

December 6, 2011

The Hon. Harry Reid  
The Hon. Mitch McConnell  
The Hon. John Boehner  
The Hon. Nancy Pelosi  
All Members of the U.S. Senate and House of Representatives

**RE: Current law has not prevented Congressional insider trading. Congress must pass the “Stop Trading on Congressional Knowledge Act”**

Dear Senator Reid, Senator McConnell, Representative Boehner, Representative Pelosi,  
Members of Congress:

Our organizations – Campaign Legal Center, Citizens for Responsibility and Ethics in Washington, Common Cause, Democracy 21, Public Citizen, Sunlight Foundation and US PIRG – strongly support passage of the “Stop Trading on Congressional Knowledge Act” (STOCK Act) designed to prevent congressional insider trading. In spite of recent movement intended to deflect the need for the bill, we believe Congress should quickly enact a strong bill with clear language prohibiting Members of Congress from using insider information to make stock decisions.

While we welcome the recent memo released by the House Committee on Ethics indicating that insider trading violates ethics laws, the memo is not a substitute for clear, enforceable statutes. At the House Committee on Financial Services hearing today, a number of witnesses claimed that current insider trading laws apply to Members of Congress. Unfortunately, both miss the point. The issue is not whether current law applies to Members of Congress, but whether current law is sufficient to curtail insider trading by Members. Recent news accounts raising the specter of Members of Congress using non-public information to make decisions about stock trades indicates that it is not. A strong bill that clearly prohibits congressional insider trading is required.

Members of Congress are, of course, privy to a great deal of non-public information that would impact stock prices. There is evidence to suggest that such information has been used for their own personal gain, yet, to our knowledge, no enforcement action for insider trading has been taken against a Member of Congress. Enforcement agencies will remain reluctant to prosecute insider trading by Members of Congress until Congress passes legislation that provides, in no uncertain terms, clear guidance that they, like the general public, are banned from using insider information to make decisions about stock transactions.

In addition to preventing self-dealing, passage of the STOCK Act provides the opportunity to increase transparency about legal trades. Members of Congress should be required to submit information about stock transactions soon after they are made. The Clerk of the House and the Secretary of the Senate should then be required to publicly disclose—quickly and online—the information submitted by the Members.

There is momentum for the STOCK Act because the specter of insider trading by Members of Congress further damages the public confidence in a Congress whose approval rating hovers around a record low 10%. Those who would prefer to keep the status quo intact should not derail the effort with distractions claiming current law is sufficient. Furthermore, mandatory blind trusts are not a solution to the problem. "Blind trusts" are often not blind at all to the participants, and we do not support trading public disclosure for secrecy. Congress has the responsibility to ensure that it is subject to the same laws against self-dealing that apply to the general public, and that those laws are enforced. Passage of the STOCK Act is critical for Congress to help restore the public's trust in the institution.

Sincerely,

Campaign Legal Center  
Citizens for Responsibility and Ethics in Washington  
Common Cause  
Democracy 21  
Public Citizen  
Sunlight Foundation  
US PIRG