

Prepared Remarks for Senator Kirsten Gillibrand

December 1, 2011 - U.S. Senate Committee on Homeland Security and Governmental Affairs Hearing on "Insider Trading and Congressional Accountability"

Thank you, Chairman Lieberman, and Ranking Member Collins, for holding this important hearing, and for inviting me to offer testimony this afternoon. Your strong leadership today in shining a light on this issue of fundamental fairness is a step forward on the path to restoring American's faith in their government.

Like millions of American's all across the country, I was surprised to learn that insider trading by members of Congress, their families, or their staff, using non-public information gained through their Congressional work is not clearly and expressly prohibited by law and the rules of Congress.

The American people need to know that their elected leaders play by the exact same rules that they play by. They also deserve the right to know their lawmakers' only interest is what's best for the country, not their own financial interests.

Members of Congress, their families and staff shouldn't be able to gain personal profits from information they have access to that everyday middle class families don't. It's simply not right -- and we need to change it by ensuring the proper oversight and accountability is in place. *Nobody* should be above the rules.

I have introduced a bipartisan bill in the Senate with twelve of our colleagues -- Senators Rubio, Snowe, Tester, Stabenow, McCaskill, Klobuchar, Durbin, Blumenthal, Nelson, Reed, Cardin and Kerry -- to close this loophole, stopping all insider trading by members of Congress and increasing disclosure requirements for added transparency.

This STOCK Act legislation is very similar to the legislation introduced by my friends in the House of Representatives, Louise Slaughter and Tim Walz. I want to thank them for their longstanding and dedicated leadership to close this loophole. I also want to recognize Senator Scott Brown for requesting today's hearing and his work on this issue.

Our bill, which has received the support of at least seven good government advocacy groups, covers several important principles:

- Members of Congress, their families and their staff should be barred from buying or selling securities on the basis of knowledge gained through their Congressional service, and the SEC and CFTC empowered to investigate cases. To provide additional teeth -- such acts should also be a violation of Congress's own rules, to make clear that this activity is inappropriate.
- Members should be required to disclose major transactions -- of \$1,000 or more -- within 90 days, providing real oversight and accountability.
- Lastly, individuals doing political intelligence work -- contacting members of Congress, their staffs, and other individuals to gain information on investment decisions -- should have to register as lobbyists to provide oversight of this industry.

There are critics you will hear from who argue this bill is unnecessary and already covered under current statutes. I have spoken with experts tasked in the past with investigations of this nature who strongly disagree. We must make it unambiguous that this kind of behavior is illegal. And,

as my home state newspaper the Buffalo News recently noted, "... the STOCK Act would simply ensure that it's the people's business being attended to."

The American people don't have a lot of trust in Congress. They look to Congress and they know it's broken. And so a measure like this is a good first step to restore that trust. Thank you again, Senator Lieberman and Senator Collins, for inviting me today to share my testimony on this important issue.