



September 22, 2021

Chairman Mike Barnes  
Co-Chairman Paul Vinovich  
Office of Congressional Ethics  
425 3rd Street, SW Suite 1110  
Washington, DC 20024

*Sent via email (oce@mail.house.gov)*

Dear Chairman Barnes and Co-Chairman Vinovich:

Campaign Legal Center (“CLC”) respectfully requests that the Office of Congressional Ethics (“OCE”) investigate Rep. Thomas Suozzi for a possible violation of the STOCK Act and House rules. From 2017 to 2020, Rep. Suozzi made approximately 300 stock trades<sup>1</sup> with a total value ranging from approximately \$3.2 million to \$11 million.<sup>2</sup> Rep. Suozzi did not file any periodic transaction reports (“PTRs”), which are required for each transaction pursuant to the STOCK Act and House rules. An OCE investigation is necessary to determine whether his failure to file was knowing and willful.

The STOCK Act requires members of Congress to promptly disclose stock trades, yet certain members are not disclosing their trades by claiming

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<sup>1</sup> The Honorable Thomas Suozzi, Annual Financial Disclosure Report for Filing Year 2017, Clerk of the House of Representatives (filed Aug. 13, 2018), [https://disclosures-clerk.house.gov/public\\_disc/financial-pdfs/2017/10021773.pdf](https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2017/10021773.pdf) (“2017 financial disclosure”); The Honorable Thomas Suozzi, Annual Financial Disclosure Report for Filing Year 2018, Clerk of the House of Representatives (filed Aug. 12, 2019), [https://disclosures-clerk.house.gov/public\\_disc/financial-pdfs/2018/10027179.pdf](https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2018/10027179.pdf) (“2018 financial disclosure”); The Honorable Thomas Suozzi, Annual Financial Disclosure Report for Filing Year 2019, Clerk of the House of Representatives (filed Aug. 13, 2020), [https://disclosures-clerk.house.gov/public\\_disc/financial-pdfs/2019/10037543.pdf](https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2019/10037543.pdf) (“2019 financial disclosure”); The Honorable Thomas Suozzi, Annual Financial Disclosure Report for Filing Year 2020, Clerk of the House of Representatives (filed Aug. 12, 2021), [https://disclosures-clerk.house.gov/public\\_disc/financial-pdfs/2020/10042262.pdf](https://disclosures-clerk.house.gov/public_disc/financial-pdfs/2020/10042262.pdf) (“2020 financial disclosure”).

<sup>2</sup> *Id.*

that they are unaware of the transactions. The harm is that this trend could quickly defeat one of the purposes of the STOCK Act, which is real time disclosure of potential conflicts of interest. If members are not held accountable for failing to disclose stock trades, many may simply wait until their annual financial disclosures to reveal stock trades and pay nominal late fees, thereby circumventing the STOCK Act.

When members of Congress trade individual stocks and fail to disclose those trades, they break the law and diminish the public's trust in government. The recent prevalence of STOCK Act violations in the House shows that merely the threat of a fine is not deterring members of Congress from breaking the law; real accountability is necessary. As members of Congress craft laws that directly impact the lives of all Americans, the public must be able to trust that representatives are acting in the public's interest, and not in their own financial interest.

### **The STOCK Act and House Rules Require Members of Congress to Promptly Report All Individual Stock Transactions**

The STOCK Act amended the Ethics in Government Act of 1978 (“EIGA”) to require members of Congress to report their individual stock transactions no “later than 30 days after receiving notification of any transaction required to be reported under section 102(a)(5)(B), but in no case later than 45 days after such transaction . . . .”<sup>3</sup> The House Committee on Ethics (“Committee on Ethics”) explains that the report includes “[p]urchase and sale transactions involving assets held within managed accounts [and] brokerage accounts. . . .”<sup>4</sup>

House rules incorporate these reporting requirements. House Rule 26, clause 2 states, “[f]or 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.”<sup>5</sup>

The Committee on Ethics trains and reminds members of Congress annually in writing of the consequences of failing to file PTRs. Specifically, the Committee on Ethics advises:

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<sup>3</sup> P.L. 112-105, Section 6; 5 U.S.C. App. 4 § 103(l).

