

118TH CONGRESS  
1ST SESSION

# H. R. 4222

To require executive branch agencies to prohibit conflicting financial interests through prohibited holdings regulations.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2023

Mr. LANGWORTHY (for himself and Mr. KILMER) introduced the following bill; which was referred to the Committee on Oversight and Accountability

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## A BILL

To require executive branch agencies to prohibit conflicting financial interests through prohibited holdings regulations.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Executive Branch Con-  
5 flict of Interest Prevention Act of 2023”.

6 **SEC. 2. ESTABLISHMENT OF PROHIBITED HOLDINGS REGU-**  
7 **LATIONS.**

8 (a) DEFINITIONS.—In this Act:

9 (1) COVERED GOVERNMENT OFFICIAL.—The  
10 term “covered government official” includes any offi-

1 cer or employee who occupies a position classified  
2 above GS–15 of the General Schedule or, in the case  
3 of positions not under the General Schedule—

4 (A) for which the rate of basic pay is equal  
5 to or greater than 120 percent of the minimum  
6 rate of basic pay payable for GS–15 of the Gen-  
7 eral Schedule;

8 (B) each member of a uniformed service  
9 whose pay grade is at or in excess of O–7 under  
10 section 201 of title 37, United States Code; and

11 (C) each officer or employee in any other  
12 position determined by the Director of the Of-  
13 fice of Government Ethics to be of equal classi-  
14 fication.

15 (2) DIVERSIFIED FUND.—The term “diversified  
16 fund” means a widely held investment fund de-  
17 scribed in section 13104(f)(8) of title 5, United  
18 States Code, that does not have a stated policy of  
19 concentrating its investments in any industry, busi-  
20 ness, or single country other than the United States.

21 (b) IN GENERAL.—Subject to any exception for an  
22 interest held through a diversified fund or a qualified blind  
23 trust, no covered government official shall own any finan-  
24 cial interest in a corporation, business, partnership, or  
25 other for-profit entity that is determined to be—

1           (1) substantially regulated by the agency or  
2 otherwise directly influenced by the action of the ex-  
3 ecutive agency;

4           (2) a major contractor of the agency;

5           (3) an organization that has substantial lob-  
6 bing contacts with the agency; or

7           (4) an organization that otherwise poses the re-  
8 alistic potential for creating a substantial appear-  
9 ance of a conflict of interest.

10       (c) GUIDANCE.—The Director of the Office of Gov-  
11 ernment Ethics shall issue guidance to executive agencies  
12 regarding the meaning of the terms “substantially regu-  
13 lated”, “major contractor”, “substantial lobbying con-  
14 tacts”, and “substantial appearance of a conflict of inter-  
15 est” specifically in the context of this Act.

16       (d) REPORT.—If an agency head determines that no  
17 financial interest meets the criteria established in sub-  
18 section (b), as defined by the Director of the Office of Gov-  
19 ernment Ethics pursuant to subsection (c), and that  
20 issuance of a prohibited holdings regulation under this  
21 regulation is not possible, the head of the agency shall sign  
22 a report to Congress that—

23           (1) explains in detail why there is no realistic  
24 potential for any officer or employee described in

1 subsection (a) to encounter a conflict of interest in  
2 the performance of official duties;

3 (2) describes in detail all steps undertaken by  
4 the agency to evaluate the potential for conflicts of  
5 interest to arise at the agency; and

6 (3) if any part of the agency is within the juris-  
7 diction of an inspector general, shall include a writ-  
8 ten assessment by the Inspector General of the po-  
9 tential for conflicts of interest to arise in connection  
10 with the performance of official duties by officers  
11 and employees described in subsection (a).

12 (e) EVALUATION.—If an agency has issued a prohib-  
13 ited holdings regulation prior to the date of enactment of  
14 this Act, the agency head shall evaluate whether that regu-  
15 lation should cover any additional types of interests not  
16 currently covered. If the agency head determines that ex-  
17 pansion of the regulation’s coverage is not currently war-  
18 ranted, the agency head shall so advise Congress in writ-  
19 ing and shall not be required to issue a new regulation  
20 under this Act.

21 (f) WAIVERS.—Any regulation prohibiting potentially  
22 conflicting financial interests, whether issued pursuant to  
23 this Act or prior to the date of enactment of this Act,  
24 may, if deemed appropriate by both the agency head and  
25 the Director of the Office of Government Ethics, permit

1 individual waivers in unusual circumstances, provided that  
2 the regulation requires the agency to submit the waiver  
3 to the Director for publication on the official website of  
4 the Office of Government Ethics, subject to applicable rou-  
5 tine destruction requirements.

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