

March 29, 2006 - Slaughter Calls on Department of Justice to Investigate Capitol Hill Insider..

Slaughter, Baird Call on Department of Justice to Investigate Capitol Hill Insider Trading
Lawmakers Seek Congressional Insider Trading Ban

Washington, DC -Rep. Louise Slaughter, Ranking Member of the House Rules Committee, (D-NY) and Congressman Brian Baird (D-WA) today urged the Department of Justice to investigate how widespread Capitol Hill insider trading is (see attached letter). This comes just after Slaughter and Baird introduced legislation to stop congressional insider trading.

"Top Leadership aides know what is happening before anyone else. They have access to all sorts of sensitive information. The potential for abuse there is incredible," Rep. Slaughter said. "I want to see the Department of Justice investigate insider trading on Capitol Hill and impose accountability where it should have been already," she added.

The Stop Trading on Congressional Knowledge Act, or STOCK Act, will prohibit Members and employees of Congress from profiting from nonpublic information they obtain in their official positions, and require greater oversight of the growing "political intelligence" industry.

Slaughter and Baird's STOCK Act will:

- Prohibit members or employees of Congress from buying or selling stocks, bonds, or commodities futures based on nonpublic information they obtain with their status.

- Prohibit those outside of Congress from buying or selling stocks, bonds, or commodities futures based on nonpublic information obtained from within the Congress.

- Prohibit members, employees, or persons with nonpublic information from disclosing information about any pending or prospective legislative action if they believe that information will be used to buy or sell stocks, bonds, or commodities futures.

- Require members of Congress and employees to report the purchase, sale, or exchange of any stock, bond, or commodities future transaction in excess of \$1,000 within 30 days. Members and employees who chose to place their stock holding in blind trusts or mutual funds are exempt from this reporting requirement.

- Require firms that specialize in "political intelligence" gathering to register with the House and Senate, much like lobbying firms are now required to do.

"Members and staffers should be concerned first and foremost with serving the American people and not with fattening their stock portfolios on the taxpayer's dime," said Baird. "Increasingly common midnight votes and 'bridge-to-nowhere' earmarks are the perfect recipe for trading abuse; a few select staffers and members have access to information that could bring them a windfall as soon as the markets open."

Slaughter and Baird's legislation was prompted in part by allegations of trading misconduct leveled at Tony Rudy, a former staffer to Majority Leader Tom Delay and associate of Jack Abramoff. The lawmakers are also concerned with recent reports on Washington, D.C.'s thriving "political intelligence" industry. Political intelligence firms first appeared in

the 1970s, but the industry remains relatively unknown because the firms are currently not required to register their clients or their earnings.

"The bottom line is, at the very least, individuals with access to non-public government information should be held to the same standards as any other American. There is a gaping hole in the law and it needs to be closed," said Slaughter.

In addition to issues of fairness, Capitol Hill insider trading also has critical national security implications; foreign investors are getting into the American political intelligence business. This past summer, China's Xinhua Finance purchased the political intelligence firm Washington Analysis for an undisclosed amount as the bidding war for Unocal was heating up between Chevron and China National Offshore Oil.