

July 13th, 2009

The Honorable Dennis Moore
Chairman, Subcommittee on Oversight and Investigations
Financial Services Committee
U.S. House of Representatives
Washington DC, 20515

Dear Chairman Moore:

We write to offer our perspective on the Financial Services Oversight and Investigation subcommittee's hearing, *Preventing Unfair Trading by Government Officials*, and to state our support of H.R. 682, the Stop Trading on Congressional Knowledge (STOCK) Act, a bill introduced by Reps. Brian Baird (D-WA) and Louise Slaughter (D-NY). We ask that this letter be included in the record of the hearing.

Currently, members of Congress, their staff and employees of the executive branch are not subject to many of the laws against "insider trading." As Congress and the executive branch take a more active role in oversight of Wall Street and the financial services sector, this fact takes on new significance.

Insider trading, the practice of trading a company's stock or securities for personal gain by individuals with access to non-public information about the company or financial markets, is illegal in almost every industrial country in the world. With advance knowledge of a pending business transaction, investors can use this information to reap profit at the expense of those without insider details.

Currently most federal officials and employees do not owe a duty of confidentiality to the federal government and thus are not liable for trading done with information garnered in their official capacity. This ambiguity means that members of Congress, their staff and other federal employees may obtain non-public information in the course of their official duties that sheds light on the stock and commodities markets and, if they choose, use it for personal trades without repercussions.

U.S.PIRG strongly supports H.R. 682. This bill would prohibit congressional and executive branch officials and employees from using non-public information for personal gain. The bill would also prohibit private individuals and firms that attempt to mine this information from sharing or using it for insider trading. The legislation would require members of Congress and their staff to disclose stock transactions of \$1,000 or more within 90 days, and require "political intelligence consultants" to register under the Lobbying Disclosure Act and disclose their financial activities.

This type of regulation is consistent with laws already in place. It is an important step to rebuild public trust in our public officials. The bill levels the fiscal playing field between public officials and those they represent.

U.S.PIRG urges you and the committee members to support this measure and address a dangerous loophole that allows federal employees to game the financial markets.

It is especially important at this time when the federal government is in the process of reining in the excesses of the financial sector, that there is no possibility of unfair advantage for elected or other public officials.

Sincerely,
Lisa Gilbert
U.S.PIRG Democracy Advocate