



November 22, 2022

Andrew Katsaros  
Inspector General  
Federal Trade Commission  
Office of Inspector General  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

*Submitted via email (OIG@ftc.gov)*

Dear Inspector General Katsaros:

Campaign Legal Center (“CLC”) respectfully requests that the Federal Trade Commission (“FTC”) Office of Inspector General (“OIG”) investigate deficiencies in the agency’s ethics program. Specifically, the FTC repeatedly allowed senior officials to own and trade stock in companies that appear to create conflicts of interest with their official duties.<sup>1</sup> Federal ethics rules provide that the FTC Chair and the Designated Agency Ethics Official (“DAEO”) are responsible for “maintaining an effective agency ethics program.” Pursuant to 5 C.F.R. § 2638.106, the OIG should investigate whether the FTC’s ethics program has enabled public officials to have personal financial interests that violate the Ethics in Government Act.

Recent reporting revealed that during the past five years, the FTC ethics program permitted: the director of the office coordinating an investigation into a tech company to sell the company’s stock;<sup>2</sup> the director of the office investigating a manufacturing company to own the company’s

---

<sup>1</sup> *Capital Assets: A Wall Street Journal Investigation*, Wall St. J. (Oct. 13, 2022), <https://www.wsj.com/articles/capital-assets-11665673055?mod=bigtop-breadcrumb>.

<sup>2</sup> Brody Mullins, et al., *The Regulators of Facebook, Google and Amazon Also Invest in the Companies’ Stocks*, Wall St. J. (Oct. 13, 2022), <https://www.wsj.com/articles/the-regulators-of-facebook-google-and-amazon-also-invest-in-the-companies-stocks-11665670207> (attached at Exhibit A).

stock;<sup>3</sup> the associate director of the office that issued information requests to two media companies to own both companies' stock;<sup>4</sup> and the former FTC Chair involved in expanding the agency's investigation into a company to sell the company's stock.<sup>5</sup> The agency's ethics officials are required to prevent actual conflicts of interest and the appearance of such conflicts caused by an official's financial interests. An investigation is needed to determine whether the ethics officials are complying with the requirements.

The FTC serves a vital role in Americans' lives by "protecting the public from deceptive or unfair business practices."<sup>6</sup> The FTC Chair and the agency ethics officials are instrumental in maintaining that public trust by enforcing ethics laws.<sup>7</sup> The public has a right to know that the officials tasked with protecting them from deceptive or unfair practices are always acting in the public's interest, not in their own private financial interest.

### **The FTC Chair and Agency Ethics Officials Are Required to Identify and Resolve Employee Conflicts of Interests**

Under 5 C.F.R. § 2638.107, the FTC Chair "is responsible for, and will exercise, personal leadership in, establishing and maintaining an effective agency ethics program and fostering an ethical culture in the agency." As part of those responsibilities, the FTC Chair designates "employees to serve as the DAEO and ADAEO . . . ."<sup>8</sup> Pursuant to 5 C.F.R. § 2634.605, a DAEO must examine employee financial disclosure reports to determine that "no interest or position disclosed on the report violates or appears to violate . . . [t]he [Ethics in Government] Act," or any other agency-specific rule which governs the filer.<sup>9</sup>

Pursuant to 5 C.F.R. § 2635.501, the Standards of Ethical Conduct for Employees of the Executive Branch ("Standards of Conduct"), officials are required to act with impartiality in performing official duties.<sup>10</sup> This includes instances in which an employee's involvement in a specific matter would cause "a reasonable person with knowledge of the relevant facts to question his impartiality in the matter."<sup>11</sup>

---

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> About the FTC, Fed. Trade Comm'n, <https://www.ftc.gov/about-ftc>.

<sup>7</sup> 5 C.F.R. § 2638.104.

<sup>8</sup> 5 C.F.R. § 2638.107(a).

<sup>9</sup> 5 C.F.R. § 2634.605(b)(2).

<sup>10</sup> 5 C.F.R. §§ 2635.501-503.

<sup>11</sup> 5 C.F.R. § 2635.502(a).

The Standards of Conduct also require employees, as part of their basic obligation to public service to “not hold financial interests that conflict with the conscientious performance of duty;”<sup>12</sup> and “not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.”<sup>13</sup> They also prohibit employees from using public office for private gain.<sup>14</sup> Finally, officials should “avoid any actions creating the appearance that they are violating” these provisions.<sup>15</sup>

In the event that an employee fails to prevent a conflict of interest or the appearance of a conflict of interest, DAEOs must take appropriate action to resolve the conflict under 5 C.F.R. § 2638.104(c)(6).<sup>16</sup> In addition, 5 C.F.R. § 2638.104(c)(8) requires DAEOs to carry out an effective financial disclosure program to assist employees in preventing the appearance of a conflict of interest.<sup>17</sup>

Pursuant to 5 C.F.R. § 2638.106, “[a]n agency's Inspector General has authority to conduct investigations of suspected violations of conflict of interest laws and other government ethics laws and regulations.”

