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VIA STAFF ONLINE FORM

January 31, 2025

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: PayPal Holdings, Inc. – 2025 Annual Meeting
Omission of Shareholder Proposal of
American Family Association

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are writing on behalf of our client, PayPal Holdings, Inc., a Delaware corporation (the “Company”), to request that the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) concur with the Company’s view that, for the reasons stated below, it may exclude the shareholder proposal and supporting statement (the “Proposal”) submitted by Bowyer Research, Inc. (“Bowyer Research”) on behalf of the American Family Association (the “Proponent”) from the proxy materials to be distributed by the Company in connection with its 2025 annual meeting of shareholders (the “2025 proxy materials”).

In accordance with relevant Staff guidance, we are submitting this letter and its attachments to the Staff through the Staff’s online Shareholder Proposal Form. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and

its attachments to Bowyer Research, on behalf of the Proponent, as notice of the Company's intent to omit the Proposal from the 2025 proxy materials.

Rule 14a-8(k) and Section E of Staff Legal Bulletin No. 14D (Nov. 7, 2008) provide that shareholder proponents are required to send companies a copy of any correspondence that the shareholder proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponent that if the Proponent, or Bowyer Research on behalf of the Proponent, submits correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should concurrently be furnished to the Company.

I. The Proposal

The text of the resolution contained in the Proposal is set forth below:

Resolved: Shareholders request the Board of Directors of PayPal Holdings issue a report within the next year, at reasonable cost and excluding confidential information, evaluating how it oversees risks related to surveilling or monitoring customers based on their political or religious status, views, or activities, and how such viewpoint discrimination impacts individuals' exercise of their constitutionally protected civil rights.

II. Basis for Exclusion

We hereby respectfully request that the Staff concur with the Company's view that the Proposal may be excluded from the 2025 proxy materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company's ordinary business operations.

III. Background

The Company received the Proposal and a cover letter from Bowyer Research via FedEx on December 6, 2024. On December 20, 2024, after confirming that the Proponent was not a registered holder of the Company's common stock, in accordance with Rule 14a-8(f)(1), the Company sent a letter to Bowyer Research, via email, requesting a written statement from the record owner of the Proponent's shares verifying that the Proponent beneficially owned the requisite number of shares of the Company's common stock continuously for at least the requisite period preceding and including the date of submission of the Proposal, which Bowyer Research satisfactorily

responded to on December 27, 2024. Copies of the Proposal, cover letter and related correspondence are attached hereto as Exhibit A.¹

IV. The Proposal May Be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Deals with Matters Relating to the Company’s Ordinary Business Operations.

Under Rule 14a-8(i)(7), a shareholder proposal may be excluded from a company’s proxy materials if the proposal “deals with matters relating to the company’s ordinary business operations.” In Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”), the Commission stated that the policy underlying the ordinary business exclusion rests on two central considerations. The first recognizes that certain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. The second consideration relates to the degree to which the proposal seeks to “micro-manage” the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment. As demonstrated below, the Proposal implicates the first consideration.

The Commission also has stated that a proposal requesting the dissemination of a report is excludable under Rule 14a-8(i)(7) if the substance of the proposal involves a matter of ordinary business of the company. *See* Exchange Act Release No. 34-20091 (Aug. 16, 1983) (“[T]he staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule 14a-8(c)(7).”). In addition, in Staff Legal Bulletin No. 14E (Oct. 27, 2009) (“SLB 14E”), the Staff noted that if a proposal relates to management of risks or liabilities that a company faces as a result of its operations, the Staff will focus on the “subject matter to which the risk pertains or that gives rise to the risk” in making a decision regarding whether a proposal can be properly excluded pursuant to Rule 14a-8(i)(7). Pursuant to SLB 14E, the Staff has consistently permitted exclusion of shareholder proposals under Rule 14a-8(i)(7) requesting an assessment of risks when the underlying subject matter concerns the ordinary business of the company. *See, e.g., Netflix, Inc.* (Mar. 14, 2016) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested a report “describing how company management identifies, analyzes and oversees reputational risks related to offensive and inaccurate portrayals of Native Americans, American Indians and other indigenous peoples, how it mitigates these risks and how the company incorporates these risk assessment results into company policies and decision-making,” noting that the proposal related to the

