117TH CONGRESS  
2D SESSION  

H. R. _____

To amend the Ethics in Government Act of 1978 to restrict trading and ownership of covered investments by senior government officials, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. __________ introduced the following bill; which was referred to the Committee on _______________________

____________________

A BILL

To amend the Ethics in Government Act of 1978 to restrict trading and ownership of covered investments by senior government officials, and for other purposes.

1     Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2     SECTION 1. SHORT TITLE.

3     This Act may be cited as the "Combatting Financial Conflicts of Interest in Government Act".
SEC. 2. RESTRICTING TRADING AND OWNERSHIP OF COVERED INVESTMENTS BY SENIOR GOVERNMENT OFFICIALS.

(a) QUALIFIED BLIND TRUST AMENDMENTS.—Section 102(f)(3) of the Ethics in Government Act of 1978 (5 U.S.C. App 102(f)(3)) is amended—

(1) in subparagraph (C)(iii), by striking “promptly notify” and inserting “promptly provide a written notice to”; and

(2) by adding after subparagraph (F) the following new subparagraph:

“(G) Any asset described as a covered investment under title II that is placed in a trust after the date of enactment of the Combatting Financial Conflicts of Interest in Government Act shall be divested not later than 18 months after such asset was so placed.

“(H) Notwithstanding subparagraphs (A) through (G), a form of a trust approved by the Office of Government Ethics, Judicial Conference, House of Representatives, or Senate through rule making or by majority vote for its respective jurisdiction.”.

(b) TRADE AND OWNERSHIP RESTRICTIONS.—The Ethics in Government Act of 1978 (5 U.S.C. App.) is amended by inserting after title I the following:
"TITLE II—RESTRICTIONS ON TRADE AND OWNERSHIP OF COVERED INVESTMENTS BY FEDERAL PERSONNEL"

"SEC. 201. DEFINITIONS.

"In this title:

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

“(2) COVERED INVESTMENT.—The term ‘covered investment’—

“(A) means an investment in a security, a commodity, a future, cryptocurrency or other digital asset, or any comparable economic interest acquired through synthetic means, such as the use of a derivative, including an option, warrant, or other similar means; and

“(B) does not include—

“(i) a widely held investment fund described in section 102(f)(8) that is diversified and publicly traded on a national or regional stock exchange;

“(ii) an asset held in a qualified blind trust;"
“(iii) an asset held in a qualified diversified trust;

“(iv) a diversified mutual fund (including any holdings of such a fund);

“(v) a diversified exchange-traded fund (including any holdings of such a fund);

“(vi) a United States Treasury bill, note, or bond;

“(vii) a State or municipal government bill, note, or bond;

“(viii) the Thrift Savings Plan (including any holdings in such plan);

“(ix) any compensation received by the spouse or dependent child of a covered official from their primary employer;

“(x) any investment fund held in a Federal, State, or local government employee retirement plan; or

“(xi) an interest in a small business concern or family-owned business that does not present a conflict of interest.

“(3) COVERED PERSON.—The term ‘covered person’ means—
“(A) a Member of Congress as defined in section 109(12);

“(B) a spouse or dependent child of a Member of Congress;

“(C) each officer or employee of the legislative branch (except any officer or employee of the Government Accountability Office) who, for at least 120 days, occupies a position for which the basic rate of pay is equal to or greater than 120 percent of the minimum rate of basic pay payable for GS–15 of the General Schedule;

“(D) the President;

“(E) the Vice-President;

“(F) a political appointee who was appointed to such position by the President, by and with the advice and consent of the Senate;

“(G) a judicial officer as defined in section 109(10);

“(H) a member of the Board of Governors of the Federal Reserve System; and

“(I) a president or vice president of a Federal Reserve bank.

“(4) CRYPTOCURRENCY OR OTHER DIGITAL ASSET.—The term ‘cryptocurrency or other digital asset’ means an asset that is issued or transferred
using distributed ledger or blockchain technology, including: virtual currencies, coins and tokens, or any other digital asset specified by regulations of a filer’s supervising ethics office.

“(5) DEPENDENT CHILD.—The term ‘dependent child’ means an individual described in section 109(2).

“(6) INTERESTED PARTY.—The term ‘interested party’ has the meaning given the term in section 102(f)(3)(E).

“(7) FUTURE.—The term ‘future’ means a financial contract obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical commodity or a financial investment, at a predetermined future date and price.

“(8) QUALIFIED BLIND TRUST.—The term ‘qualified blind trust’ has the meaning given the term in section 102(f)(3).

