <https://nypost.com/2018/06/11/gun-businesses-scrambling-after-credit-service-halts-payments/>.

⁷ Intuit Blog, *Intuit Updates Response to Recent Media Coverage About Payments Policy*, Intuit (Jun. 13, 2018), <https://www.intuit.com/blog/news-social/intuits-response-to-recent-media-coverage-about-our-payments-policy/>.

⁸ Lois Weiss, *supra* note 6.

⁹ This was not an isolated incident: Intuit reportedly cancelled payment processing services for other gun sellers throughout the country, including Honor Defense in Gainesville, Georgia. See Lori Weiss, *supra* note 6.

¹⁰ May 25, 2023 Briefing with Intuit.

¹¹ July 26, 2023 Briefing with Intuit.

¹² July 26, 2023 Briefing with JPMorgan.

Intuit any instructions relating to firearm manufacturers or sellers.¹³ Intuit insisted that Bank of America did.¹⁴ Regardless of who originated these discriminatory policies against gun manufacturers, Intuit was right to end them.

On August 1, following my staff's investigation, Intuit removed its prohibitions on payroll and payment processing for gun manufacturers and sellers.¹⁵ Intuit's current acceptable use policy no longer identifies "guns and firearm manufacturing" as one of the business types prohibited from using payroll services. Nor does it list businesses that conduct "firearms and weapons sales" as one of the business types prohibited from using payment processing services. Indeed, Intuit's policy now has no inappropriate restrictions targeting lawful gun manufacturers and sellers.¹⁶

My staff will continue their investigation to ensure that no financial services firm unnecessarily limits the firearm industry's access to accounting or banking products. To assist in those efforts, Intuit should confirm that its revised policy regarding gun manufacturers and sellers is final and update my staff when it has informed its customers of the new policies and offered to reinstate the accounts of all the customers that it previously had removed based on the old policies.

As a result of my staff's investigation, Intuit did the right thing regarding its payroll and payment services. I encourage other companies to follow your company's lead and take note that banning customers from using their products due to political differences is not good business.

Sincerely,



Ted Cruz
Ranking Member
Committee on Commerce,
Science, and Transportation

¹³ July 12, 2023 Briefing with Bank of America.

¹⁴ July 26, 2023 Briefing with Intuit.

¹⁵ *Intuit Payments Acceptable Use Policy*, Intuit QuickBooks (Aug. 1, 2023), <https://quickbooks.intuit.com/payments/legal/toc102017/acceptable-use/>.

¹⁶ Intuit's current Acceptable Use Policy prohibits businesses involved in "cold weapons sales" from using its payroll services. *See id.* Intuit explained that the prohibition on "cold weapons sales" "applies to online and telephone sales of cold weapons. It does not apply to sales that are conducted in person." *See* August 28, 2023 Email from Intuit to Committee Staff (On File with Committee). Intuit further clarified that "[c]old weapons are instruments that are used to attack or cause bodily injuries using physical force and do not involve fire or explosions from the use of gunpowder or other explosive materials; they can be bladed or sharpened such as knives, daggers and swords or contact weapons such as brass knuckles." *Id.*