### **The FTC Repeatedly Allowed Officials to Own Stock in Companies Related to Their Official Duties**

From 2017 to 2021, senior FTC officials owned stock in companies that created actual or perceived conflicts of interest with their official duties. The officials responsible for prohibiting these conflicts of interest, including the FTC Chair and DAEO, apparently approved or ignored these ethics issues.

Specifically, FTC ethics officials failed to stop conflicts of interest for at least four senior officials, which heightens the concern that widespread conflicts of interest have permeated the entire agency.

#### **1. Director of the Office of International Affairs:** Randolph Tritell served as the Director of the Office of International Affairs from 2007 to

---

<sup>12</sup> 5 C.F.R. § 2635.101(b)(2).

<sup>13</sup> 5 C.F.R. § 2635.101(b)(3).

<sup>14</sup> 5 C.F.R. § 2635.101(b)(7).

<sup>15</sup> 5 C.F.R. § 2635.101(b)(14).

<sup>16</sup> 5 C.F.R. § 2638.104(c)(6) directs DAEOs to take “appropriate action to resolve conflicts of interest, through recusals, directed divestitures, waivers, authorizations, assignments, and other appropriate means.”

<sup>17</sup> 5 C.F.R. § 2638.104(c)(8).

2022.<sup>18</sup> His responsibilities included leading and coordinating the FTC's work in international antitrust and consumer protection.<sup>19</sup>

- *Stock* – Mr. Tritell owned Facebook stock valued between \$15,001 and \$61,000; and Amazon stock valued between \$15,001 and \$50,000.
- *Conflict of Interest* – Mr. Tritell traded Facebook stock while his office coordinated with U.K. officials on exchanging evidence and confidential information during a high-profile investigation into Facebook.<sup>20</sup> The timing of his stock trades for Facebook aligned with the timing of the stock price rising and falling based on updates of an investigation conducted by his office.<sup>21</sup> When Facebook shares rose, in part because of news that Facebook and the FTC were close to a settlement, Mr. Tritell sold \$5,327 worth of stock in the company, which was up 35% from his purchase of the stock a few months prior.<sup>22</sup> A couple months later, Mr. Tritell sold the rest of his Facebook stock.<sup>23</sup> According to reports, Mr. Tritell did not lead the coordination with the U.K. officials, but did have informal conversations about it with his colleagues.<sup>24</sup> Mr. Tritell acknowledges that he was briefed by his deputies during the Facebook probe.<sup>25</sup> Given his office's role in sharing evidence and confidential information with the U.K. government, Mr. Tritell could have received nonpublic information that led him to trade Facebook stock, which he may not do under 5 C.F.R. § 2635.101(b)(3). Additionally, Mr. Tritell made an 80% gain in an Amazon stock trade over a nine-month period while he was head of the department

---

<sup>18</sup> Randolph Tritell, Concurrences, <https://www.concurrences.com/en/auteur/Randolph-Tritell>.

<sup>19</sup> Off. of Int'l Affairs, Fed. Trade Comm'n, <https://www.ftc.gov/about-ftc/bureaus-offices/office-international-affairs>.

<sup>20</sup> Mullins, *supra* note 2.

<sup>21</sup> See, e.g., Meta stock dropped from 185 on March 12 to 160 on March 26, the day the FTC stated it was investigating Meta. Meta Platforms, Inc. (META), Yahoo Finance, <https://finance.yahoo.com/quote/META/>; *Statement by the Acting Director of FTC's Bureau of Consumer Protection Regarding Reported Concerns about Facebook Privacy Practices*, Fed. Trade Comm'n (Mar. 26, 2018), <https://www.ftc.gov/news-events/news/press-releases/2018/03/statement-acting-director-ftcs-bureau-consumer-protection-regarding-reported-concerns-about-facebook>.

<sup>22</sup> Mullins, *supra* note 2. 7

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

coordinating with the European Commission as it investigated Amazon for violating antitrust rules.<sup>26</sup>

- Ethics Program Deficiency – The ethics office certified that Mr. Tritell’s stock holdings were in compliance with the law.<sup>27</sup> However, a reasonable person would view his stock purchases and sales as suspicious, which Mr. Tritell has a responsibility to avoid.<sup>28</sup> Based on the suspicious appearance of these trades, the DAEO should have taken action to resolve the appearance of the conflict of interest.<sup>29</sup>

**2. Acting Director of the Bureau of Competition:** Abbott Lipsky served as the Acting Director of the FTC’s Bureau of Competition from February 2017 to July 2017.<sup>30</sup> The Bureau of Competition enforces antitrust laws to promote the interests of consumers, including ensuring that any mergers would not result in a monopoly.<sup>31</sup> As acting director, Mr. Lipsky was tasked with ensuring that the FTC works on behalf of the public by safeguarding fair competition and stopping unfair or deceptive practices.<sup>32</sup>

