118TH CONGRESS  2D SESSION

H. R. ______

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

Ms. Tlaib introduced the following bill; which was referred to the Committee on

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”.

(Original Signature of Member)
SEC. 2. BAN ON CERTAIN DEFENSE INDUSTRY STOCK TRADING AND OWNERSHIP BY MEMBERS OF CONGRESS, SPOUSES, AND DEPENDENT CHILDREN.

(a) DEFINITIONS.—In this Act:

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

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

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

(4) MEMBER OF CONGRESS.—The term “Member of Congress” has the meaning given that term in section 13101 of title 5, United States Code.
(5) **Security.**—The term “security” has the meaning given that term in section 3(a) of Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

(6) **Widely Held Investment Fund.**—The term “widely held investment fund” means a widely held investment fund described in 13104(f)(8) of title 5, United States Code.

(b) **Divestment of Assets.**—

(1) **In General.**—Except as provided in subsection (c), no Member of Congress, spouse of a Member of Congress, or dependent child of a Member of Congress may have a financial interest in a covered defense contractor, or may own an interest in or trade (except as a divestment) any stock, bond, commodity, future, or other form of security the value of which is significantly based upon a covered defense contractor or an entity in the defense industrial base, including an interest in a hedge fund, a derivative, option, or other complex investment vehicle.

(2) **Implementation.**—

(A) **Current Members.**—

(i) **In General.**—Except as provided in clause (ii), an individual who is a Member of Congress on the date of the enact-
ment of this Act, or the spouse or dependent child of such an individual, shall complete the divestment of any asset described in paragraph (1) by not later than 120 days after the date of enactment of this Act.

(ii) CERTAIN ASSETS.—For an asset described in paragraph (1) that is an interest in a hedge fund, venture capital fund, or other privately held complex investment vehicle, an individual who is a Member of Congress on the date of enactment of this Act, or the spouse or dependent child of such an individual, shall complete the divestment of the asset by not later than 180 days after the date of enactment of this Act.

(iii) APPLICATION.—This subparagraph shall apply to a covered defense contractor that is performing or has performed a contract for the Department of Defense during the 5-year period preceding the date of the enactment of this Act.

(B) NEW MEMBERS.—
(i) IN GENERAL.—Except as provided in clause (ii), an individual who becomes a Member of Congress after the date of enactment of this Act, or who is the spouse of such an individual, shall complete the divestment of any asset described in paragraph (1) by not later than 120 days after the date on which the individual becomes a Member of Congress.

(ii) CERTAIN ASSETS.—For an asset described in paragraph (1) that is an interest in a hedge fund, venture capital fund, or other privately held complex investment vehicle, an individual who becomes a Member of Congress after the date of enactment of this Act, or who is the spouse or dependent child of such an individual, shall complete the divestment of the asset by not later than 180 days after the date on which the individual becomes a Member of Congress.

(iii) APPLICATION.—This subparagraph shall apply to a covered defense contractor that is performing or has performed a contract for the Department of
Defense during the 5-year period preceding
the date on which the individual becomes a
Member of Congress.

(C) DIVESTMENT OF ASSETS RECEIVED
WHILE A MEMBER.—An individual serving as a
Member of Congress, or the spouse or dependent child of such an individual, who receives
any asset described in paragraph (1) during the
period of such service, such as from an inheritance, shall complete the divestment of the asset
by not later than 120 days after the date on
which the individual or spouse receives the
asset.

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

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

(1) a Member of Congress or their spouse or
dependent child from owning or trading—
(A) a widely held investment fund, if the widely held investment fund—

(i) does not present a conflict of interest;

(ii) is diversified; and

(iii) in the literature it distributes to prospective and current investors or participants, does not indicate the objective or practice of concentrating its investments in covered defense contractors or entities in the defense industrial base, if the Member of Congress, or the spouse or dependent child of such an individual, neither exercises control nor has the ability to exercise control over the financial interests held in the fund;

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

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

(D) a United States Treasury bill, note, or bond;
(E) an investment fund held in a Federal, State, or local government employee retirement plan; or

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

(2) a spouse or dependent child of a Member of Congress from trading any asset described in subsection (b)(1) that is not owned by the spouse, child, or Member of Congress in the course of performing the primary occupation of the spouse or child.

(d) CIVIL FINES.—The Attorney General or the Special Counsel may bring a civil action in the appropriate United States district court against any Member of Congress or their spouse or dependent child who engages in conduct constituting a violation of this section and, upon proof of such conduct by a preponderance of the evidence, such Member of Congress, spouse, or child (as the case may be) shall be subject to a civil penalty of not more than $50,000 for each violation. The imposition of a civil penalty under this subsection does not preclude any other criminal or civil statutory, common law, or administrative remedy, which is available by law to the United States or any other person.
(e) NONRECOGNITION OF GAIN.—

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

(A) by striking “and” at the end of subparagraph (A);

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

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

“(B) any Member of Congress or Member of Congress-elect, but only with respect to a divestment of property required by the Stop Politicians Profiting from War Act of 2024, and”;

and

(D) by striking “subparagraph (A)” in subparagraph (C), as so redesignated, and inserting “subparagraph (A) or (B), whichever is applicable”.

(2) CERTIFICATE OF DIVESTITURE.—Subparagraph (B) of section 1043(b)(2) of such Code is amended—

(A) by striking “or by” and inserting “by”; and
(B) by inserting “, or by the applicable congressional ethics committee (as that term is defined in section 13101 of title 5), in the case of Members of Congress, Members of Congress-elect, and spouses of Members of Congress and Members of Congress-elect” after “judicial officers”.

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

(f) INTERPRETIVE GUIDANCE.—The Select Committee on Ethics of the Senate and the Committee on Ethics of the House of Representatives shall issue interpretive guidance regarding relevant terms not defined in this Act.