

## **Call for Speaker Boehner and Majority Leader Cantor To Hold Up or Down Vote**

## **Bipartisan Bill to End Insider Trading Has Support of Majority of House Members**

WASHINGTON— Today Reps. Louise Slaughter, Ranking Member of the House Rules Committee, (NY-28) and Tim Walz (MN-01) said that obstruction to the Stop Trading on Congressional Knowledge Act (STOCK Act) is shameful and that it is long past time that the House held a clean up or down vote on the overwhelming popular and bipartisan legislation that would ban insider trading in Congress once and for all.

Tonight the U.S. Senate is scheduled to begin voting on a version of the STOCK Act. In the House, it has been introduced since 2006 and today has the support of a vast majority of House members: 253 co-sponsors including 91 Republicans.

"Tonight our counterparts in the Senate will begin voting on a bill that has been in their chamber for 11 weeks. I've been pushing the STOCK Act in the House for almost 6 years. Now that it has the support of more than half of the House chamber, there should be no further delay," said Slaughter. "The American people are angry and expect more from Republican Leadership than continued stalling. It's time for Speaker Boehner and Majority Leader Cantor to bring the STOCK Act up for a clean up or down vote."

"There's no reason to delay the STOCK Act any further. I've introduced and re-introduced this commonsense, bipartisan bill for years," said Walz. "The American people are tired of the political posturing and brinksmanship that has become all too common in Washington. It's time to restore faith and trust in democracy by banning insider trading in Congress. It's time to pass the STOCK Act today."

On December 8, more than 218 members of the House, a bipartisan coalition, co-sponsored the STOCK Act. Despite this, [Majority Leader Cantor reportedly asked House Financial Services Chairman Spencer Bachus to postpone the markup his committee had scheduled, essentially halting the bill](#)

In his State of the Union Address last Tuesday, January 24, President Obama stated that if the STOCK Act reached his desk, he would "sign it tomorrow." Following his remarks, Senate Majority Leader Harry Reid indicated that he would move the STOCK Act to the Senate floor next week.

Congressman Tim Walz (MN-01) and Congresswoman Louise Slaughter (NY-28), Ranking Member of the House Rules Committee, re-introduced legislation on March 18, 2011, to ban insider trading on Capitol Hill saying Members of Congress should play by the same rules as everyone else.

The Stop Trading on Congressional Knowledge Act, or STOCK Act, (H.R. 1148) would prohibit Members of Congress and federal employees from profiting from nonpublic information they obtain via their official positions, and require greater oversight of the growing "political intelligence" industry.

The STOCK Act has a broad base of support from organizations dedicated to government reform including Citizens for Responsibility and Ethics in Washington (CREW), Common Cause, Democracy 21, Public Citizen and U.S. PIRG. In a letter to both lawmakers earlier this year, the organizations said, "This measure provides a balanced application of the laws against insider trading to both the private and public sectors and offers the important tool of disclosure for ensuring compliance with the law. The STOCK Act should be adopted by Congress before new scandals arise."

The original version of the Stop Trading on Congressional Knowledge Act (STOCK Act) was introduced in 2006.

## **BACKGROUND**

### **The Issue:**

### ***Day Trading***

There have been reports that Members of Congress and Congressional staff may have been engaged in, or were engaged in, day trading of securities. Nonpublic information about current or upcoming congressional activities may be used, or may have been used, in some of these trading decisions. For example, the Wall Street Journal reported that from 1999-2000 the Deputy Chief of Staff to then Majority Leader Tom Delay bought and sold hundreds of stocks from his congressional office computer. This information has been confirmed by other Delay aides and in year-end financial disclosure forms.

### ***Political Intelligence***

According to additional accounts, there is reason to believe some Members of Congress or their staff may have shared nonpublic information about current or upcoming Congressional activities with individuals outside of Congress working for political intelligence firms. These reports indicate that these individuals or their firms may have used this for investment purposes.

The increase in the number of political intelligence firms suggests that the leaking of nonpublic congressional information occurs regularly. What started out as a handful of firms in the 1970s, political intelligence firms have grown into an industry that brings in an estimated \$100 million a year.

### **What the STOCK Act Does:**

Prohibits Members, their staff, Executive branch employees, and any other person from buying or selling securities, swaps, or commodity futures based on congressional and executive branch nonpublic information; It also requires more timely disclosure of financial transactions above \$1,000 for those Members and staff that are already required to file annual financial disclosures;

Amends House ethics rules to prohibit Members and their employees from disclosing any non-public information about any pending or prospective legislative action for investment purposes;

Requires firms that specialize in "political intelligence", who use information obtained from Congress to make financial transactions, to register with the House and Senate – just like lobbying firms are now required to do.

### **Why the STOCK Act is Needed:**

#### ***There is no oversight authority on Congressional insider trading***

Insider trading is the buying or selling of financial instruments on the basis of material, nonpublic information in violation of a duty of confidentiality – either to the issuing company or to the source of information. Under current law, Members of Congress and their staff do not owe a duty of confidentiality to Congress, and therefore are not liable for insider trading.

#### ***We need sunlight and transparency of the political intelligence industry***

Political intelligence firms first appeared in the 1970s and have been on the rise in the past decade, but the industry remains relatively unknown because the firms are currently not required to register their clients or their earnings. By having these firms register with Congress along with lobbyists, the public will gain knowledge on who might be gaining an unfair advantage in the financial markets at the expense of the average financial investor.