- Stock – Mr. Lipsky was a trustee and beneficiary of a family trust that held between \$50,001 and \$100,000 in stock of Emerson Electric Co.<sup>33</sup>
- Conflict of Interest – At the same time Mr. Lipsky was a trustee and beneficiary of the family trust that owned stock in Emerson Electric Co., officials in the Bureau of Competition were investigating the company’s \$3.15 billion acquisition of a unit of Pentair PLC.<sup>34</sup> Soon after, the FTC reached an agreement with Emerson Electric Co. resolving monopoly concerns to allow the acquisition to move forward.<sup>35</sup>

---

<sup>26</sup> *Id.*

<sup>27</sup> FTC Off. of Int’l Affairs, *supra* note 19.

<sup>28</sup> 5 C.F.R. § 2635.101(b)(14).

<sup>29</sup> *See* 5 C.F.R. § 2638.104(c)(6).

<sup>30</sup> Mullins, *supra* note 2.

<sup>31</sup> Bureau of Competition, Fed. Trade Comm’n, <https://www.ftc.gov/about-ftc/bureaus-offices/bureau-competition>.

<sup>32</sup> *See, e.g., FTC Chair Lina M. Khan Appoints Directors of Bureau of Competition and Bureau of Consumer Protection*, Fed. Trade Comm’n (Sept. 28, 2021), <https://www.ftc.gov/news-events/news/press-releases/2021/09/ftc-chair-lina-m-khan-appoints-directors-bureau-competition-bureau-consumer-protection>.

<sup>33</sup> Mullins, *supra* note 2.

<sup>34</sup> *Id.*

<sup>35</sup> *Id.*

- *Ethics Program Deficiency* – The ethics office certified that Mr. Lipsky’s stock holdings were in compliance with the law.<sup>36</sup> However, the DAEO should have flagged Mr. Lipsky’s family trust holdings as potentially creating a conflict of interest.<sup>37</sup> Mr. Lipsky came into the role of acting director of the Bureau of Competition while officials in the Bureau were investigating the company his family trust held stock in. The DAEO should have required Mr. Lipsky to recuse himself from all matters involving Emerson Electric Co. or taken some other action to reduce the appearance of a conflict of interest presented by his Bureau’s review of a merger that would affect the holdings in his family trust.<sup>38</sup>

### **3. Associate Director of Enforcement for the Bureau of Consumer**

**Protection:** James Kohm has served as the Associate Director of Enforcement for the FTC Bureau of Consumer Protection since 2005.<sup>39</sup> The Bureau of Consumer Protection’s primary purposes include conducting investigations into companies who may have violated the law and developing rules to better enforce the law to stop unfair, deceptive, and fraudulent business practices.<sup>40</sup> Similar to Mr. Lipsky’s role, Mr. Kohm’s responsibilities included protecting the public by safeguarding fair competition and stopping unfair or deceptive practices.<sup>41</sup>

- *Stock* – Mr. Kohm owned between \$15,001 and \$50,000 in both Comcast Corp. and AT&T stock.
- *Conflict of Interest* – While the Bureau of Consumer Protection issued orders to Comcast Corp. and AT&T to get information about their privacy practices, Mr. Kohm owned stock in both companies.<sup>42</sup>
- *Ethics Program Deficiency* – The ethics office certified that Mr. Kohm’s stock holdings were in compliance with the law.<sup>43</sup> However, Mr. Kohm’s stock in Comcast and AT&T created the appearance of a conflict of interest given that his department’s investigation into

---

<sup>36</sup> FTC Off. of Int’l Affairs, *supra* note 19.

<sup>37</sup> 5 C.F.R. § 2638.104(c)(6).

<sup>38</sup> *Id.*

<sup>39</sup> James Kohm, LinkedIn, <https://www.linkedin.com/in/james-kohm-4a23475a/>.

<sup>40</sup> Bureau of Consumer Protection, Fed. Trade Comm’n, <https://www.ftc.gov/about-ftc/bureaus-offices/bureau-consumer-protection>.

<sup>41</sup> See, e.g., *FTC Chair Lina M. Khan Appoints Directors of Bureau of Competition and Bureau of Consumer Protection*, *supra* note 32.

<sup>42</sup> Mullins, *supra* note 2.

<sup>43</sup> FTC Off. of Int’l Affairs, *supra* note 19.

AT&T's privacy practices could have affected the stock price, which would have in turn affected Mr. Kohm's personal financial interest. This interest directly conflicts with Mr. Kohm's "conscientious performance of duty" because it would not have been in Mr. Kohm's personal financial interest for the department he directs, the enforcement division of the Bureau of Consumer Protection, to move from an investigation into a lawsuit, as it would have likely decreased the value of Mr. Kohm's stock.<sup>44</sup> For this reason, the DAEO should have taken action to address the conflict of interest presented by Mr. Kohm's stock holdings.

