



FACT

FOUNDATION FOR
ACCOUNTABILITY
AND CIVIC TRUST

February 24, 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 request the Office of Congressional Ethics immediately investigate Oregon Representative Kurt Schrader 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 financial disclosure report that provides a “full and complete” statement of the Member’s assets, debts, and income.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 transaction (but never more than 45 days after the transaction).⁴ This federal law is extremely important, thus it is directly

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.

⁴ *Id.*

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 Schrader failed to properly disclose stock trades in violation of federal law.⁷ Representative Schrader sold up to \$15,000 worth of shares in Charter Communications Inc. on December 9, 2021 and \$15,000 worth of shares in insurance giant AON PLC on December 14, but he did not disclose both sales, as required by the STOCK Act, until February 3, 2022 — after the 45-day deadline.⁸ Although Schrader’s office stated he did not have “any direct involvement in investment decisions as it relates to the purchase or sale of stocks,” this statement is irrelevant. Whether or not Members make the trades personally or have another party do so on their behalf, the Member is required to disclose the trades in a timely manner, as even having knowledge of their investments can create conflicts of interest.

This law is extremely important and it must be strictly enforced to determine whether a Member has used nonpublic information for profit.⁹ There is no excuse for violating this law, and if Members were allowed to claim they did not know about transactions then the law would be completely ineffectual and unenforceable. The failure of Members to follow the most basic

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 Dave Levinthal, *Democratic Rep. Kurt Schrader of Oregon Is The Latest Member of Congress to Violate a Federal Conflicts-of-Interest Law*, Business Insider, Feb. 14, 2022, available at: <https://www.businessinsider.com/congress-stocks-kurt-schrader-oregon-2022-2>.

⁸ *Id.*; Kurt Schrader, Amended Periodic Transaction Report, Clerk Of The House Of Representatives, Filed Feb. 3, 2022, available at: https://disclosures-clerk.house.gov/public_disc/ptr-pdfs/2022/8218558.pdf.

⁹ 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).

ethics rules they created leads to public distrust in our elected officials as a whole.¹⁰ The OCE must act to ensure compliance with the most fundamental ethics requirements and to maintain the public's trust. We request the OCE investigate Rep. Schrader's stock trades and apparent failure to file the required timely and accurate disclosures, 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

¹⁰ 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).