<sup>4</sup> U.S. HOUSE COMM. ON ETHICS, Instruction Guide, Financial Disclosure Statements and Periodic Transaction Reports Calendar Year 2019 at 41, *available at* <https://ethics.house.gov/sites/ethics.house.gov/files/documents/CY%202019%20Instruction%20Guide%20for%20Financial%20Disclosure%20Statements%20and%20PTRs.pdf>.

<sup>5</sup> RULES OF THE HOUSE OF REPRESENTATIVES OF THE U.S. 116TH CONG. (2019), Rule 26, cl. 2.

“[e]ach Member, officer, and senior staffer is responsible for the completeness and accuracy of the information contained in the individual’s PTR, even if someone else prepared, or assisted in preparing, all or part of it. The EIGA provides that the Attorney General may pursue either civil or criminal penalties against an individual who knowingly and willfully falsifies a statement or fails to file a statement required by the EIGA. The maximum civil penalty is \$61,585. The maximum criminal penalty is up to one year in prison and a fine of up to \$61,585.”<sup>6</sup>

In addition, the Committee on Ethics advises that 18 U.S.C. § 1001 is applicable to PTRs. “That criminal statute provides for a fine of up to \$250,000 and/or imprisonment for up to five years for knowingly and willfully making any materially false, fictitious, or fraudulent statement or representation, or falsifying, concealing, or covering up a material fact, in a filing under the EIGA.”<sup>7</sup>

### **Rep. Suozzi Did Not File Periodic Transaction Reports for Stock Trades from 2017 to 2020**

For four years, Rep. Suozzi traded stocks frequently, but did not file any PTRs as required. In 2017, he had approximately 64 transactions, valued between \$456,064 and \$1,865,000.<sup>8</sup> In 2018, there were approximately 31 transactions, valued between \$528,031 and \$1,445,000.<sup>9</sup> In 2019, Rep. Suozzi made approximately 104 stock trades with a total value ranging from \$1.1 million to \$3.8 million.<sup>10</sup> In 2020, he made approximately 104 trades with a total value ranging from \$1.1 million to \$4.0 million.<sup>11</sup> Rep. Suozzi acknowledged that these trades are reportable by including them in his year-end financial disclosure statements, but did he not file any PTRs.

Many of Rep. Suozzi’s trades are in accounts described as “advisor discretion accounts.” Although it is unclear from the public filing, the purpose of this description may be to imply that Rep. Suozzi does not make the investment decisions and therefore does not need to file PTRs. This

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<sup>6</sup> U.S. HOUSE OF REPRESENTATIVES COMM. ON ETHICS 116TH CONG., Memorandum from Committee 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), [https://ethics.house.gov/sites/ethics.house.gov/files/wysiwyg\\_uploaded/STOCK%20Act%206.1.2020%20Final.pdf](https://ethics.house.gov/sites/ethics.house.gov/files/wysiwyg_uploaded/STOCK%20Act%206.1.2020%20Final.pdf).

<sup>7</sup> *Id.* at 3.

<sup>8</sup> Rep. Suozzi’s 2017 financial disclosure, *supra* note 1.

<sup>9</sup> Rep. Suozzi’s 2018 financial disclosure, *supra* note 1.

<sup>10</sup> Rep. Suozzi’s 2019 financial disclosure, *supra* note 1.

<sup>11</sup> Rep. Suozzi’s 2020 financial disclosure, *supra* note 1.

description alone does not exempt Rep. Suozzi from filing PTRs for two reasons. First, guidance from the Committee on Ethics on PTRs is clear that “[p]urchase and sale transactions involving assets held within managed accounts, brokerage accounts, and retirement accounts . . . must be disclosed.<sup>12</sup> Second, Rep. Suozzi’s stock trades are not part of a qualified blind trust, excepted trust, or any other exclusion listed in the Committee on Ethics’ guidance for filing PTRs.<sup>13</sup>

### **Rep. Suozzi May Have Knowingly Violated the STOCK Act**

Based on publicly available information, it is unclear whether one reason for the failure to file PTRs was an attempt to avoid scrutiny of trades connected with non-public information or with potential conflicts of interest. Two factors suggest that Rep. Suozzi was in fact aware of the requirement prior to the filing of his PTRs and may have knowingly avoided disclosing his stock trades at the time they were made.

