

## **Wall Street Journal Reports on Dozens of Secret Meetings in the U.S. Capitol Allowing Wall Street to Profit Off of Privileged Information**

WASHINGTON – Congresswoman Louise Slaughter (NY-28), Ranking Member of the House Rules Committee, today said that in light of new reports on the toxic influence of the growing political intelligence industry, it is long past time that we pass her legislation requiring transparency of an industry using the work done in the Halls of Congress for their clients' personal gain.

Today, [the Wall Street Journal reported](#) on dozens of meetings set up by political intelligence firms with their clients and lawmakers, giving hedge funds and other financial institutions access to privileged information that made them untold sums of money. In the piece, a former White House ethics lawyer for President George W. Bush said the growing political intelligence industry was, "buying information from members of Congress in a perfectly legal way." Today's full report from the Wall Street Journal is included below.

The political intelligence industry is completely unregulated and worth upwards of \$100 million annually.

Slaughter is the long-time champion of the Stop Trading on Congressional Knowledge Act, or STOCK Act, which in addition to explicitly banning insider trading on Capitol Hill and requires timely financial disclosures, would shed light on the shadowy political intelligence industry that has further entangled Wall Street with Capitol Hill. Her legislation, introduced with Congressman Tim Walz (MN-1), has the support of a majority of the House of Representatives.

Specifically, the STOCK Act would require anyone collecting information for the purpose of investment decisions, including hedge funds, broker dealers, accountants, law firms and lobby shops, to register and comply with the same restrictions as lobbyists.

"It's more important than ever that the political intelligence industry – which has been making money hand over fist since the 1970s – is brought into the light of day," said Slaughter. "Our constituents didn't send us here to line the pockets of hedge fund managers. If there was ever a

case to show that Wall Street and Capitol Hill have become too cozy this is it, and the political intelligence industry is in desperate need of transparency meaning they should register as lobbyists do."

On December 13, Slaughter urged members of the Senate Homeland Security and Government Oversight committee not to weaken the Senate legislation with a mere study of the issue but to regulate it more fully.

"I understand that the Senate Chairman's mark of the STOCK Act replaces the political intelligence registration requirement with a simple study of the political intelligence industry. Let me tell you, we don't need a study to understand this industry; we need transparency and regulation so that the public, Members, staff, and regulators know who is speaking to Congress to gain an advantage on the financial markets," Slaughter said.

On December 6, Slaughter testified to the House Financial Services Committee and made clear that transparency in the political intelligence industry is a necessary piece of the STOCK Act going so far as to quote a website of a political intelligence firm bragging about "an additional layer of confidentiality" for their clients.

"Throughout our current economic crisis, and indeed since their creation in the 1970's, so called "political intelligence" firms have operated quietly in the background without any regulation or oversight. Recently, the size of this industry has grown considerably, bringing in an estimated \$100 million a year. These firms focus not on influencing Congress, but rather on using Congressional information to influence their clients' stock portfolios. For example, one political intelligence firm brazenly makes this concerning claim on their website, and I quote:

'Providing this service for clients who do not want their interest in an issue publicly known is an activity that does not need to be reported under the Lobbying Disclosure Act (LDA), thus providing an additional layer of confidentiality for our clients.'

"The STOCK Act does not ban political intelligence firms, but simply requires that the industry is as transparent as the lobbying industry."

Slaughter has been a champion of the STOCK Act since 2006. Before an explosive piece ran on [60 Minutes](#) Sunday, November 13, the legislation only had only 9 cosponsors. Support for the legislation has ballooned and as of today, the STOCK Act has gained 240 bipartisan co-sponsors including 83 Republicans in the House and for the first time has companion legislation in the Senate.