

# Acquisition Reform Working Group

February 16, 2012

[Address Block]

Dear [Congressman/Senator Last Name]:

As members of the Acquisition Reform Working Group (ARWG), we are writing to voice our strong objection to section 17 of S. 2038, the "Stop Trading on Congressional Knowledge Act of 2012" (STOCK Act) as passed in the Senate, requiring the registration of certain "political intelligence consultants" under the Lobby Disclosure Act. We urge you to remove section 17 from the final bill.

The intent of the original bill to eliminate insider trading by legislative and executive branch officials is an understandable concern. Section 17 of the bill, however, goes beyond this intent and will have costly, unintended, and non-productive impacts on the reasonable exchange of information necessary to improve the functioning of the federal acquisition process.

For example, section 17 includes in the definition of "political intelligence contact" any communication to or from a covered official which is intended for use "in informing investment decisions." Applying this nebulous term could result in broad reporting requirements for federal government contractors (and others) simply for engaging in the regular and necessary day-to-day communications with their federal customers. Such communications are critical to ensuring that agency missions are met efficiently and effectively. The term is so broad and vague that it could treat as "insider trading" regular corporate decisions regarding workforce and technology investments that are partially determined through legitimate and frequent conversations with the government customers and primarily intended to enhance a contractor's ability to meet the needs of the government customer. The specific inclusion of "the administration or execution of a Federal program or policy (including the negotiation, award, or execution of a Federal contract...)" adds further concern that everyday business decisions and interactions of federal government contractors necessitate disclosure under the new provision. At a time when senior leaders in the Executive Branch are encouraging improved communication between industry and government, it strikes our associations as counterproductive to adopt language that discourages such communication between federal and private sector partners, such as the language included in section 17.

ARWG believes that a better approach is in section 7 of the Senate-passed STOCK Act, or its companion provision in the House-passed bill, both of which require the Government Accountability Office and the Congressional Research Service to report on the role of political intelligence in the financial markets. Congress should give these entities time to investigate these activities and make appropriate recommendations, and it should allow for congressional hearings before taking legislative action. Such an approach will lead to outcomes that avoid the broad and unintended consequences that will come from section 17 as adopted in S. 2038.

As you move to conference the STOCK Act, we ask that you remove the language in section 17 but retain section 7, which allows for further review and study of the issue. If you have any questions, please do not hesitate to contact Roger Jordan ([jordan@pscouncil.org](mailto:jordan@pscouncil.org)) of the Professional Services Council or Trey Hodgkins ([thodgkins@techamerica.org](mailto:thodgkins@techamerica.org)) of TechAmerica who serve as our points of contact for this matter.

Sincerely,

Aerospace Industries Association  
American Council of Engineering Companies  
National Defense Industrial Association  
Professional Services Council  
TechAmerica  
The Associated General Contractors of America  
The Coalition for Government Procurement  
Financial Executives International's Committee on Government Business

#### **About the Acquisition Reform Working Group**

The Acquisition Reform Working Group (ARWG) is comprised of the Aerospace Industries Association, American Council of Engineering Companies, National Defense Industrial Association, Professional Services Council, TechAmerica, The Associated General Contractors of America, The Coalition for Government Procurement, and Financial Executives International's Committee on Government Business. We represent thousands of small, mid-sized and large companies and hundreds of thousands of employees that provide goods, services and personnel to the government.