“(9) QUALIFIED DIVERSIFIED TRUST.—The term ‘qualified diversified trust’ means a trust described in section 102(f)(4)(B).

“(10) SECURITY.—The term ‘security’ has the meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).
“(11) SMALL BUSINESS CONCERN.—The term ‘small business concern’ has the meaning given that term under section 3 of the Small Business Act (15 U.S.C. 632).

“(12) SUPERVISING ETHICS OFFICE.—The term ‘supervising ethics office’ has the meaning given the term in section 109(18).

“SEC. 202. OWNERSHIP OF COVERED INVESTMENTS.

“(a) CONDUCT DURING FEDERAL SERVICE.—Except as described in paragraph (2) of subsection (b) or subsections (c) through (h), no covered person may own or trade any covered investment.

“(b) COMPLIANCE.—To comply with the requirements under paragraph (1)—

“(1) a covered person shall not purchase any covered investment beginning 60 days after the date of enactment of the Combatting Financial Conflicts of Interest in Government Act or the date on which an individual becomes a covered person, whichever is later; and

“(2) a covered person shall divest of any covered investment within 180 days of the effective date established in subsection (k)(2) or the date on which an individual becomes a covered person, whichever is later—
“(A) through gift or charitable donation of
a covered investment;

“(B) by converting a covered investment to
cash; or

“(C) by placing a covered investment in a
qualified blind trust in accordance with sub-
section (c).

“(c) QUALIFIED BLIND TRUST.—

“(1) COVERED PERSONS AS OF DATE OF EN-
ACTMENT.—An individual who is a covered person
as of the date of enactment of the Combatting Fi-
nancial Conflicts of Interest in Government Act may
comply with subsection (b) by placing any covered
investment owned by such person into a qualified
blind trust not later than 180 days after the effect-
tive date established in subsection (k)(2).

“(2) COVERED PERSONS AFTER DATE OF EN-
ACTMENT.—An individual who becomes a covered
person after the date of enactment of the Combat-
ting Financial Conflicts of Interest in Government
Act may comply with subsection (b) by placing any
covered investment owned by such person into a
qualified blind trust not later than 180 days after
the effective date established in subsection (k)(2) or
the date on which the individual becomes a covered person, whichever is later.

“(3) MINGLING OF ASSETS.—A spouse or dependent child of a covered person may place a covered investment in a qualified blind trust established by a covered person.

“(d) PUBLIC NOTIFICATION.—Not later than 30 days after receiving any written notice under section 102(f)(3)(C)(iii), the supervising ethics office shall make such notices publicly available in the manner provided under section 105(a).

“(e) EXCEPTION.—Subsection (a) shall not apply to an individual who ceases to be a covered person within 180 days of the date of the enactment of the Combatting Financial Conflicts of Interest in Government Act.

“(f) COMPLEX FINANCIAL ARRANGEMENTS.—

“(1) TEMPORARY EXEMPTIONS.—A supervising ethics office may grant a temporary exemption to a covered person regarding their compliance with the requirements of subsection (a) for investments held in trusts or other complex financial arrangements in which—

“(A) the covered person entered into, or was made a beneficiary of or to, a complex financial arrangement before the enactment of
the Combatting Financial Conflicts of Interest in Government Act; and

“(B) the covered person is contractually prohibited from—

“(i) having knowledge or control of the covered person’s investments; or

“(ii) withdrawing the investment in certain circumstances.

“(2) PUBLICATION.—A supervising ethics office shall make publicly available in the manner provided under section 105(a)—

“(A) any requests from a covered person for a temporary exemption within 30 days of receipt; and

“(B) any decision by the supervising ethics office on the temporary exemption request of a covered person within 30 days of issuing it.

“(g) ASSETS ACQUIRED IN SPECIAL CIRCUMSTANCES.—

“(1) DIVESTMENT.—Except as described in paragraph (2), in the event that a covered person acquires a covered investment after the date of enactment of Combatting Financial Conflicts of Interest in Government Act other than by purchase (such as by marriage, inheritance, divorce settlement, or
other circumstance), the covered person shall have
180 days of the effective date established in sub-
section (k)(2) to divest of such investment through
any means provided under subsection (b)(2).

“(2) EXTENSION.—A supervising ethics office
may grant a covered person an extension of time to
comply with the deadline specified in paragraph (1)
in accordance with subsection (h).