¹ Exhibit A omits correspondence between the Company and Bowyer Research that is irrelevant to this request, such as the aforementioned deficiency letter and subsequent response. *See* the Staff’s “Announcement Regarding Personally Identifiable and Other Sensitive Information in Rule 14a-8 Submissions and Related Materials” (Dec. 17, 2021), available at <https://www.sec.gov/corpfin/announcement/announcement-14a-8-submissions-pii-20211217>.

ordinary business matter of the “nature, presentation and content of programming and film production”).

In accordance with the policy considerations underlying the ordinary business exclusion, the Staff consistently has permitted exclusion under Rule 14a-8(i)(7) of shareholder proposals relating to a company’s relationships with its customers. *See, e.g., JPMorgan Chase & Co.* (Feb. 21, 2019) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board complete a report on the impact to customers of the Company’s overdraft policies); *Anchor Bancorp Wisconsin Inc.* (May 13, 2009) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board adopt a new policy for the lending of funds to borrowers and the investment of assets after taking preliminary actions specified in the proposal, noting that the proposal related to the company’s “ordinary business operations (i.e., credit policies, loan underwriting and customer relations)”); *JPMorgan Chase & Co.* (Feb. 21, 2006) (permitting exclusion under Rule 14a-8(i)(7) of a proposal recommending that the company not issue first mortgage home loans, except as required by law, no greater than four times the borrower’s gross income, noting that the proposal related to the Company’s “ordinary business operations (i.e., credit policies, loan underwriting and customer relations)”).

In particular, the Staff has permitted exclusion under Rule 14a-8(i)(7) of proposals relating to a company’s decisions with regard to the handling of customer accounts. For example, in *JPMorgan Chase & Co. (National Center for Public Policy Research)* (Mar. 29, 2024), the proposal requested a report on whether and to what extent the company requested that its clients deny their products or services to certain customers or categories of customers, or has demanded such restrictions as a condition of the company’s continuing to do business with said clients. The company argued, in part, that its “relationship with its customers and the handling of customer accounts without interference is essential to the operation of the [c]ompany’s business as a financial services institution.” In permitting exclusion under Rule 14a-8(i)(7), the Staff noted that the “[p]roposal relates to ordinary business matters.” In *JPMorgan Chase & Co. (National Center for Public Policy Research)* (Mar. 21, 2023, *recon. denied* Apr. 3, 2023), the proposal requested that the board commission and disclose a report on the risks created by the company’s business practices that prioritize non-pecuniary factors when it comes to establishing, rejecting, or failing to continue client relationships. The company argued, in part, that its “[d]ecisions regarding customer accounts, including the termination of accounts, involve legal, regulatory and operational considerations” and thus related to the company’s ordinary business matters. In permitting exclusion under Rule 14a-8(i)(7), the Staff noted that “the [p]roposal relates to, and does not transcend, ordinary business matters.” Similarly, in *JPMorgan Chase & Co. (National Legal and Policy Center)* (Mar. 21, 2023), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on the company’s policy in responding to requests to close, or in issuing warnings of imminent closure about, customer accounts

by governmental authorities. The company argued, in part, that the proposal related to ordinary business matters because the company's "handling of customer accounts, including when, how and why to close customer accounts . . . is a core component of the [c]ompany's ordinary business as a global financial services company providing commercial banking services." In permitting exclusion under Rule 14a-8(i)(7), the Staff noted that "the [p]roposal relates to, and does not transcend, ordinary business matters." *See also, e.g., PayPal Holdings, Inc.* (Apr. 10, 2023) (permitting exclusion under Rule 14a-8(i)(7) of a proposal recommending that the Company report publicly on the number and categories of account suspensions and closures); *Comcast Corp.* (Apr. 13, 2022) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested that the company notify a customer in advance of any termination, suspension or cancellation of service to the customer, noting that "the [p]roposal relates to, and does not transcend, ordinary business matters"); *PayPal Holdings, Inc.* (Apr. 2, 2021)* (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested that the Company not freeze or terminate customer accounts without first providing the Company's rationale to customers); *TD Ameritrade Holding Corp.* (Nov. 20, 2017) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested that the company's shareholders have the right to be clients of the company, noting that "the [p]roposal relates to the [c]ompany's policies and procedures for opening and maintaining customer accounts").

