

118TH CONGRESS
2D SESSION

H. R. 7264

To prohibit certain defense industry stock trading and ownership by Members of Congress and spouses of Members of Congress, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2024

Ms. TLAIB (for herself and Ms. BUSH) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on House Administration, Agriculture, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prohibit certain defense industry stock trading and ownership by Members of Congress and spouses of Members of Congress, and for other purposes.

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 “Stop Politicians Prof-
5 iting from War Act of 2024”.

1 **SEC. 2. BAN ON CERTAIN DEFENSE INDUSTRY STOCK TRAD-**
2 **ING AND OWNERSHIP BY MEMBERS OF CON-**
3 **GRESS, SPOUSES, AND DEPENDENT CHIL-**
4 **DREN.**

5 (a) DEFINITIONS.—In this Act:

6 (1) COMMODITY.—The term “commodity” has
7 the meaning given that term in section 1a of the
8 Commodity Exchange Act (7 U.S.C. 1a).

9 (2) COVERED DEFENSE CONTRACTOR.—The
10 term “covered defense contractor” means a person,
11 other than an institution of higher education (as de-
12 fined under section 101 of the Higher Education Act
13 of 1965 (20 U.S.C. 1001)) or a non-profit medical
14 treatment facility, that has entered into a contract,
15 transaction, or other agreement with the Depart-
16 ment of Defense.

17 (3) DIVERSIFIED.—The term “diversified”,
18 with respect to a fund, trust, or plan, means that
19 the fund, trust, or plan does not have a stated policy
20 of concentrating its investments in any industry,
21 business, single country other than the United
22 States, or bonds of a single State.

23 (4) MEMBER OF CONGRESS.—The term “Mem-
24 ber of Congress” has the meaning given that term
25 in section 13101 of title 5, United States Code.

1 (5) SECURITY.—The term “security” has the
2 meaning given that term in section 3(a) of Securities
3 Exchange Act of 1934 (15 U.S.C. 78c(a)).

4 (6) WIDELY HELD INVESTMENT FUND.—The
5 term “widely held investment fund” means a widely
6 held investment fund described in 13104(f)(8) of
7 title 5, United States Code.

8 (b) DIVESTMENT OF ASSETS.—

9 (1) IN GENERAL.—Except as provided in sub-
10 section (c), no Member of Congress, spouse of a
11 Member of Congress, or dependent child of a Mem-
12 ber of Congress may have a financial interest in a
13 covered defense contractor, or may own an interest
14 in or trade (except as a divestment) any stock, bond,
15 commodity, future, or other form of security the
16 value of which is significantly based upon a covered
17 defense contractor or an entity in the defense indus-
18 trial base, including an interest in a hedge fund, a
19 derivative, option, or other complex investment vehi-
20 cle.

21 (2) IMPLEMENTATION.—

22 (A) CURRENT MEMBERS.—

23 (i) IN GENERAL.—Except as provided
24 in clause (ii), an individual who is a Mem-
25 ber of Congress on the date of the enact-

1 ment of this Act, or the spouse or depend-
2 ent child of such an individual, shall com-
3 plete the divestment of any asset described
4 in paragraph (1) by not later than 120
5 days after the date of enactment of this
6 Act.

7 (ii) CERTAIN ASSETS.—For an asset
8 described in paragraph (1) that is an inter-
9 est in a hedge fund, venture capital fund,
10 or other privately held complex investment
11 vehicle, an individual who is a Member of
12 Congress on the date of enactment of this
13 Act, or the spouse or dependent child of
14 such an individual, shall complete the di-
15 vestment of the asset by not later than 180
16 days after the date of enactment of this
17 Act.

18 (iii) APPLICATION.—This subpara-
19 graph shall apply to a covered defense con-
20 tractor that is performing or has per-
21 formed a contract for the Department of
22 Defense during the 5-year period preceding
23 the date of the enactment of this Act.

24 (B) NEW MEMBERS.—

1 (i) IN GENERAL.—Except as provided
2 in clause (ii), an individual who becomes a
3 Member of Congress after the date of en-
4 actment of this Act, or who is the spouse
5 of such an individual, shall complete the
6 divestment of any asset described in para-
7 graph (1) by not later than 120 days after
8 the date on which the individual becomes a
9 Member of Congress.

10 (ii) CERTAIN ASSETS.—For an asset
11 described in paragraph (1) that is an inter-
12 est in a hedge fund, venture capital fund,
13 or other privately held complex investment
14 vehicle, an individual who becomes a Mem-
15 ber of Congress after the date of enact-
16 ment of this Act, or who is the spouse or
17 dependent child of such an individual, shall
18 complete the divestment of the asset by not
19 later than 180 days after the date on
20 which the individual becomes a Member of
21 Congress.