“(h) EXTENSIONS.—With respect to subsections (a)
and (g), in response to a written request for an extension,
a supervising ethics office may grant a covered person one
or more extensions to comply with such subsections in the
following manner:

“(1) An extension of up to 30 days may be
granted but the total of all extensions for each cov-
ered person in a calendar year may not exceed 90
days.

“(2) A copy of each extension granted by the
supervising ethics office shall be made publicly avail-
able in the manner provided under section 105(a).

“(i) CERTIFICATES OF DIVESTITURE.—

“(1) APPLICATION OF CERTIFICATE OF DIVES-
titure Program.—For purposes of section 1043 of
the Internal Revenue Code of 1986—
“(A) this section shall be treated as a Federal conflict of interest statute;

“(B) except as provided in subparagraph (C), any covered person shall be treated as an eligible person described in section 1043(b)(1)(A) of such Code;

“(C) any spouse or dependent described in section 201(3)(B) shall be treated as an eligible person described in section 1043(b)(1)(B) of such Code; and

“(D) in the case of a covered person described in subparagraph (A), (B), or (C) of section 201(3), the requirement of section 1043(b)(2)(B) of such Code shall be treated as satisfied with respect to any written determination if such determination is issued by the supervising ethics office.

“(2) Issuance of Certificate of Divestiture.—

“(A) In General.—Each supervising ethics office shall issue a certificate of divestiture to each covered person required to divest under this title.

“(B) Eligibility.—Such certificate shall include an identification of each specific prop-
erty eligible for the application of the certificate of divestiture program as determined by the supervising ethics office.

“(j) Assets Upon Separation.—An individual who is a covered person under this section may not dissolve any qualified blind trust in which a covered investment has been placed pursuant to subsection (e), or otherwise control such an investment, until the date that is 180 days after the date such individual ceases to be a covered person.

“(k) Administration and Enforcement.—

“(1) In General.—The provisions of this section shall be administered by the supervising ethics office for each branch.

“(2) Regulations.—Within 180 days of enactment of Combatting Financial Conflicts of Interest in Government Act, the supervising ethics office for each branch shall issue regulations implementing the provisions of this section and specifying an effective date for the provisions of this section.

“(3) Guidance.—The supervising ethics office for each branch is authorized to issue guidance on any matter contained in this section for its respective jurisdiction.
“SEC. 203. PENALTIES FOR VIOLATIONS OF RESTRICTIONS
ON TRADING AND OWNERSHIP OF COVERED
INVESTMENTS.

“(a) Penalties.—

“(1) In general.—Any covered person who
violates the restrictions on trading or ownership of
covered investments in section 202 shall, at the di-
rection of the supervising ethics office, pay a fee of
$1,000 after being notified by the supervising ethics
office of such violation.

“(2) Assessment of additional pen-
alties.—If the violation that is the subject of a no-
tice under paragraph (1) continues for more than 30
days after the date of the notice (including a viola-
tion resulting from a covered person who continues
to own a covered investment in violation of section
202) for each subsequent 30-day period after the
date of the notice during which the violation is ongo-
ing, such person shall be assessed an additional fee
equal to—

“(A) the amount in paragraph (1); plus

“(B) an amount equal to 10 percent of the
value of the covered investment that is the sub-
ject of the violation at the beginning of the ad-
ditional 30-day period of a continuing violation.
“(3) ANNUAL INDEXING OF PENALTY FOR INFLATION.—By January 31 of the calendar year following the enactment of the Combatting Financial Conflicts of Interest in Government Act and in each year thereafter, the supervising ethics office shall adjust the amount of the penalty in paragraph (1) in the same manner that civil monetary penalties are annually adjusted for inflation pursuant to section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note).

“(4) TREATMENT OF FEES.—

“(A) DEPOSIT.—All such fees collected under this section shall be deposited in the miscellaneous receipts of the Treasury.

“(B) DELEGATION OF AUTHORITY.—The authority under this section to direct the payment of a fee may be delegated by the supervising ethics office in the executive branch to other agencies in the executive branch.

“(b) WAIVER OR REDUCTION.—

“(1) IN GENERAL.—The supervising ethics office may waive or reduce the amount of a fee under subsection (a) in extraordinary circumstances in response to a written request signed by the covered person to whom the fee would otherwise apply.
'“(2) Publication.—In the event the supervising ethics office grants a request for a fee waiver or reduction, the response of the supervising office shall be made public in the same manner as under section 105(a).

