



November 12, 2004

The Hon. Bill Frist (R-TN)
Senate Majority Leader
461 Dirksen Senate Office Building
Washington, D.C. 20510

The Hon. Dennis Hastert (R-IL)
Speaker of the House
235 Cannon Office Building
Washington, D.C. 20515

RE: Opposition to financial disclosure provisions of H.R. 10

Dear Mr. Majority Leader and Mr. Speaker:

As the House-Senate Conference Committee attempts to iron out the differences in the House version (H.R. 10) and the Senate version (S. 2845) of the 9/11 Recommendations Implementation Act, we as a coalition of Public Citizen, Campaign Legal Center and Democracy 21 urge the conferees not to include an extraneous provision that would weaken personal financial disclosure requirements for governmental appointees and other senior-level intelligence officials.

Section 5043 of H.R. 10, entitled "Public Financial Disclosure for the Intelligence Community," would repeal the current obligation of senior-level national security officials and appointees to report personal financial assets valued over \$2.5 million. This section would also eliminate the requirement that these officials report the dates of major stock transactions.

We believe it is essential that both provisions of current federal ethics law be kept intact.

Under current law, all senior-level government officials must report total personal assets in categories of up to \$50 million. This basic disclosure requirement serves as an important check on potential conflicts of interest without imposing unreasonable reporting burdens on officials.

In addition, senior-level officials in the intelligence community are often privy to information about pending government contracts that directly affect publicly held businesses, particularly with regard to matters involving government procurement. Public disclosure of major stock transfers provides the greatest single safeguard against insider trading by government officials. The timing of such transfers can serve as a red flag for potential fraud, and disclosure of these transactions is therefore a first-line defense against corruption.

It is clear that these provisions of Section 5043 of H.R. 10 only serve to undermine the primary purpose of the intelligence reform bill. The 9/11 Commission did not recommend weakening the ethics disclosure requirements as part of the critical effort to improve the nation's troubled intelligence apparatus. To the contrary, by allowing national security officials to conceal their financial assets and placing a veil over potential conflicts of interest, these ill-considered provisions will only serve to further undermine public confidence in the intelligence community at a critical moment.

We strongly recommend that the conference committee reject this counterproductive, extraneous measure.

Sincerely,

Joan Claybrook
President
Public Citizen

Trevor Potter
President
Campaign Legal Center

Fred Wertheimer
President
Democracy 21

cc:

Senate Conferees:

The Hon. Susan Collins (R-ME)
The Hon. Pat Roberts (R-KS)
The Hon. Trent Lott (R-MS)
The Hon. George Voinovich (R-OH)
The Hon. Mike DeWine (R-OH)
The Hon. Norm Coleman (R-MN)
The Hon. John Sununu (R-NH)
The Hon. Joseph Lieberman (D-CT)
The Hon. Carl Levin (D-MI)
The Hon. Richard Durbin (D-IL)
The Hon. John Jay Rockefeller (D-WV)
The Hon. Bob Graham (D-FL)
The Hon. Frank Lautenberg (D-NJ)

House Conferees:

The Hon. Peter Hoekstra (R-MI)
The Hon. Duncan Hunter (R-CA)
The Hon. Henry Hyde (R-IL)
The Hon. James Sensenbrenner (R-WI)
The Hon. David Dreier (R-CA)
The Hon. Robert Menendez (D-NJ)
The Hon. Jane Harman (D-CA)
The Hon. Ike Skelton (D-MO)