**4. FTC Chair:** Joseph Simons served as the FTC chairman from 2018 to 2021.<sup>45</sup> As the FTC chairman, Mr. Simons helped shape the enforcement agenda of the FTC. The chairman also works with the rest of the Commission to develop policy on all the issues that fall under the FTC's purview.<sup>46</sup>

- Stock – Mr. Simons sold a stake in Charter Communications Inc. worth between \$1,001 and \$15,000.
- Conflict of Interest – Within two weeks of Mr. Simons selling his stake in Charter Communications Inc., he and the rest of the Commission voted to expand an examination into whether Charter Communications was appropriately collecting and disclosing consumer information, among other privacy concerns.<sup>47</sup>
- Ethics Program Deficiency – The ethics office certified that Mr. Simons's sale of his stake in Charter Communications Inc. was in compliance with the law.<sup>48</sup> However, participating in the vote to include the company in the privacy investigation could have had an impact on the stock price, raising questions as to whether the stock was sold based on nonpublic knowledge as prohibited by federal regulations.<sup>49</sup> The proximity of the stock sale to the agency's vote also gives the appearance that Mr. Simons made the transaction because of the upcoming vote, which would violate 5 C.F.R. § 2635.101(b)(2). For that reason, the DAEO should have investigated

---

<sup>44</sup> 5 C.F.R. § 2635.101(b)(2).

<sup>45</sup> Mullins, *supra* note 2.

<sup>46</sup> See Julie Brill, *The Role of the Commissioner at the FTC*, Fed. Trade Comm'n (Mar. 16, 2011), <https://www.ftc.gov/news-events/news/speeches/role-commissioner-ftc>.

<sup>47</sup> Mullins, *supra* note 2.

<sup>48</sup> FTC Off. of Int'l Affairs, *supra* note 19.

<sup>49</sup> 5 C.F.R. § 2635.101(b)(3).

to determine whether Mr. Simons violated any conflict of interest laws.<sup>50</sup>

Based on these examples of seemingly obvious conflicts of interest, it is unclear how the ethics officials concluded that it was appropriate for the senior officials to own the stocks and perform their duties. As a result, the OIG should review the ethics program to determine the deficiencies.

### **An Investigation is Needed to Determine Whether the FTC Chair and Agency Ethics Officials Took Appropriate Action to Avoid Employee Conflicts of Interest**

The trades made by Randolph Tritell, Abbott Lipsky, James Kohm, and Joseph Simons create the appearance of a conflict of interest. They were all high-ranking FTC officials who owned stock in companies that were directly affected by the actions their departments did or did not take.

Federal regulations clearly require the FTC Chair and DAEO to ensure that an official does not have an interest that may create a conflict of interest, and to take action to resolve the appearance of a conflict if one is present.<sup>51</sup> The facts suggests that the ethics officials did not take any action to resolve the appearance of conflicts of interest presented by Mr. Tritell, Mr. Lipsky, Mr. Kohm, and Mr. Simons and their stock trades, and even certified that all these officials were in compliance with the law.<sup>52</sup>

We request that your office investigate whether the FTC ethics program is implemented properly in compliance with financial disclosure requirements of 5 C.F.R. § 2638.104(c)(8).

Respectfully Submitted,

\_\_\_\_\_/s/\_\_\_\_

Kedric L. Payne  
General Counsel and Senior Director, Ethics  
Campaign Legal Center

\_\_\_\_\_/s/\_\_\_\_

Danielle Caputo  
Legal Counsel  
Campaign Legal Center

---

<sup>50</sup> 5 C.F.R. § 2638.104(c)(6).

<sup>51</sup> 5 C.F.R. § 2638.104(c)(6).

<sup>52</sup> Mullins, *supra* note 2.

# Exhibit A

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com).

The top watchdog of American business is also home to Washington's most active Wall Street investors.

The Federal Trade Commission in recent years has opened investigations into nearly every major industry. It has launched antitrust probes into technology companies, examined credit card firms and moved to restrict drug, energy and defense-company mergers.

At the same time, senior officials at the FTC disclosed more trades of stocks, bonds and funds, on average, than officials at any other major agency in a Wall Street Journal review of financial disclosures at 50 federal agencies from 2016 to 2021.

Many of the investments overlapped with the FTC's work.

A third of its 90 senior officials owned or traded stock in companies that were undergoing an FTC merger review or investigation, based on actions the agency has made public.

FTC officials owned stock in 22 of the roughly 60 large companies the FTC brought cases against in the period reviewed.

