



FACT

FOUNDATION FOR
ACCOUNTABILITY
AND CIVIC TRUST

April 4, 2022

Omar Ashmawy
Chief Counsel
Office of Congressional Ethics
U.S. House of Representatives
P.O. Box 895
Washington, DC 20515-0895

Email: oce@mail.house.gov

Dear Mr. Ashmawy,

The Foundation for Accountability and Civic Trust (FACT) is a nonprofit organization dedicated to promoting accountability, ethics, and transparency in government and civic arenas. We achieve this mission by hanging a lantern over public officials who put their own interest over the interests of the public good. We request the Office of Congressional Ethics immediately investigate New York Representative Tom Suozzi for violating federal law and House ethics rules.

Federal law and House ethics rules require House Members to disclose their financial information to the public.¹ The disclosure requirements are an integral part of an ethical and transparent government: accurate and timely filing is the only method for citizens to determine whether Members have conflicts of interest or are wrongfully profiting from their position.²

Under the public disclosure requirements, each Member must file an annual report that provides a “full and complete” statement of the Member’s assets, debts, and income, as well as any positions held outside the House.³ In addition to the annual report, a Member must file a periodic report to disclose any financial transaction that exceeds \$1,000 within 30 days of notice of the

¹ 5 U.S.C. app 4 sec. 101-111 (disclosure requirements); sec. 102(a)(5) (requirement for disclosure of financial transactions over \$1,000); House Rule 26.

² It is a foundational principal and embodied in numerous laws and ethics rules that Members “should not in any way use their office for private gain.” House Ethics Manual, at 1; *see also* House Ethics Manual, at 123-24 (Members cannot use official resources for any campaign or political purpose).

³ 5 U.S.C. app 4 sec. 101-111 (disclosure requirements); sec. 102(a)(5) (requirement for disclosure of financial transactions over \$1,000); House Rule 26.

transaction (but never more than 45 days after the transaction).⁴ This federal law is extremely important, thus it is directly incorporated into House rules and Members are specifically informed of the law.⁵ Each Member has an affirmative duty to ensure compliance with the law. There is no excuse for inaccurate, incomplete, or late filings, and every violation has consequences.⁶

Contrary to this legal requirement, it was recently reported that Representative Suozzi failed to properly disclose 31 stock trades in violation of federal law.⁷ Suozzi's trades were valued at up to \$885,000 and reported months to years late—the transactions occurred between September 2017 and June 2021 and were ultimately disclosed on March 3, 2022.⁸ One of Suozzi's transactions was the stock purchase of aluminum manufacturer Superior Industries International Inc. on September 5, 2017, which Suozzi disclosed **over four years late**.⁹ Other trades involved companies that are either clearly regulated or affected by Congressional action, such as Apple, Altria Group, Boeing, BlackRock, Caterpillar, Citigroup, Cisco Systems, General Electric, IBM, and Verizon Communications.¹⁰

The disclosure law is extremely important and it must be strictly enforced to determine whether a Member has used nonpublic information for profit or whether their personal investments affected

⁴ *Id.*

⁵ U.S. House of Reps. Rules (2019), r. 26, cl.2 (“For the purposes of this rule, the provisions of title I of the Ethics in Government Act of 1978 shall be considered Rules of the House as they pertain to Members, Delegates, the Resident Commissioner, officers, and employees of the House.”); U.S. House of Reps. Comm. on Ethics 116th Cong., *Memo Re. Reminder of STOCK Act Requirements, Prohibition Against Insider Trading & New Certification Requirement*, at 3 (June 11, 2020), available at: https://ethics.house.gov/sites/ethics.house.gov/files/wysiwyg_uploaded/STOCK%20Act%206.11.2020%20Final.pdf.

The law is both well publicized and part of ethics training for Members of Congress. *See, e.g.* U.S. House of Reps. Comm. on Ethics, *Training*, <https://ethics.house.gov/training>.