“(c) Civil Penalties.—The Attorney General may bring a civil action in any appropriate United States district court in the same manner as authorized by section 104(a)(1) against any individual who—

“(1) knowingly and willfully makes a transaction in a manner that is prohibited by section 202;
or

“(2) knowingly and willfully holds a covered investment in a manner that is prohibited by section 202.

“SEC. 204. ACCOUNTABILITY AND PUBLIC DISCLOSURE OF ENFORCEMENT MEASURES.

“(a) Referral to Attorney General.—The head of each agency, each Secretary concerned, the Director of the Office of Government Ethics, each congressional ethics committee, or the Judicial Conference, shall refer to the Attorney General the name of any individual whom such official or committee has reasonable cause to believe has willfully violated the requirements under section 202.
“(b) JUDICIAL OFFICERS.—Whenever the Judicial Conference refers a name to the Attorney General under this section, the Judicial Conference also shall notify the judicial council of the circuit in which the named individual serves of the referral.

“(c) REPORT TO CONGRESS.—

“(1) IN GENERAL.—The Attorney General shall annually submit to Congress a report on the criminal and civil actions brought against any individual under titles I or II.

“(2) TIMING.—Such report shall be filed by January 31 of each year covering the prior calendar year.

“(d) REPORTS BY SUPERVISING ETHICS OFFICE.—

“(1) IN GENERAL.—Each supervising ethics office shall annually make a public report about compliance by individuals within its jurisdiction with the requirements of titles I or II.

“(2) CONTENTS.—Such public report shall include the following information:

“(A) The overall compliance by such individuals.

“(B) The measures taken by the supervising ethics office to ensure compliance.
“(C) The efforts taken to enforce such requirements, including through the issuance of fees or other sanctions.

“(D) The rate of compliance with the enforcement measures described under subparagraph (C).

“(E) The issuance of waivers, reductions, temporary exemptions, and extensions for statutory requirements, rules, or enforcement measures described under subparagraph (C).

“(3) TIMING.—Such public report shall be filed by January 31 of each year covering the prior calendar year.”.

SEC. 3. REFORMS TO FINANCIAL DISCLOSURE REQUIREMENTS.

(a) UPDATED INCOME REPORTING REQUIREMENTS.—Section 102(a)(1)(B) of the Ethics in Government Act of 1978 (5 U.S.C. App. 102(a)(1)(B)) is amended—

(1) in clause (vii), by adding at the end “or”;

(2) in clause (viii), by striking “greater than $1,000,000” through “not more than $5,000,000, or” and inserting “greater than $1,000,000, in which case the filer shall provide an indication of the
value of such income rounded to the nearest one hundred thousand dollars.”; and

(3) by striking clause (ix).

(b) INCREASED TRANSPARENCY FOR INTERESTS IN PROPERTY, LIABILITIES, TRANSACTIONS, AND QUALIFIED BLIND TRUSTS.—Section 102(d)(1) of the Ethics in Government Act of 1978 (5 U.S.C. App. 102(d)(1)) is amended—

(1) in subparagraph (G), by adding at the end “and”;

(2) by striking subparagraphs (H), (I), and (J); and

(3) by inserting after subparagraph (G) the following subparagraph:

“(H) greater than $5,000,000, in which case the filer shall provide an indication of the value rounded to the nearest million dollars.”.

(c) ENDING DISCLOSURE LOOPHOLE.—Section 102(e)(1) of the Ethics in Government Act of 1978 (5 U.S.C. App. 102(e)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking “Except as provided in the last sentence of this paragraph, each” and insert “Each”; and

(2) by striking subparagraph (F).
(d) **Swifter Disclosure of Certain Transactions.**—Section 103 of the Ethics in Government Act of 1978 (5 U.S.C. App. 103) is amended—

(1) in subsection (l), by striking “Not later than” and inserting “Except as provided in subsection (m), not later than”; and

(2) by adding at the end the following subsection:

“(m) Not later than 14 days after receiving notification of any transaction required to be reported under section 102(a)(5)(B), where the value of the transaction is $15,000 or greater, but in no case later than 21 days after such transaction, the persons listed in subsection (l), if required to file a report under any subsection of section 101, subject to any waivers and exclusions, shall file a report of the transaction. In such case, the filer does not need to file an additional report of that transaction pursuant to subsection (l).”.