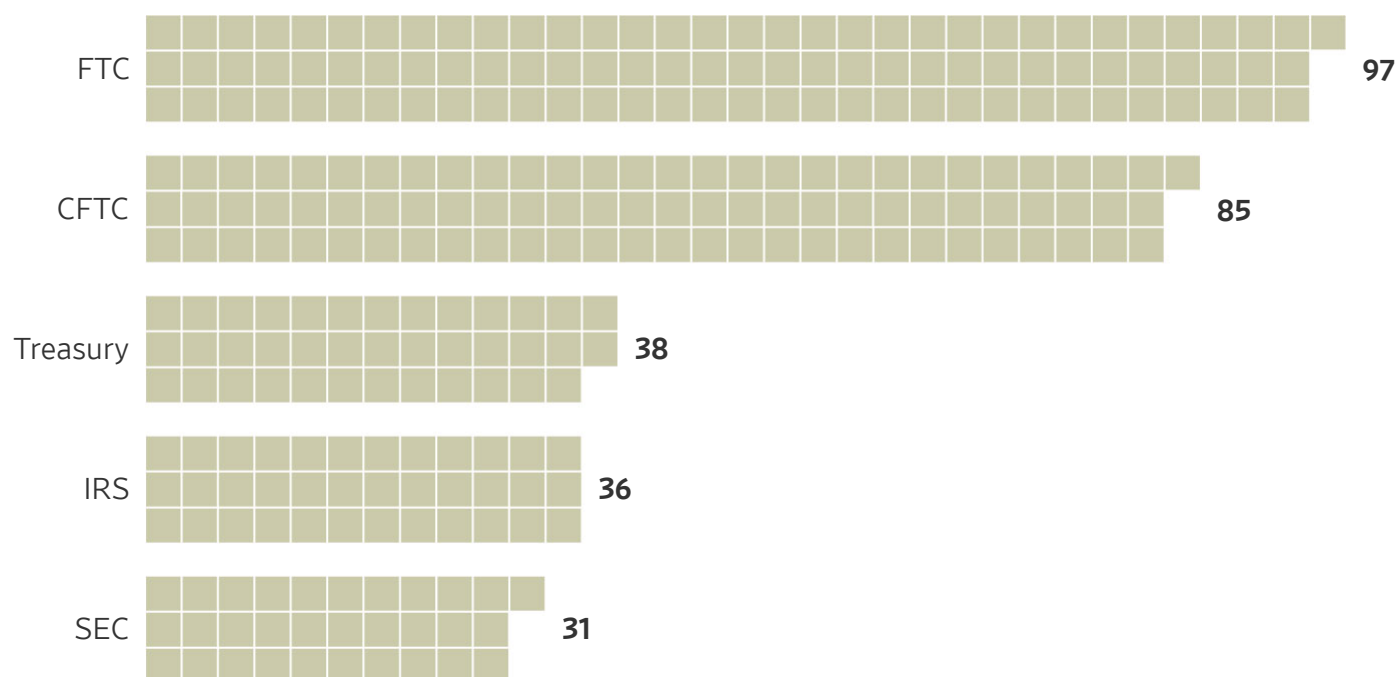
The officials were most heavily invested in technology, an industry that has come under increasing scrutiny by the agency. Nearly one in four top FTC officials owned or traded individual stocks of tech companies such as Amazon.com Inc., Meta Platforms Inc.'s Facebook, Alphabet Inc.'s Google, Microsoft Corp. and Oracle Corp.

An FTC chairman owned Microsoft, Oracle and AT&T Inc. while the agency was conducting sensitive reviews affecting the tech and telecom sectors.

The head of the FTC's international division bought and sold Facebook stock through a financial adviser as his office coordinated with overseas enforcement officials on an investigation involving Facebook.

And an FTC consumer-protection official owned stock in more than 10 companies as the agency scrutinized mergers or acquisitions involving the firms.

#### Average number of reported transactions per official, 2016-21



Note: Agencies include those with at least 50 filers. Select agencies shown. Includes stocks, bonds and funds.

The FTC's mandate gives it broad oversight over American business. Nearly every large U.S. company has interests that run through the hallways of the agency.

U.S. law prohibits federal employees from participating in policy matters in which they have a significant financial stake. Additional regulations direct federal employees to avoid even the appearance of a conflict.

The Journal obtained and analyzed financial disclosures for about 12,000 senior career employees, political staff and presidential appointees at 50 agencies who ranked high enough that they were required to file public reports.

The stock holdings the Journal identified among FTC officials were legal because the rules contain exemptions that often permit officials to own stocks that overlap with their agencies' work. An investment of \$15,000 or less in an individual stock, or of \$50,000 or less in an industry-specific mutual fund, isn't deemed a conflict of interest under federal regulations.

An FTC spokesman said the agency officials had followed the law.

The spokesman said the agency has a "robust ethics program" and follows the rules set by Congress and the Office of Government Ethics. He said its ethics office reviews senior employees' disclosures and counsels them on how to comply with the rules.