⁶ The Ethics in Government Act does not allow Members to break the law without consequence. *See, e.g.*, 5 U.S.C. app 4 sec. 104(a)(1) (providing for a civil penalty not to exceed \$50,000); sec. 104(a)(2) (making it unlawful for any person to knowingly and willfully fail to file or report any information required under section 102, with penalties of up to \$50,000 and imprisonment of not more than one year); sec. 104(d) (providing for a late filing fee of \$200); *see also* Committee on Ethics, U.S. House of Rep., available at <https://ethics.house.gov/financial-disclosure/general-information-about-financial-disclosure> (“A \$200 late filing fee shall be assessed against any individual who files more than 30 days after the due date of a report or amendment (or the due date of any extension).”).

⁷ Kimberly Leonard, *Democratic Rep. Tom Suozzi of New York Violated a Conflicts-of-Interest Law by Disclosing Stock Transactions Years Past a Federal Deadline*, Business Insider, Mar. 8, 2022, available at: <https://www.businessinsider.com/tom-suozzi-stocks-congress-new-york-governor2022-3>. Tom Suozzi, Periodic Transaction Report, Clerk Of The House Of Representatives, Filed Mar. 3, 2022, available at: https://disclosures-clerk.house.gov/public_disc/ptr-pdfs/2022/20020552.pdf

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

their action on legislation.¹¹ There is simply no excuse for making disclosures months to years late and Suozzi's egregious delay makes the law ineffective. This is because the long delay makes it nearly impossible for the public to determine whether Suozzi used nonpublic information or had a conflict of interest at the time he traded the stocks. Additionally, this is not the first time Suozzi appears to have violated disclosure requirements. He was the subject of a prior complaint filed with the OCE on September 22, 2021, alleging he failed to disclose approximately 300 stock trades.¹² The length of the delay in this current instance, the volume of unreported financial transactions, and the repeated inability to comply with the rules clearly indicate an intentional disregard for the law at a minimum.

The OCE must act to ensure compliance with the most fundamental ethics requirements and to maintain the public's trust. The failure of Members to follow the most basic ethics rules they created leads to public distrust in our elected officials as a whole, but the blatant disregard for those rules as shown in this case is truly extraordinary.¹³ Suozzi not only failed to make timely and accurate disclosures, but his delay was so egregiously extreme it was impossible for the public to monitor those trades. Thus, we request the OCE investigate both the late disclosure violation along with whether the trades themselves violated conflict of interest rules or were influenced by nonpublic information, and impose any appropriate sanctions.

To the best of my knowledge and ability, all evidence submitted was not obtained in violation of any law, rule, or regulation. Further, I am aware that the False Statements Act, 18 U.S.C. § 1001, applies to information submitted to the Office of Congressional Ethics.

Sincerely,

/s/ Kendra Arnold

Kendra Arnold
Executive Director
Foundation for Accountability & Civic Trust

¹¹ Members may obtain nonpublic information about a company or economic sector during the course of the official duties. U.S. House of Reps. Comm. on Ethics 116th Cong., *Memo Re. Reminder of STOCK Act Requirements, Prohibition Against Insider Trading & New Certification Requirement*, at 3 (June 11, 2020).

¹² Rep Suozzi Complaint, Campaign Legal Center, filed Sept. 22, 2021, available at: https://campaignlegal.org/sites/default/files/2021-09/Suozzi_OCE%20Complaint_Final.pdf

¹³ See, e.g., Tim Mak, *TikTokers Are Trading Stocks By Copying What Members Of Congress Do*, NPR, Sept. 21, 2021, available at: <https://www.npr.org/2021/09/21/1039313011/tiktokers-are-trading-stocks-by-watching-what-members-of-congress-do> (discussing that a portion of the public has lost trust in government to the extent they believe Members' stock trades are based on corruption and it would be financially beneficial to copy the Members' trades).