

April, 2019

U.S. House of Representatives  
Washington, D.C. 20515

## **Open the Books on Insider Trading and the “Political Intelligence Industry”**

Dear Members of Congress:

We applaud Rep. Dean Phillips (D-MN) for resuming the legislative drive to shine a light on the activities of Wall Street consultants and lobbyists who lurk on Capitol Hill seeking valuable information they can use to cash in on the stock market. We urge all of Congress to join in this effort to open the books on the stock market cottage industry known as the “political intelligence industry.”

The organizations and academics endorsing this transparency legislation include: American Family Voices, Campaign for Accountability, Center for Media and Democracy, Citizens for Responsibility and Ethics in Washington (CREW), Clean Elections Texas, Common Cause, End Citizens United Action Fund, Government Accountability Project, Norman J. Ornstein, Project on Government Oversight (POGO), Public Citizen, and Prof. James A. Thurber.

When Congress overwhelmingly approved the bipartisan “Stop Trading on Congressional Knowledge” (STOCK) Act in 2012, making it clear for the first time that the laws against insider trading apply to Congress as well as the public, one key provision was left on the cutting room floor: a requirement that private-sector financial operatives and lobbyists who make a business trading on information gleaned from congressional sources disclose their activities and clients to the public.

The political intelligence industry operates largely in secret. It is estimated that there are some 2,000 political intelligence consultants roaming the halls of Congress soaking up trading information for paying clients to the tune of anywhere between \$100 million to \$400 million in annual profits. But no one knows for sure, since political intelligence activities are not disclosed either to the public or to Congress. Some of this activity could well involve insider trading.

The “Political Intelligence Transparency Act” does not prohibit such activity as long as it is done legally and above board. The legislation would require political intelligence consultants to register under the Lobbying Disclosure Act (LDA) and disclose their clients, income and activities. This bill is a straightforward transparency measure that would enable the public to monitor whether any illegal insider trading is taking place.

Congress did well in 2012 when it passed the STOCK Act and required disclosure of trading activity by congressional members and staff. Congress now needs to fill the critical void by requiring similar disclosures of trading activity by private sector political intelligence consultants.

We strongly urge Congress to support the “Political Intelligence Transparency Act” with the same enthusiasm in which Congress embraced the STOCK Act.

Signed,

American Family Voices  
Campaign for Accountability  
Center for Media and Democracy  
Citizens for Responsibility and Ethics in Washington (CREW)  
Clean Elections Texas  
Common Cause  
End Citizens United Action Fund  
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Norman J. Ornstein  
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