In this instance, as was the case in *JPMorgan Chase & Co. (National Center for Public Policy Research)* (Mar. 29, 2024), *JPMorgan Chase & Co. (National Center for Public Policy Research)* (Mar. 21, 2023, recon. denied Apr. 3, 2023) and *JPMorgan Chase & Co. (National Legal and Policy Center)* (Mar. 21, 2023), the Proposal focuses primarily on the Company's relationships with customers and, specifically, on the Company's decisions with regard to the handling of customer accounts, which are ordinary business matters conducted in accordance with our legal and regulatory obligations. In this respect, the Proposal's resolved clause requests that the Company issue a report on how the Company "oversees risks related to surveilling or monitoring customers based on their political or religious status, views, or activities." The Proposal's supporting statement indicates a particular concern with the Company's monitoring of customer transactions for allegedly discriminatory purposes, including by asserting that PayPal cooperated with government agencies "to collect, share, and monitor Americans' data." The supporting statement further alleges that "PayPal's actions betrayed its customers' privacy and put millions of Americans at risk for having their accounts frozen, being de-banked, placed on a government watchlist, or even wrongly prosecuted, all for exercising their First and Second Amendment rights." When read together, the Proposal's resolved clause and supporting statement demonstrate that the Proposal's requested report relates to the Company's relationships

* Citations marked with an asterisk indicate Staff decisions issued without a letter.

with its customers and the handling of customer accounts, including monitoring account activities for potential violations of law, which are ordinary business matters.

The Company is a leading technology platform that enables digital payments and simplifies commerce experiences for merchants and consumers worldwide. As of December 31, 2023, the Company operated a global, two-sided network at scale that connected consumers and merchants with 426 million active accounts across approximately 200 markets. Necessarily, the Company's relationship with its merchants and consumers and the handling of such accounts without interference are essential to the operation of the Company's business as a payment processor that helps merchants and consumers connect, transact, and complete payments. Further, as a payment platform, the Company is subject to complex laws and regulations including, among others, those relating to consumer protection, privacy and data protection, fraud and identify theft prevention, anti-money laundering and sanctions compliance. In this regard, the Company monitors activity and transactions across its platform and millions of merchants globally to help protect customer accounts, keep customer data secure and comply with applicable laws. Decisions regarding customer relationships, including monitoring account activities, involve legal, regulatory and operational considerations that are so fundamental to the Company's day-to-day operations that they cannot, as a practical matter, be subject to shareholder oversight. Accordingly, the Proposal is precisely the type that companies are permitted to exclude under Rule 14a-8(i)(7).

While we acknowledge that a proposal may not be excluded under Rule 14a-8(i)(7) if it focuses on a significant policy issue, the mere fact that a proposal may touch upon a significant policy issue does not preclude exclusion under Rule 14a-8(i)(7). Instead, the question is whether the proposal focuses primarily on a matter of broad public policy versus matters related to the company's ordinary business operations. *See* 1998 Release; Staff Legal Bulletin No. 14E (Oct. 27, 2009). The Staff has consistently permitted exclusion of shareholder proposals where the proposal focused on ordinary business matters, even though it also related to a potential significant policy issue. Notably, in *JPMorgan Chase & Co. (National Legal and Policy Center)* (Mar. 21, 2023), the excluded proposal requested, among other things, that the Company publish a report describing the Company's policy in responding to requests to close, or in issuing warnings of imminent closure of, customer accounts by governmental authorities. In permitting exclusion under Rule 14a-8(i)(7), the Staff noted that "the [p]roposal relates to, and does not transcend, ordinary business matters." *See also, e.g., Comcast Corp.* (Apr. 13, 2022) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting, among other things, that the company adopt a policy of notifying a customer in advance of any termination, suspension or cancellation of service to the customer, noting that "the [p]roposal relates to, and does not transcend, ordinary business matters"); *CIGNA Corp.* (Feb. 23, 2011) (permitting exclusion under Rule 14a-8(i)(7) where the proposal addressed the potential significant policy issue of access to affordable health care but also asked CIGNA to report on expense