(e) **Disclosure of Cryptocurrency or Other Digital Assets.**—Section 102(a) of the Ethics in Government Act of 1978 (5 U.S.C. App. 102(a)) is amended—

(1) in paragraph (3), by inserting “For purposes of this paragraph, ‘property’ includes cryptocurrency or other digital assets that are issued
or transferred using distributed ledger or blockchain technology including: virtual currencies, coins and tokens or any other digital asset specified by regulations of a filer’s supervising ethics office.” after “similar financial institution.”; and

(2) in paragraph (5)(B), by striking “other forms of securities.” and inserting “other forms of securities and in cryptocurrency or other digital assets that are issued or transferred using distributed ledger or blockchain technology including: virtual currencies, coins and tokens or any other digital asset specified by regulations of a filer’s supervising ethics office.”.

(f) **Mandatory Electronic Filing.**—Section 103(a) of the Ethics in Government Act of 1978 (5 U.S.C. App. 103(a)) is amended by striking “or in which he will serve.” and inserting “or in which the individual will serve using the system for electronically filing reports implemented by that agency’s supervising ethics office.”.

(g) **Supervising Ethics Office.**—

(1) **Added Authorities.**—Section 111 of the Ethics in Government Act of 1978 (5 U.S.C. App. 111) is amended—
(A) by striking “The provisions of this title” and inserting “(a) The provisions of this title”;

(B) by striking “The Judicial Conference may delegate any authority it has under this title to an ethics committee established by the Judicial Conference.”;

(C) in paragraph (3) by striking “101(f).” and inserting “101(f). The Judicial Conference may delegate any authority it has under this title to an ethics committee established by the Judicial Conference.”; and

(D) by adding after subsection (a), as redesignated by this subsection, the following subsection:

“(b) Each supervising ethics office—

“(1) shall develop and make available forms for the reporting of information required by titles I or II, including modifications to the system for electronically filing reports implemented by that agency’s supervising ethics office, as necessary;

“(2) may issue rules or regulations implementing titles I or II;

“(3) may establish procedures and promulgate forms;
“(4) may render advisory opinions interpreting titles I or II in the same manner as authorized by section 106(b)(7);

“(5) may impose and collect fees as provided in sections 104 and 203;

“(6) shall notify any individual within its jurisdiction of the changes to disclosure requirements, including revisions to the forms and electronic filing system and any regulations issued by the supervising ethics office; and

“(7) shall provide a written notice about the changes to titles I and II to any individual within its jurisdiction within 15 days of any such change.”.

(2) TIMING.—For purposes of section 111(b)(1) of the Ethics in Government Act of 1978, as added by paragraph (1), the supervising ethics office shall develop the first iteration of the form required under such section within 90 days of the date of enactment of the Combatting Financial Conflicts of Interest in Government Act.

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to any report due beginning 120 days after the date of the enactment of this Act, except that the amendments made by subsection (f) shall apply
to any report due beginning 60 days after the date of the enactment of this Act.

SEC. 4. NEW AND STRENGTHENED PENALTIES FOR NON-COMPLIANCE.

(a) Penalties for Failure to Timely File Reports; Publication of Fees Assessed.—Section 104(d) of the Ethics in Government Act of 1978 (5 U.S.C. App. 104(d)) is amended—

(1) in the matter following paragraph (1)(B), by striking “$200” and inserting “$500”;

(2) by redesignating paragraph (2) as paragraph (5);

(3) by inserting after paragraph (1) the following:

“(2) For each subsequent 30-day period during which the individual has not filed a report required to be filed under this title, the individual shall be assessed an additional filing fee equal to—

“(A) $500; plus

“(B) if the report is required under section 103(l), an amount equal to 10 percent of the actual value of the transactions that should have been disclosed on the report.

“(3) By January 31 of the calendar year following the enactment of Combatting Financial Conflicts of Inter-
est in Government Act and in each year thereafter, the supervising ethics office shall adjust the $500 figure in paragraphs (1) and (2) in the same manner that civil monetary penalties are annually adjusted for inflation pursuant to section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note).

“(4) With respect to a filing fee required to be paid under this subsection, the supervising ethics office shall make available, on a publicly accessible website, the following information:

“(A) The name and occupation of the individual required to pay such fee.

“(B) The amount of each such fee that such individual is required to pay.

“(C) The date on which the supervising ethics office assessed each such fee described in subparagraph (B).

“(D) An indication as to whether such individual has paid each amount described in subparagraph (B).”; and

(4) by adding after paragraph (5), as redesignated by this subsection, the following paragraph:

“(6) With respect to a waiver granted under paragraph (5), the supervising ethics office shall make avail-
able the name and occupation of each recipient of such waiver on a publicly accessible website.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply for any report due beginning 30 days after the date of enactment of this Act.