

Statement by Congressman Tim Walz
U.S. House of Representatives Committee on Financial Services
Hearing entitled “H.R. 1148, the Stop Trading on Congressional Knowledge Act”
December 6th, 2011

Thank you Chairman Bachus and Ranking Member Frank for inviting me to offer testimony today, and thank you for holding this important hearing.

Before serving in Congress, I was a social studies teacher at Mankato West High School and served for twenty-four years in the National Guard.

For over ten years, I taught the students of southern Minnesota about the honor of public service. When I came to Congress, I was astounded and outraged to learn there were no clear laws prohibiting Members of Congress from using non-public information to profit on Wall Street.

Members of Congress and their staff should not be able to profit from the honor of serving the United States. As members of Congress, we have access to information the average American does not. It is not right that Congress can benefit from information that is not available to other Americans.

We need to make it explicitly clear this behavior is illegal.

In the last few weeks, there has been considerable attention focused on the issue of insider trading on Capitol Hill. Particular attention has been given to the STOCK Act, a bill I have been a co-sponsor of since 2008 and the reason why we are here today.

Last March, Congresswoman Slaughter and I re-introduced the Stop Trading on Congressional Knowledge Act (STOCK Act). The STOCK Act explicitly prohibits Members of Congress, their staff and other federal employees from buying or selling securities, swaps, or commodity futures based on congressional and executive branch nonpublic information. It increases transparency by requiring financial disclosures in a more timely fashion and requires political intelligence firms to register with the House and Senate – much like lobbying firms do now.

Some critics say the STOCK Act is not needed. I disagree. This is an area where we need the law to be absolutely clear and leave no room for doubt. Some folks have said they don't believe the STOCK Act goes far enough. Let me be clear: the STOCK Act is real reform. But I stand prepared to work with anyone and everyone who has ideas about how to reform the way Washington works. We should pass this bill. Like my hometown newspaper, the Mankato Free Press said - passing this bill “should be a no-brainer for lawmakers.”

I would also like to recognize the outstanding leadership of now retired Congressman Baird, and Congresswoman Slaughter for supporting this bill since 2006. Their work to close this loophole has been outstanding, and we would not be here today without their efforts. I also want to

recognize Congressman Jones, who has been leading the Republican efforts on this bill. In addition, I would like to thank Senator Gillibrand, Senator Brown and Senator Tester for their work on similar bills in the Senate. I am proud that this bill enjoys bipartisan support. I wish we worked in a bipartisan fashion more often around here.

Americans are understandably frustrated and they have lost faith in our ability to govern. We can and we should do something about it. The STOCK Act is a big step in the right direction to help restore the American people's faith in Congress and the work of democracy. As the Star Tribune in Minnesota noted, "The bill is smart politics and policy, and is a dose of what's needed to start reversing voters' rampant cynicism." We need to ensure the people of this country know that lawmakers are working in their best interests, and not the interests of their own bank account. Americans need to know that their elected leaders play by the same rules as everyone else. It is simply not right - we should not be above the rules. It is time for us to do the right thing and pass the STOCK Act.