management, an ordinary business matter); *Capital One Financial Corp.* (Feb. 3, 2005) (permitting exclusion under Rule 14a-8(i)(7) where the proposal addressed the significant policy issue of outsourcing but also asked the company to disclose information about how it manages its workforce, an ordinary business matter).

In this instance, while the Proposal references alleged discrimination based on political or religious status, views or activities, its overwhelming concern is with the Company's relationships with its customers and the handling of customer accounts, which are ordinary business matters. Therefore, even if the Proposal could be viewed as touching upon a significant policy issue, its focus is squarely on ordinary business matters.

Accordingly, consistent with the precedent described above, the Proposal may be excluded under Rule 14a-8(i)(7) as relating to the Company's ordinary business operations.

V. Conclusion

Based upon the foregoing analysis, the Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Proposal from its 2025 proxy materials. Should the Staff disagree with the conclusions set forth in this letter, or should any additional information be desired in support of the Company's position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff's response. Please do not hesitate to contact the undersigned at (202) 371-7050.

Very truly yours,



Raquel Fox

Enclosures

cc: Brian Y. Yamasaki
Vice President, Corporate Legal and Secretary
PayPal Holdings, Inc.

Jerry Bowyer
Bowyer Research, Inc.

EXHIBIT A

(see attached)



Bowyer Research

December 5, 2024

Corporate Secretary
PayPal Holdings, Inc.
2211 North First Street
San Jose, California 95131

Re: Report on Risks of Financial Surveillance

Dear Secretary,

I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in PayPal's (the "Company") 2025 proxy statement to be circulated to Company shareholders in conjunction with the Company's 2025 annual meeting of shareholders. The Proposal is submitted under Rule 14a-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission's proxy regulations. The resolution at issue relates to the subject described below.

Proponent: American Family Association
Company: PayPal Holdings, Inc.
Subject: Report on Risks of Financial Surveillance

I submit the Proposal on behalf of, and with the permission of, American Family Association, which has continuously owned 150 Company securities for more than 3 years and intends to continue holding the requisite amount of Company shares through the date of the Company's 2025 Annual Meeting of Shareholders. A letter from American Family Association authorizing us to submit this proposal on their behalf is enclosed.

A Proof of Ownership letter attesting to the Shareholder's ownership of the shares as of the date of this proposal's submission is forthcoming. Copies of correspondence or any request for a "no-action" letter may be sent to Jerry Bowyer, Bowyer Research, [REDACTED] or emailed to me at [REDACTED], copying [REDACTED].

Sincerely,

Jerry Bowyer
Bowyer Research
Enclosures (2)

[REDACTED]

12/4/2024

Corporate Secretary
PayPal Holdings, Inc.
2211 North First Street
San Jose, California 95131

Re: Report on Risks of Financial Surveillance

Dear Secretary,

In accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934, the undersigned ("Proponent") authorizes Bowyer Research, Inc. to file a shareholder proposal on the Proponent's behalf with PayPal ("the Company") for inclusion in the Company's 2025 proxy statement. The proposal at issue relates to the subject described below.