22 (iii) APPLICATION.—This subpara-
23 graph shall apply to a covered defense con-
24 tractor that is performing or has per-
25 formed a contract for the Department of

1 Defense during the 5-year period preceding
2 the date on which the individual becomes a
3 Member of Congress.

4 (C) DIVESTMENT OF ASSETS RECEIVED
5 WHILE A MEMBER.—An individual serving as a
6 Member of Congress, or the spouse or depend-
7 ent child of such an individual, who receives
8 any asset described in paragraph (1) during the
9 period of such service, such as from an inherit-
10 ance, shall complete the divestment of the asset
11 by not later than 120 days after the date on
12 which the individual or spouse receives the
13 asset.

14 (D) QUALIFIED BLIND TRUST PROHIB-
15 ITED.—Placing an asset described in paragraph
16 (1) in a qualified blind trust (as that term is
17 defined in section 13104(f)(3) of title 5, United
18 States Code), or any other blind trust, shall not
19 qualify as a divestment under such paragraph
20 for purposes of compliance with the require-
21 ments of this Act.

22 (c) EXCEPTIONS.—Nothing in this section shall be
23 construed to prevent—

24 (1) a Member of Congress or their spouse or
25 dependent child from owning or trading—

1 (A) a widely held investment fund, if the
2 widely held investment fund—

3 (i) does not present a conflict of inter-
4 est;

5 (ii) is diversified; and

6 (iii) in the literature it distributes to
7 prospective and current investors or par-
8 ticipants, does not indicate the objective or
9 practice of concentrating its investments in
10 covered defense contractors or entities in
11 the defense industrial base, if the Member
12 of Congress, or the spouse or dependent
13 child of such an individual, neither exer-
14 cises control nor has the ability to exercise
15 control over the financial interests held in
16 the fund;

17 (B) shares of Settlement Common Stock
18 issued under section 7(g)(1)(A) of the Alaska
19 Native Claims Settlement Act (43 U.S.C.
20 1606(g)(1)(A));

21 (C) shares of Settlement Common Stock,
22 as defined in section 3 of the Alaska Native
23 Claims Settlement Act (43 U.S.C. 1602);

24 (D) a United States Treasury bill, note, or
25 bond;

1 (E) an investment fund held in a Federal,
2 State, or local government employee retirement
3 plan; or

4 (F) an interest in an investment fund reg-
5 istered as an investment company under section
6 3 of the Investment Company Act of 1940 (15
7 U.S.C. 80a–3) that is diversified; and

8 (2) a spouse or dependent child of a Member of
9 Congress from trading any asset described in sub-
10 section (b)(1) that is not owned by the spouse, child,
11 or Member of Congress in the course of performing
12 the primary occupation of the spouse or child.

13 (d) CIVIL FINES.—The Attorney General or the Spe-
14 cial Counsel may bring a civil action in the appropriate
15 United States district court against any Member of Con-
16 gress or their spouse or dependent child who engages in
17 conduct constituting a violation of this section and, upon
18 proof of such conduct by a preponderance of the evidence,
19 such Member of Congress, spouse, or child (as the case
20 may be) shall be subject to a civil penalty of not more
21 than \$50,000 for each violation. The imposition of a civil
22 penalty under this subsection does not preclude any other
23 criminal or civil statutory, common law, or administrative
24 remedy, which is available by law to the United States or
25 any other person.

1 (e) NONRECOGNITION OF GAIN.—

2 (1) IN GENERAL.—Paragraph (1) of section
3 1043(b) of the Internal Revenue Code of 1986 is
4 amended—

5 (A) by striking “and” at the end of sub-
6 paragraph (A);

7 (B) by redesignating subparagraph (B) as
8 subparagraph (C);

9 (C) by inserting after subparagraph (A)
10 the following new subparagraph:

11 “(B) any Member of Congress or Member
12 of Congress-elect, but only with respect to a di-
13 vestment of property required by the Stop Poli-
14 ticians Profiting from War Act of 2024, and”;
15 and

16 (D) by striking “subparagraph (A)” in
17 subparagraph (C), as so redesignated, and in-
18 serting “subparagraph (A) or (B), whichever is
19 applicable”.

20 (2) CERTIFICATE OF DIVESTITURE.—Subpara-
21 graph (B) of section 1043(b)(2) of such Code is
22 amended—

23 (A) by striking “or by” and inserting
24 “by”; and

1 (B) by inserting “, or by the applicable
2 congressional ethics committee (as that term is
3 defined in section 13101 of title 5), in the case
4 of Members of Congress, Members of Congress-
5 elect, and spouses of Members of Congress and
6 Members of Congress-elect” after “judicial offi-
7 cers”.

8 (3) EFFECTIVE DATE.—The amendments made
9 by this subsection shall apply to sales of property
10 after the date of the enactment of this Act.

11 (f) INTERPRETIVE GUIDANCE.—The Select Com-
12 mittee on Ethics of the Senate and the Committee on Eth-
13 ics of the House of Representatives shall issue interpretive
14 guidance regarding relevant terms not defined in this Act.

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