

House Committee on Ethics Dismisses Four OCE Referrals Focused on Periodic Transaction Reporting

September 2022

On July 29, 2022 and August 22, 2022, the Committee on Ethics of the U.S. House of Representatives issued statements that it had voted to dismiss separate referrals from the Office of Congressional Ethics (OCE) regarding allegations that Representative Pat Fallon (R-TX), Representative Chris Jacobs (R-NY), Representative John Rutherford (R-FL), and Representative Thomas Suozzi (D-NY) “may have failed to timely file Periodic Transaction Reports (PTRs) for various reportable transactions.” The Committee had received the referrals regarding Rep. Jacobs, Rep. Rutherford, and Rep. Suozzi on February 28, 2022; the Committee received the referral regarding Rep. Fallon on March 2, 2022.

The Committee on Ethics based its dismissal of each of these four matters on the conclusion that “there was not clear evidence that the errors and omissions in [the Member’s] PTRs were knowing and willful” and that the Member “was generally unclear on the reporting requirements relating to PTR filings.” In announcing the dismissals, the Committee also stated that it had “worked with” each Member and that each had “made diligent efforts to take appropriate remedial actions and ensure [his] continued compliance with applicable financial disclosure requirements.”

The requirement for Members, and senior staff, of the House and Senate to publicly file PTRs within 30 to 45 days of a qualifying securities transaction was implemented by The Stop Trading on Congressional Knowledge (STOCK) Act, signed into law in April 2012. The PTR requirement originally imposed by the STOCK Act in 2012 also applies to appointees and senior officials of the federal

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executive branch; effective August 11, 2022, this reporting requirement now also applies to federal judges.

Oversight and enforcement of the periodic transaction reporting requirement by the Committee on Ethics – and by its Senate counterpart, the Select Committee on Ethics – has been subject recently to scrutiny by the press and watchdog groups, as has the overall efficacy of the periodic transaction reporting requirement as a tool in the general effort to deter alleged insider trading by government officials. In this regard, perhaps the most significant statement by the House Committee on Ethics in its public announcements of its dismissals of the four OCE referrals is this concluding paragraph:

The Committee takes the statutory financial disclosure requirements and its oversight of them very seriously. It is working to address various programmatic issues raised by the referrals and will publicly address them at a later date.

Clearly, we can expect more published guidance from the House Committee on Ethics on compliance with, and enforcement of, the Periodic Transaction Reporting process.