Proponent: American Family Association
Company: PayPal
Subject: Report on Risks of Financial Surveillance


The Proponent gives Bowyer Research, Inc. the authority to address, on the Proponent's behalf, any and all aspects of the shareholder proposal, including drafting and editing the proposal, representing the Proponent in engagements with the Company, entering into any agreement with the Company, and designating another entity as lead filer and representative of the Proponent. The Proponent understands that the Proponent's name may appear on the company's proxy statement as the filer of the aforementioned proposal, and that the media may mention the Proponent's name in relation to the proposal. The Proponent supports this proposal and authorizes *Bowyer Research* to write a more detailed statement of support of the proposal on the Proponent's behalf.

American Family Association (the "Proponent") has continuously owned 150 PayPal securities for more than 3 years and intends to continue holding the requisite amount of Company shares through the date of the Company's 2025 Annual Meeting of Shareholders. Pursuant to interpretations of Rule 14a-8 by the U.S. Securities and Exchange Commission staff, I initially propose the following times for a telephone conference to discuss this proposal:

December 18, 2024, at 10AM PT or
December 24, 2024, at 10AM PT

If these times prove inconvenient, please suggest some other times to speak. Feel free to contact me at [REDACTED], copying [REDACTED] and [REDACTED], so that we can determine the mode and method of that discussion.

Sincerely,

Signed by:

4943A5F490C84EB...
Walter Billingsley
Chief Financial Officer
American Family Association

Report on Risks of Financial Surveillance

Whereas: Financial institutions control access to the marketplace. Because of their pivotal role, such institutions are subject to a wide variety of federal and state regulations and anti-discrimination laws. It is therefore essential for the Company to provide financial services on an equal basis without regard to factors such as political/religious views.

But a recent Congressional report revealed that PayPal and many other of the largest financial institutions colluded with the FBI and U.S. Treasury Department to surveil transactions of ordinary citizens, flagging them as potential domestic violent extremists if they made purchases at Dick's Sporting Goods, Bass Pro Shops, and Cabela's, or bought "religious texts" like Bibles. This includes PayPal, which has become the target of queries from lawmakers over potentially discriminatory surveillance practices.¹ In its fishing expedition, the federal government also flagged many mainstream conservative and religious organizations, like Alliance Defending Freedom, the Family Research Council, and the Ruth Institute, and their donors for the same treatment.

The report² elaborated on PayPal's role in these attempts at government surveillance. PayPal, along with many other financial institutions, reportedly participated in meetings with the FBI in order to "devise the best methods for gathering Americans' private financial information." This participation led the House Committee on the Judiciary & the Select Subcommittee on the Weaponization of the Federal Government to request information from executives at institutions including PayPal to determine "to what extent [PayPal] worked with federal law enforcement to collect, share, and monitor Americans' data."

PayPal's actions betrayed its customers' privacy and put millions of Americans at risk for having their accounts frozen, being de-banked, placed on a government watchlist, or even wrongly prosecuted, all for exercising their First and Second Amendment rights. As the oversight report stated, "This raises

¹<https://judiciary.house.gov/media/press-releases/new-report-exposes-massive-government-surveillance-americans-financial-data>; https://www.warren.senate.gov/newsroom/press-releases/warren-omar-lawmakers_seek-information-from-big-banks-on-account-closure-practices-that-discriminate-against-muslim-americans

²<https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/evo-media-document/How-Federal-Law-Enforcement-Commandeered-Financial-Institutions-to-Spy.pdf>

serious concerns and doubts about federal law enforcement's and financial institutions' commitment to respecting Americans' privacy rights and fundamental civil liberties."

PayPal's actions also create significant legal exposure under anti-discrimination laws.

PayPal needs to rebuild trust by providing transparency around these policies and actions. This will assure customers, shareholders, and others that it is protecting, not targeting, free speech and religious freedom and is respecting its customers' privacy.

Resolved: Shareholders request the Board of Directors of PayPal Holdings issue a report within the next year, at reasonable cost and excluding confidential information, evaluating how it oversees risks related to surveilling or monitoring customers based on their political or religious status, views, or activities, and how such viewpoint discrimination impacts individuals' exercise of their constitutionally protected civil rights.