



July 23, 2024

The Honorable Gary Peters  
Chairman  
Committee on Homeland Security and  
Governmental Affairs  
United States Senate  
724 Hart Senate Office Building  
Washington, DC, 20510

The Honorable Rand Paul  
Ranking Member  
Committee on Homeland Security and  
Governmental Affairs  
United States Senate  
295 Russell Senate Office Building  
Washington, DC, 20510

CC: Members of the U.S. Senate Committee on Homeland Security and  
Governmental Affairs

Dear Chairman Peters, Ranking Member Paul, and Members of the Committee:

On behalf of Campaign Legal Center (CLC), I write in support of legislative action to address the serious concerns around congressional stock trading, and to encourage the Homeland Security and Governmental Affairs Committee to advance legislation on this topic during tomorrow's markup. **Specifically, I urge the Committee to vote in favor of S.1171, the *Ending Trading and Holdings In Congressional Stocks (ETHICS) Act*,<sup>1</sup> as well as the bipartisan agreement between Senators Peters (D-MI), Merkley (D-OR), Hawley (R-MO), and Ossoff (D-GA) to revise and strengthen this bill.<sup>2</sup>**

As elected officials craft laws that directly impact the lives of Americans, voters have a right to know whether their representatives are acting in the public's best interest or for their own financial gain. In 2012, Congress passed the *Stop Trading on Congressional Knowledge (STOCK) Act* to help address these concerns,

<sup>1</sup> *Ending Trading and Holdings In Congressional Stocks (ETHICS) Act*, S. 1171, 118th Cong. (2023), <https://www.congress.gov/bill/118th-congress/senate-bill/1171>.

<sup>2</sup> Press Release, *Peters, Merkley, Hawley, and Ossoff Announce Historic Bipartisan Agreement to Advance Legislation to Ban Member Stock Trading* (July 10, 2024), <https://www.hsgac.senate.gov/media/dems/peters-merkley-hawley-and-ossoff-announce-historic-bipartisan-agreement-to-advance-legislation-to-ban-member-stock-trading>.

specifically by requiring Members of Congress to report stock trades worth over \$1,000 within forty-five days.<sup>3</sup> Unfortunately, the years since have demonstrated how this law's reporting requirements are routinely ignored with little to no consequence,<sup>4</sup> and that transparency alone is not enough to prevent either the perceived or actual corruption that can arise when lawmakers trade stocks.

In the 117th Congress, 53% of Members owned individual stocks, and the total value of all congressional stock transactions exceeded \$630 million.<sup>5</sup> These figures represent countless potential conflicts of interest between lawmakers' financial portfolios and their sponsored legislation or committee assignments. A media investigation also revealed that seventy-eight Members of the 117th Congress, or nearly 20% of the entire body, violated the *STOCK* Act and failed to timely disclose their trades.<sup>6</sup> Moreover, the public's perception that congressional stock trades are corrupt and based on inside information is seen with the growth of popular exchange-traded funds that track the investments of lawmakers.<sup>7</sup>

Given these trends, it is no surprise that 86% of the public, including 87% of Republicans, 88% of Democrats, and 81% of independents, support a ban on congressional trading of individual company stocks.<sup>8</sup>

**Thankfully, a bipartisan solution to restore public trust will be on the agenda for the Committee's July 24th markup: the *ETHICS Act* (S.1171), as revised by the agreement between Senators Peters, Merkley, Hawley, and Ossoff.<sup>9</sup> CLC strongly endorses this modified legislation, and we urge every Member of the Committee to vote to report it out for further consideration by the full Senate.**

If amended and passed, the *Ethics Act* would specifically:

- 1) Prohibit Members of Congress, the President, and the Vice President from buying and selling covered assets.

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<sup>3</sup> Stop Trading on Congressional Knowledge (STOCK) Act, 2012, Pub. L. No. 112–105, 126 Stat. 291.

<sup>4</sup> Danielle Caputo, et al., *Part 2 - The STOCK Act: The Failed Effort to Stop Insider Trading in Congress*, Campaign Legal Ctr. (Feb. 18, 2022), <https://campaignlegal.org/update/part-2-stock-act-failed-effort-stop-insider-trading-congress>.

<sup>5</sup> Campaign Legal Ctr., *Congressional Stock Trading by the Numbers* (Feb. 18, 2022), <https://campaignlegal.org/document/congressional-stock-trading-numbers-117th-congress>.

<sup>6</sup> Madison Hall, *78 members of the 117th Congress violated a federal conflicts-of-interest and financial transparency law*, Business Insider (Jan. 3, 2023), <https://www.businessinsider.com/congress-stocks-stock-act-violations-lawmakers-finances-disclosure-2022-12>.

<sup>7</sup> Deirdre Walsh, *Stock traders are trying to beat the market — by copying lawmakers*, NPR (June 6, 2024), <https://www.npr.org/2024/06/06/nx-s1-4974720/congress-stock-trades-profits>.

<sup>8</sup> *Ban on Stock Trading for Members of Congress Favored by Overwhelming Bipartisan Majority*, Univ. of Md. (July 19, 2023), <https://publicconsultation.org/united-states/stock-trading-by-members-of-congress>.

<sup>9</sup> *Outline of Member Stock Trading Ban Agreement*, Comm. on Homeland Sec. and Governmental Affs. (July 10, 2024), <https://www.hsgac.senate.gov/wp-content/uploads/Summary-Member-Stock-Trading-Ban-Agreement.pdf>.

- a. Covered assets would include securities, commodities, futures, options, trusts, and other comparable holdings.
  - b. These officials would still be able to invest in widely held mutual funds, which do not pose a risk of corruption.
- 2) Require Members of Congress, the President, and the Vice President, as well as their spouses and dependent children, to divest any covered assets beginning in 2027.
- 3) Provide a robust enforcement mechanism for the new divestment rules with a penalty for violations that equals the greater amount of either the monthly salary of the elected official, or 10% of the value of covered assets that are not divested.

At a time when our democracy faces a crisis of declining trust, these vital reforms will help to dispel the cloud of suspicion that inevitably arises when lawmakers can trade individual stocks. Congress must pass the modified *ETHICS Act* to begin rebuilding public confidence in our federal government.

**For these reasons, Campaign Legal Center urges every Member of the Committee to vote in favor of S. 1171 at tomorrow's markup. A strong bipartisan vote will pave the way to the Senate floor for this essential legislation.**

Thank you for your attention to this important matter for our democracy.

Sincerely,

/s/ Kedric Payne

Kedric Payne  
Vice President, General Counsel, and  
Senior Director of Ethics  
Campaign Legal Center