*First*, Rep. Suozzi was required to attend mandatory ethics training for new members of Congress in 2017.<sup>14</sup> This training includes discussion of financial disclosures and the STOCK Act. Members of Congress are required to complete the ethics training within 60 days of their start date,<sup>15</sup> meaning Rep. Suozzi would have been required to complete the training no later than March 4, 2017.<sup>16</sup> The Committee on Ethics does not grant extensions for completing ethics training.<sup>17</sup> As a result, Rep. Suozzi should have been aware of the requirement as early as 2017.

*Second*, even if Rep. Suozzi asserts that he did not know of the PTR requirements when he entered Congress, despite having undergone contemporaneous training that explained the requirements, he *should have known* about the disclosure requirements due to public attention on congressional stock trades. In March 2020, high profile insider trading allegations engulfed several senators and became widely publicized.<sup>18</sup> These allegations of STOCK Act violations were all based on information disclosed

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<sup>12</sup> U.S. HOUSE COMM. ON ETHICS, Instruction Guide, *supra* note 4, at 41.

<sup>13</sup> *Id.* at 44.

<sup>14</sup> U.S. HOUSE OF REPRESENTATIVES COMM. ON ETHICS, *Training*, <https://ethics.house.gov/training>.

<sup>15</sup> U.S. HOUSE OF REPRESENTATIVES COMM. ON ETHICS, *FAQs About Training*, <https://ethics.house.gov/legislation/schedule/faqs-about-training>.

<sup>16</sup> Rep. Suozzi’s first day in office was Jan. 3, 2021.

<sup>17</sup> U.S. HOUSE OF REPRESENTATIVES COMM. ON ETHICS, *FAQs About Training*, *supra* note 11.

<sup>18</sup> *See e.g.*, Aruna Viswanatha & Dave Michaels, *Justice Department Investigating Lawmakers for Possible Insider Trading*, WALL ST. J (Mar. 31, 2020), [https://www.wsj.com/articles/justice-department-investigating-lawmakers-for-possible-insider-trading-11585586365?mod=article\\_inline](https://www.wsj.com/articles/justice-department-investigating-lawmakers-for-possible-insider-trading-11585586365?mod=article_inline).

in PTRs. Also in 2020, another scandal involving STOCK Act violations came to light: Rep. Donna Shalala failed to file PTRs for numerous transactions.<sup>19</sup> Considering that the requirement for PTRs in Congress was headline news throughout 2020, and that Rep. Suozzi had already filed numerous annual disclosures with the House, it seems unlikely that he was unaware of the disclosure requirements at the time of the transactions.

For these reasons, Rep. Suozzi cannot excuse his failure to report with a claim that it he was unfamiliar with the financial disclosure requirements. An OCE preliminary review can gather information to determine whether Rep. Suozzi knowingly violated the STOCK Act.

## Conclusion

The STOCK Act requires members of Congress to timely file PTRs for any individual stock trades.<sup>20</sup> Based on the available facts, there is probable cause to believe that Rep. Suozzi was aware of this requirement, and his failure to timely file the transaction reports violates the STOCK Act.

CLC respectfully requests that OCE open a preliminary review to determine whether Rep. Suozzi's nondisclosure was an intentional violation of the STOCK Act and House rules.

We acknowledge that 18 U.S.C. § 1001 applies to the information provided.

Sincerely,

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<sup>19</sup> Alex Daugherty, *Donna Shalala, again, failed to disclose stock sales in violation of federal law*, MIAMI HERALD (Sept. 28, 2020), <https://www.miamiherald.com/news/politics-government/article246072375.html>. Rep. Shalala reportedly paid a \$1,200 fine after describing the omission as the result of trades made to establish a blind trust in coordination with the Committee on Ethics. In contrast, the current evidence does not suggest that Rep. Suozzi's failure to report should only result in a small fine because he does not have a blind trust and has not stated that he made trades in connection with advice from the Committee on Ethics.

<sup>20</sup> P.L. 112-105, *supra* note 3; see U.S. HOUSE COMM. ON ETHICS, Instruction Guide, *supra* note at 41, available at <https://ethics.house.gov/sites/ethics.house.gov/files/documents/CY%202019%20Instruction%20Guide%20for%20Financial%20Disclosure%20Statements%20and%20PTRs.pdf> (Stating that the relevant factor for disclosure is ownership of the stock: "In general, you must report on a PTR each purchase, sale, or exchange involving stocks, bonds, commodities futures, or other securities **owned wholly or in part by you**, your spouse, or your dependent child when the amount of the transaction exceeds \$1,000.") (emphasis added).

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