Before ethics officials will certify compliance, they require filers to confirm they have reviewed guidance on potential conflicts and aren't aware of any actual conflicts. "Ultimately, it is the filer's obligation to comply with the rules," the FTC spokesman said. Ethics officials certified that the employees in the Journal's review were in compliance with the law.

---

Ask WSJ

## The Stock Trades of Government Officials

An investigation by The Wall Street Journal has revealed that thousands of government officials reported owning stock in companies that their agencies oversee. Join investigative reporters Rebecca Ballhaus and Brody Mullins live as they discuss their deep-dive into the financial disclosure forms of federal officials.

### Ask WSJ Reporters

---

The spokesman said the ethics office reports any conflicts it identifies to the agency's inspector general. Its inspector general referred four such matters to the Justice Department between 2016 and 2020. Prosecutors declined to investigate any of them.

The law doesn't require ethics officials to examine qualitative issues, such as the timing of trades, the number of transactions and how stock prices change over the course of the reporting period. Nor do they examine broad patterns of stock ownership by officials throughout the agencies they help oversee.

Longtime ethics officials said the investing by FTC employees undermines the agency's mission, even though in legal compliance. It "hurts the reputation of the agency and the government in general," said Kent Cooper, a former government official and expert on ethics issues. "Are these decisions being made for the benefit of the public or the officials who have a personal benefit in the outcome?"

Ethics lawyers said the investments suggest the FTC might need to adopt tighter rules on what stocks officials are allowed to own and trade. The Securities and Exchange Commission, for example, imposes additional restrictions, including barring officials from trading companies under SEC investigation regardless of whether they have personal knowledge of the probe. The FTC has no such rules beyond the federal conflict-of-interest law.

For years, the FTC has faced bipartisan criticism for not more aggressively enforcing competitive practices in corporate America. Now it is poised to take a far higher profile. President Biden has signaled tougher antitrust scrutiny and appointed as chairwoman a vocal critic of large companies.

Randolph Tritell, the recently retired head of the FTC's Office of International Affairs, reported more stock trades than any other FTC official in the period the Journal examined. The office coordinates with foreign counterparts to make sure rules, merger conditions and enforcement actions are applied consistently, and coordinates the sharing of evidence and other information on overlapping investigations.

Mr. Tritell reported large holdings in technology stocks. He owned Apple Inc. stock valued at between \$100,001 and \$250,000, Amazon shares worth \$15,001 to \$50,000, and \$1,001 to \$15,000 of Microsoft stock, according to his most recent financial-disclosure form. Since 2016, he has reported a total of more than three dozen trades in Facebook, Amazon, Microsoft and Oracle.



Randolph Tritell, former director of the FTC's Office of International Affairs.

PHOTO: FEDERAL TRADE COMMISSION

One of Mr. Tritell's best-timed stock trades was an 80% gain in Amazon over nine months as the European Commission investigated whether the company violated antitrust rules.

Mr. Tritell said he followed the law. Ethics officials certified his disclosures each year as complying with the rules.

Mr. Tritell said a financial adviser handles his trading. He said he has the authority to provide some direction to the adviser, but rarely does. He said he had "no role whatsoever" in Amazon, Oracle, Apple and Microsoft trades.

An exception was Facebook, where Mr. Tritell said he didn't have any role in the trades "other than for one transaction." He declined to provide details.

Mr. Tritell disclosed six trades in Facebook amid a high-profile investigation into whether the company had abused consumers' privacy.

His office coordinated with U.K. officials on the exchange of evidence and confidential information on an investigation involving Facebook and U.K.-based Cambridge Analytica. The FTC announced they were examining Facebook's privacy practices in March 2018.

Two officials in Mr. Tritell's office took the lead in the talks with U.K. counterparts, and one of his deputies acted as a supervisor, according to former officials. Mr. Tritell had informal conversations with colleagues about the probe, but wasn't briefed on the details of conversations with the U.K., according to the officials.

At the end of 2017, Mr. Tritell owned between \$15,001 and \$50,000 of Facebook shares, according to his financial disclosure. In April 2018, Mr. Tritell reported two purchases of Facebook shares.

He bought additional shares in June and December. In all, Mr. Tritell invested a total of just under \$11,000 in Facebook that year, according to figures he provided the Journal.

Facebook shares rose in the early part of 2019, partly on news that a settlement of the investigation was near. On April 15, 2019, Mr. Tritell reported selling \$5,327 worth of the stock, which was up 35% from the December purchase. He sold the rest of his Facebook shares, \$22,886 worth, on June 4, he said.

In July 2019, the FTC said it was imposing a \$5 billion penalty on Facebook over its practices involving users' data.

The same day it announced this penalty, the FTC sued Cambridge Analytica and said it had settled with the firm's former chief executive. In its news release, the agency credited the cooperation with U.K. regulators overseen by Mr. Tritell's office.



