

## **Tag Line**

Brennan Center analysis shows STOCK Act penalties are extremely weak at \$200 for violations and enforcement remains spotty with many members failing to disclose trades

## **Verbal Citation**

According to the Brennan Center for Justice, 'The Securities Exchange Act of 1934 aimed to prevent insider trading on the stock market by mandating disclosures, but that requirement did not apply to members of Congress.' The STOCK Act 'requires members of Congress to disclose stock trades of more than \$1,000 within 30 days. But penalties for failing to disclose are extremely weak – a mere \$200 for a first-time violation.' The analysis explains that 'Violations are also difficult to uncover. The Office of Congressional Conduct...is an independent body in the House tasked with investigating violations and referring investigations to the House Ethics Committee, but the investigations are private, the office has no subpoena power, and it can be abolished at any time simply by changing House rules.' Most importantly, 'As a result, enforcement remains spotty at best. A report by Business Insider found that Congress does not enforce these accountability mechanisms and many members fail to disclose their trades.'

## **What the evidence says in context**

The Brennan Center's analysis demonstrates that existing congressional stock trading regulations are fundamentally inadequate. The STOCK Act's \$200 penalty for violations is minimal and provides no real deterrent. Enforcement is hampered by weak investigatory bodies with no subpoena power and private proceedings. The Business Insider investigation found systematic non-compliance with disclosure requirements, showing that the current system fails to ensure accountability.

## **Impact**

This evidence from the Brennan Center, a reputable nonpartisan legal organization, shows that the current regulatory framework for congressional stock trading is broken. The combination of token penalties, weak enforcement mechanisms, and documented widespread non-compliance demonstrates why stronger reforms like the TRUST Act are necessary. The fact that even the minimal disclosure requirements are not being enforced underscores the need for mandatory blind trusts rather than relying on self-reporting.

## **Webpage or Book Title**

Congressional Stock Trading, Explained

## **URL or page number**

<https://www.brennancenter.org/our-work/research-reports/congressional-stock-trading-explained>

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