



FACT

FOUNDATION FOR
ACCOUNTABILITY
AND CIVIC TRUST

August 20, 2021

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 Florida Representative Kathy Castor for violating federal law and House ethics rules.

Federal law and House ethics rules require House Members to disclose financial information to the public, including financial disclosure reports that provide a “full and complete” statement of the Member’s assets, debts, and income.¹ In addition to the annual report, a Member must file a periodic report anytime they have a financial transaction that exceeds \$1,000, which must be filed a maximum of 45 days from the date of the transaction.² This federal law is directly incorporated into House rules and Members are informed of the law.³

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 *Id.*

³ “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. Rules (2019), r. 26, cl.2; see, e.g., U.S. House of Reps. Comm. on Ethics 116th Cong., Memo from Comm. on Ethics for All Members, Officers, and Employees Regarding 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.

Contrary to this legal requirement, it was recently reported that Representative Castor failed to publicly disclose stock transactions as required by law.⁴ “Castor's latest congressional records show that she failed to disclose within the prescribed 45 days up to \$45,000 worth of Berkshire Hathaway Inc. stock she acquired [in June and July 2020].”⁵ She ultimately disclosed those purchases on July 27, 2021.

Any violation of the financial reporting requirements is serious and cannot be overlooked. 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.⁶ This is a well-known requirement of our public officials which Members are well aware of and they each have a duty to affirmatively act to ensure compliance.⁷ There is no excuse for late filings and every violation has consequences.⁸

In the present case, the disclosure was over a year late and was in violation of a well-known law. The OCE must act to ensure compliance with the most basic ethics requirement and maintain the public's trust. We request the OCE investigate Castor's stock trades and her failure to file the required disclosures, and impose appropriate sanctions including fines and penalties.

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.

⁴Dave Levinthal, Warren Rojas, and Camila DeChalus, *3 Congressional Democrats Seemingly Violated A Federal Transparency Law By Improperly Disclosing Financial Trades*, Insider, Aug. 2, 2021, available at: <https://www.businessinsider.com/congress-stocks-lori-trahan-debbie-wasserman-kathy-castor-tuberville-malinowski-2021-7>. Kathy Castor, Periodic Transaction Report, Clerk Of The House Of Representatives, Filed July 27, 2021, available at: https://disclosures-clerk.house.gov/public_disc/ptr-pdfs/2021/20019168.pdf.

⁵ *Id.*

⁶ 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).

⁷ 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>.

⁸ 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).”).

Sincerely,

A handwritten signature in blue ink that reads "Karnold". The signature is written in a cursive, slightly stylized font.

Kendra Arnold

Executive Director, Foundation for Accountability & Civic Trust

Exhibit A

UPDATED: 3 Congressional Democrats Seemingly Violated A Federal Transparency Law By Improperly Disclosing Financial Trades

Business Insider | [Camila DeChalus](#) , [Warren Rojas](#) , [Dave Levinthal](#) | August 2, 2021

[View Source](#)

- Reps. Lori Trahan, Debbie Wasserman Schultz, and Kathy Castor were late disclosing stock trades.
- Insider has this year identified more than 10 members of Congress who've violated the STOCK Act.
- Violators usually receive a modest fine — but can face stiffer penalties, too.

Three Democratic members of Congress appear to have violated a federal transparency law by disclosing their stock trades weeks or months late.

Rep. Lori Trahan of Massachusetts and Reps. Debbie Wasserman Schultz and Kathy Castor of Florida all signaled their tardiness on thousands of dollars' worth of financial transactions via their own recently filed congressional records.

In Trahan's case, she sold up to \$15,000 in the software company Stella Connect. Trahan failed to properly disclose this transaction that took place on September 10, according to an Insider analysis of her [recent filing](#).

Wasserman Schultz, a former chair of the Democratic National Committee, purchased up to \$15,000 in a telecommunications-product company called Westell Technologies in October but didn't disclose the trade until Tuesday, according to her [report](#) submitted to House officials.

Wasserman Schultz also reported on Tuesday that a dependent child purchased up to \$45,000 worth of Westell Technologies shares on the same day.

Castor's latest [congressional records](#) show that she failed to disclose within the prescribed 45 days up to \$45,000 worth of Berkshire Hathaway Inc. stock she acquired last summer. Relatedly, she was late disclosing up to \$30,000 worth of additional Berkshire Hathaway shares she [reported acquiring](#) in June.

House lawmakers violate transparency provisions of the [STOCK Act](#) if they don't formally and publicly disclose stock trades within 45 days of any transaction, including those made on their behalf by financial advisors. They have even less time — 30 days — to disclose any trade that they're personally aware of, such as ones they make themselves. Congressional ethics officials review suspected missteps and can impose fines of \$200.

A Trahan spokesperson, Francis Grubar, told Insider the congresswoman had not been contacted by anyone on the House Ethics Committee but was willing to pay the fine.

"Over the course of filing her annual personal financial disclosure, Congresswoman Trahan recognized that a divestment of her holdings should have precipitated a periodic transaction report. She immediately filed a PTR to proactively rectify the situation," Grubar said in a statement.

In Castor's case, the stock buys appear to be part of semiregular orders Castor places via a jointly held E-Trade account. Castor has been pumping money into the holding company of the billionaire investor Warren Buffett almost exclusively throughout the pandemic, feathering her nest egg with up to \$15,000 worth of Berkshire stock [at least once a month](#).

The corresponding Berkshire stock — [BRK.B](#) — was worth \$194 a share a year ago, on July 27, 2020. It traded at an all-time high of \$295 a share on May 10, 2021.

Castor did not respond to repeated requests for comment. The office of Wasserman Schultz also did not respond to an Insider inquiry.

The disclosure failures follow a string of others involving both Democrats and Republicans in Congress.

On Thursday, the nonpartisan Campaign Legal Center [filed separate congressional ethics complaints](#) against Sen. Tommy Tuberville, an Alabama Republican; Rep. Pat Fallon, a Texas Republican; and Rep. [Blake Moore](#), a Utah Republican, allegedly that they violated the STOCK Act.

Others who've run into trouble include Sen. [Dianne Feinstein](#), a Democrat of California; Rep. [Tom Malinowski](#), a Democrat of New Jersey; Rep. [Pat Fallon](#), a Republican of Texas; Rep. [Dan Crenshaw](#), a Republican of Texas; and [Sean Patrick Maloney](#), a Democrat of New York.

Former Rep. Harley Rouda, a Democrat of California who's attempting a comeback, also [failed to properly disclose](#) stock trades.