Meta Platforms headquarters in Menlo Park, Calif.  
PHOTO: DAVID PAUL MORRIS/BLOOMBERG NEWS

In an interview, Mr. Tritell said that his deputies largely handled fraud and deception matters such as the Facebook probe, and that for most such cases, “I was less briefed in detail because I knew they were doing a great job.”

Mr. Tritell said he didn’t discuss his office’s involvement in the case with ethics officials. He said they didn’t flag any potential conflicts to him. He also said it doesn’t make “any practical sense” for ethics lawyers to know what matters officials are working on.

Mr. Tritell said of the Facebook probe: “I wasn’t personally and substantially involved, so there’s no issue.” The law doesn’t consider stock holdings to be a conflict unless officials work “personally and substantially” on an issue that can affect their investments.

He said he meets with his financial adviser to discuss his portfolio roughly every six months. He said he saw his trades when he reviewed his statements to file monthly transaction reports with the FTC ethics office, as required by a 2012 law known as the STOCK Act.

Mr. Tritell said he finds stock trading “horribly tedious” and “the last thing I want to spend my time on.”

Among officials with large holdings in companies affected by FTC decisions was James Kohm, associate director of the FTC Bureau of Consumer Protection’s enforcement division. His job includes making sure companies comply with agreements reached with the agency to settle charges of unfair or deceptive practices.

Mr. Kohm disclosed owning between \$15,001 and \$50,000 in both Comcast Corp. and AT&T shares when the FTC’s consumer protection bureau issued orders in March 2019 to several U.S. broadband providers, including those two companies, seeking information about their privacy practices.



The FTC's then-chairman Joseph Simons, left, with James Kohm, associate director of the consumer protection bureau's enforcement division, announcing a settlement with Facebook in July 2019.

PHOTO: YURI GRIPAS/REUTERS

He also reported owning stock in more than three dozen companies, including more than 10 while they were undergoing FTC merger or acquisition reviews.

Mr. Kohm held Allstate Corp. shares worth between \$100,001 and \$250,000 in 2018 when the FTC cleared an Allstate takeover of a company called InfoArmor Inc.

Mr. Kohm held \$50,001 to \$100,000 in AstraZeneca PLC when the company announced a \$39 billion plan to acquire drug firm Alexion Pharmaceuticals Inc. in late 2020. The FTC cleared the deal the following April.

In an email, Mr. Kohm said he didn't work on any issues involving the companies he owned. He also said he hasn't realized a profit on any of the stocks he owns because he hasn't sold them.

Joseph Simons, the FTC chairman from 2018 until January 2021, disclosed more than 1,300 trades during his tenure. Fewer than a dozen were trades in individual stocks; the rest were in mutual funds and exchange-traded funds.

Half of the individual stocks he reported owning were technology and telecommunications companies involved in FTC reviews.

The FTC spokesman said Mr. Simons's investments weren't ethics violations because stock investments of \$15,000 or below aren't considered a conflict. "He sought and received counsel and took steps that were needed in order to comply," the spokesman said.

When the FTC issued orders in March 2019 to the several broadband providers seeking information, Mr. Simons held between \$1,001 and \$15,000 in AT&T shares. He held onto the stock until August of that year, when he sold his stake.



Mr. Simons testifying at a House Energy and Commerce subcommittee hearing in May 2019, when he was chairman of the FTC.

PHOTO: SUSAN WALSH/ASSOCIATED PRESS

The same day he sold his AT&T stock, Mr. Simons reported the sale of a stake in Charter Communications Inc., worth between \$1,001 and \$15,000. Less than two weeks later, the FTC broadened the examination of privacy rules to include Charter.

Mr. Simons also held some technology stocks when the FTC on Feb. 11, 2020, ordered the industry's largest players—Alphabet, Amazon, Apple, Facebook and Microsoft—to provide more information about their previous acquisitions, as part of its examination of the tech sector's growth.

In a news release announcing the orders, Mr. Simons said they would "help us continue to keep tech markets open and competitive, for the benefit of consumers."

The next day, Mr. Simons sold between \$2,002 and \$30,000 worth of stock in Oracle, a rival tech company, according to his disclosures. He didn't sell his Microsoft stock.

By the time he left office, the price of his Microsoft shares was up 140% from when he became chairman.

Mr. Simons declined to comment on his holdings.

A former acting director of the FTC office that enforces antitrust laws owned stock in three companies that came under scrutiny by the agency during his tenure.

Abbott Lipsky, a longtime antitrust attorney, was named acting director of the FTC's Bureau of Competition in February 2017.

In a financial disclosure he filed later that year, Mr. Lipsky reported owning nearly 90 individual stocks, some of which were in a family trust of which he was a trustee and a beneficiary. He reported that the trust held between \$50,001 and \$100,000 in stock of Emerson Electric Co., one-fifth of which was his share.

