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July 24, 2024

The Hon. Gary Peters, Chairman
The Hon. Rand Paul, Ranking Member
Senate Committee on Homeland Security & Government Affairs
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Members of the Senate Homeland Security Committee:

On behalf of our 500,000 members and activists, Public Citizen strongly encourages you to move forward with the Ending Trading and Holdings in Congressional Stocks (ETHICS) Act, bipartisan legislation that would remove members of Congress and their spouses from actively trading in individual stocks.

We are delighted that key members of the Senate from both sides of the aisle have worked together to forge this very popular and needed ethics legislation. In 2012, Congress overwhelmingly took the first step in addressing the problems of apparent conflicts of interest posed by congressional stock trading activity in passing the original STOCK Act. It was a major legislative achievement making it clear that the laws against insider trading apply to everybody, including government officials. A study by Public Citizen found that the law enhanced transparency of potential conflicts of interest and reduced stock trading activity among senators by two-thirds.¹

In the course of the pandemic, however, it became clear that additional steps to curb conflicts of interest in congressional stock trading activity need be taken. Compliance with the 45-day disclosure requirement was flaunted by some members of Congress,² and others appeared to be making questionable stock trades.³ A Department of Justice investigation resulted in no charges of actual insider trading, but these issues prompted calls for removing Congress from stock trading altogether, which has culminated in today's ETHICS Act.

¹ Public Citizen, The impact of the STOCK Act on stock trading activity by U.S. Senators, 2009 – 2015 (June 22, 2017), available at: https://www.citizen.org/wp-content/uploads/2017_stock_act_report.pdf

² Dave Levinthal and Madison Hall, “78 members of Congress have violated a law designed to prevent insider trading and stop conflicts of interest,” Business Insider (Jan. 3, 2023), available at: <https://www.businessinsider.com/congress-stock-act-violations-senate-house-trading-2021-9>

³ See, for example, Sonam Sheth, “Sen. David Perdue bought stock in a company that produces protective medical equipment the same day senators received a classified briefing on the coronavirus,” Business Insider (April 6, 2020), available at: <https://www.businessinsider.com/coronavirus-david-perdue-bought-stock-company-producing-ppe-after-briefing-2020-4>

Just the appearance of congressional insider trading has damaged the reputations of some members of Congress and tainted the image of the legislative body as a whole. The ETHICS Act would reasonably remove any opportunities for congressional insider trading, whether in appearance or in fact, and help lift the shadow of conflicts of interest posed by congressional stock trading activity.

Public Citizen whole-heartily urges the Senate Homeland Security & Government Affairs Committee to take this additional step in reining in potential conflicts of interest by moving forward with the ETHICS Act.

Sincerely,

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