

United States Senate Committee on Homeland Security and Government Affairs : Press

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COMMITTEE ADOPTS NEW STOCK ACT

Political Intelligence to be Studied Further

WASHINGTON – The Homeland Security and Governmental Affairs Committee, led by Chairman Joe Lieberman, ID-Conn., and Ranking Member Susan Collins, R-Maine, Wednesday adopted legislation to bar members of Congress from profiting on information they obtain as part of the job and that is not readily available to the public.

A revised version of the Stop Trading on Congressional Knowledge or (STOCK) Act passed the Committee on a bipartisan vote of 7-2.

“A public perception has developed that Congress is not covered by insider trading laws, and worse, has exempted itself from them,” said **Lieberman**. “This is not true, but in this legislation we have eliminated ambiguities in current insider trading rules that might make it harder to prosecute a member of Congress than a member of the public for using non-public information for personal benefit.

“The new version of the STOCK Act actually expands restrictions on Congress, barring members from profiting in any way – not just on stock trades – based on information that is not public. Adopting this language, I hope, will help to repair the breach of trust that exists today between Congress and the public.”

Collins said: “We have moved quickly to address this issue, with the hearing on the bill just two weeks ago. I applaud the Chairman for moving this legislation, and working with Senators Brown and Gillibrand to develop the bill passed today. It is essential that we close possible loopholes that undermine the public’s already low confidence in this institution. Elective office is a place for public service, not private gain. That is the intent of this legislation.”

The issue of “political intelligence” - where individuals and businesses profit from information they learn directly from members of Congress – will be studied further to build a solid understanding of who is engaged in this activity and how they may profit from it. The Committee-passed legislation calls for the Government Accountability Office to begin an investigation, and Lieberman indicated that the Committee will hold a hearing on the issue early next year.

An amendment to the bill also would require financial disclosure forms filed by members of Congress and staff to be available electronically. The amendment – offered by Senators Mark Begich, D-Alaska, Jon Tester, D-Montana, and co-sponsored by Senators Lieberman, Carl Levin, D-Mich., and Scott Brown, R-Mass. - was approved by voice vote.

The Committee held a hearing December 1 on the subject of insider trading among members of Congress which revealed ambiguities in the law and raised questions about its strength and clarity.

The new bill explicitly affirms that Members of Congress and their staffs have a “duty arising from a relationship of trust and confidence” owed to Congress, the U.S. Government, and the American people – a duty they violate by trading on non-public information.

Insider trading is not expressly prohibited by statute for anyone including members of Congress. Instead, the Securities and Exchange Commission and the Justice Department investigate and prosecute insider trading cases based on general anti-fraud provisions contained in the Securities Exchange Act of 1934.

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