At the time, FTC competition officials were investigating Emerson's planned \$3.15 billion acquisition of a unit of Pentair PLC.

In April 2017, nearly two months after Mr. Lipsky started running the competition bureau, the FTC said it had reached an agreement with Emerson in which the company would sell Pentair's switchbox business to settle the FTC's charges that the acquisition would violate antitrust law.

In early May, Mr. Lipsky reported buying between \$1,001 and \$15,000 in JPMorgan Chase & Co. stock. He already owned shares in the company, according to his disclosure.

Seven weeks later, on June 29, the FTC cleared an acquisition involving JPMorgan.

Mr. Lipsky left the FTC on July 3, 2017. He didn't respond to requests for comment. Ethics officials certified that he was in compliance with the law.

A pamphlet the FTC wrote for new employees in 2019 cautioned them against conflicts and urged them to stay abreast of their financial holdings. “Cheese gets better with age—financial data doesn’t,” it said.

The pamphlet added: “Some things are more precious than others—the public’s trust is one example.”

An FTC ethics lawyer who helped produce the pamphlet owned stocks herself in companies the agency investigated.

Lorielle Pankey and family members owned between \$65,002 and \$150,000 of Visa Inc. shares at the outset of an FTC inquiry into whether Visa and Mastercard Inc. had prevented retailers from using competing debit networks. The card companies have said they comply with the law.

On July 13, an account controlled by Ms. Pankey’s family sold \$5,613 of Visa stock, according to her disclosures and the FTC spokesman. On July 31, Visa disclosed in a quarterly report that the FTC had requested documents in June.

Ms. Pankey and her family kept most of their Visa shares, which were valued at between \$100,002 and \$200,000 at the end of 2020. Shares of Visa more than doubled from the time Ms. Pankey started at the FTC in June 2016 to the end of 2020. The FTC investigation is continuing.

Ms. Pankey said she had fully complied with ethics requirements and said any suggestion she had violated the rules was “completely false.”

“I am not now and have never in the course of my FTC tenure personally and substantially participated in any FTC particular matter affecting the financial interests of Visa,” she said in an email. “Further, I have never used nonpublic information acquired in the course of my FTC duties for the private gain of myself or others.”

The FTC spokesman said that Ms. Pankey doesn’t work on FTC investigations of companies and that the stocks she owns are held in brokerage accounts opened by her father when she

was a child. He said Ms. Pankey didn't direct any stock trades and that the Visa sale was made by a financial adviser who manages the account.

Another FTC official made large trades in Visa and Mastercard during the investigation.

When the probe became public in November 2019, FTC Chief Administrative Law Judge D. Michael Chappell held between \$1 million and \$5 million in Mastercard stock and between \$100,001 and \$250,000 in Visa shares, according to his disclosure form.

On Jan. 2, 2020, Mr. Chappell sold all of his Visa stock and between \$250,001 and \$500,000 of his Mastercard holdings. It was the first time he had sold shares in the companies in at least four years.

Since then, Mr. Chappell has sold Mastercard stock three more times, totaling between \$400,003 and \$850,000. At the end of last year, he reported owning between \$500,001 and \$1 million in Mastercard shares.



The Federal Trade Commission offices in Washington.  
PHOTO: ERIC LEE FOR THE WALL STREET JOURNAL

The FTC spokesman said Mr. Chappell “operates independently from the agency” and “has no knowledge of or involvement with FTC investigations or enforcement actions and in fact is strictly separated from any agency actions with respect to matters that come or could come before the Commission since he may be tasked with adjudicating these matters.”

In an interview, Mr. Chappell said that he didn’t work on the FTC’s investigation into Visa and Mastercard and that in his role, he is made aware of FTC investigations only once the agency files a lawsuit. “I don’t know who they are investigating and I don’t care,” Mr. Chappell said.

He said he adheres to agency rules on stock ownership and attends the FTC’s annual training sessions.

He said he didn’t know the FTC was investigating Mastercard or Visa until the Journal brought it to his attention. Said Mr. Chappell: “I can assure you that I don’t know anything about that.”

*—Design by Andrew Levinson. Graphic by Rosie Ettenheim. A color filter has been used on photos.*

**Write to** Brody Mullins at [Brody.Mullins@wsj.com](mailto:Brody.Mullins@wsj.com), Rebecca Ballhaus at [Rebecca.Ballhaus@wsj.com](mailto:Rebecca.Ballhaus@wsj.com), Chad Day at [Chad.Day@wsj.com](mailto:Chad.Day@wsj.com), John West at [John.West@wsj.com](mailto:John.West@wsj.com) and Coulter Jones at [Coulter.Jones@wsj.com](mailto:Coulter.Jones@wsj.com)

*Appeared in the October 14, 2022, print edition as ‘Tech Firm Overseers Also Invest in Them’.*