

# SB-34

Ensuring a financially accountable, transparent, and democratic Congress by limiting Congressional interaction with stock markets and corporations

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## IN THE SENATE OF THE AMERICAN LEGION BOYS NATION

Mr. Gleason of Missouri introduced the following bill;

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## A BILL

Ensuring a financially accountable, transparent, and democratic Congress by limiting Congressional interaction with stock markets and corporations

*Be it enacted by The American Legion Boys Nation Senate assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the "Financially Accountable Legislature Act (FALA) of 2022".

### SECTION 2. FINDINGS AND PURPOSE.

(a) FINDINGS. Congress finds the following:

(1) In 2021, Members of Congress traded on United States stock exchanges a total amount in excess of \$330,000,000; over \$180,000,000 in shares were bought, and over \$175,000,000 in shares were sold.

(2) Current ethics rules permit a Member of Congress to buy and sell shares of companies whose

share price will be affected by bills in front of committees that the Member of Congress sits on.

(3) Examination of all individual congressional stock transactions in a recent three-year period shows that over 130 Members of Congress have traded a total of up to \$218,000,000 in companies that were lobbying for legislation that the Members were considering at the time.

(4) Firms where a greater percentage of lawmakers invest in a given year tend to have significantly higher stock performance in the subsequent year, suggesting that politicians may be privy to nonpublic information about future regulatory or legislative actions that may prove helpful to these companies.

(5) At least 15 Members of Congress are sitting members on corporate boards, a practice which is allowed as long as no financial compensation is received for such a position.

(b) PURPOSE. It is the purpose of this Act to ensure the independence of legislators - as they introduce, sponsor, and consider legislation - from personal financial motivations.

### **SECTION 3. MANDATES.**

(a) No sitting Member of Congress is permitted to buy or sell securities on any U.S. stock exchange.

(1) All currently sitting Members of Congress have three (3) months from the date of enactment of this Act to sell any currently held securities.

(2) Any future Member of Congress who holds securities at the time they take office shall have three (3) months from the date they take office to sell their securities.

(b) No sitting Member of Congress is permitted to serve as an officer or member of any Board for any for-profit corporation, association, or other entity, during their term as a Member of Congress.

### **SECTION 4. DEFINITIONS.**

(a) "Securities" are defined pursuant to Section 2(a) of the Securities Act of 1933 (15 U.S.C. ? 77(b)(a)(1)) to mean, in summary, any note, stock, bond, profit-sharing agreement, security future,

security-based swap, or in general, any interest or investment commonly known as a "security."

(b) A "U.S. stock exchange" is defined as a securities exchange that is registered with the Securities and Exchange Commission under Section 6 of the Securities Exchange Act of 1934 (15 U.S.C. ? 78(f)).

## **SECTION 5. EXCEPTIONS.**

(a) An exception shall be made to ?3(a) for Members of Congress who sell shares within three (3) months from the date of enactment of this Bill.

(b) An exception shall be made to ?3(a) for newly-elected future Members of Congress who sell shares within three (3) months of taking Congressional office.

(c) On a case-by-case basis, the Select Committee on Ethics of the Senate or the Committee on Ethics of the House of Representatives may authorize a Member of Congress to place their securities in a qualified blind trust, or in another arrangement in which the Member of Congress does not have the ability to direct the buying, selling, or holding of any specific share(s) of any specific company.

## **SECTION 6. ADMINISTRATION AND ENFORCEMENT.**

(a) The Select Committee on Ethics of the Senate and the Committee on Ethics of the House of Representatives are authorized to issue guidance on any matter contained in this Act, or any related matter or question not directly addressed in this Act.

(b) Whoever knowingly fails to comply with this Act shall be subject to a penalty of not less than 75 percent of the value of the security which was bought or sold in violation of this Act, to be carried out by the authorities listed above.

## **SECTION 7. ENACTMENT. This Act will take effect on the first day of FY 2024.**