U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549

Dear Commissioners:

We write to request an investigation of the stock market trading activities of Representative Tom Price, President Trump’s nominee for Secretary of the Department of Health and Human Services. Recent disclosures about Rep. Price’s financial dealings raise serious questions about potential STOCK Act violations, illegal insider trading, and other conflicts of interest. Democrats and the government watchdog organization Public Citizen have previously called for an investigation by the Office of Congressional Ethics. In light of Republican efforts to advance this nomination without completing such an investigation and given Rep. Price’s statements at his hearing last week that raise further concerns about his financial transactions – we believe it is necessary for the SEC to undertake a formal investigation into potential violations of both the STOCK Act and insider trading laws.

The Stop Trading on Congressional Knowledge (STOCK) Act, passed in 2012, prohibits Members of Congress and other government employees from using nonpublic information derived from that individual’s official position as a means of making a private profit. The STOCK Act also prohibits Members of Congress from purchasing securities that are the subject of an IPO “in any manner other than is available to members of the public generally.”

Members of Congress and government employees are also prohibited from engaging in illegal insider trading, the act of buying or selling a security, in breach of a fiduciary duty or other relationship of trust and confidence, while in possession of material, nonpublic information about that security. Insider trading violations also include “tipping” such information or securities trading by the person “tipped.” Unlike STOCK Act violations, insider trading violations are not necessarily derived from the inappropriate use of an individual’s official position.

It is clear through his financial disclosures that Rep. Price actively traded in multiple pharmaceutical and other health sector stocks while having access to a great deal of nonpublic information about pending health legislation and regulations. The American people deserve a Secretary of Health and Human Services who works for their interests, not his own.

Rep. Price’s dealings in Innate Immunotherapeutics highlight the need for a thorough, independent investigation before his nomination advances further. Rep. Price’s financial disclosures reveal that he first purchased stock in Innate Immunotherapeutics in January 2015. In a hearing before the HELP Committee last week, Rep. Price confirmed he learned of Innate Immunotherapeutics from Rep. Chris Collins, an investor and board member of the company who served on President Trump’s transition team. Rep. Price made three separate purchases in January 2015, totaling approximately $10,000. Although Rep. Price maintained a Morgan Stanley investment advisory account, which he actively used since at least 2009, he appears to have opened a separate brokerage account for his Innate Immunotherapeutics purchases.[3]


In November 2016, Rep. Price voted for final passage of the 21st Century Cures legislation, reversing his previous opposition to the legislation. Innate Immunotherapeutics stands to benefit from the law, given its plans to seek FDA approval for treatment of multiple sclerosis (MS) patients.

Last week on January 19, 2017, Rep. Price appeared before the HELP Committee in connection with his nomination to lead the Department of Health and Human Services (HHS). In response to questioning at the hearing he confirmed:

- he personally made the decision to purchase Innate Immunotherapeutics stock.
- he actively makes decisions on the investment account that contains Innate Immunotherapeutics stock.
- he participated in a private offering not available to the general public.

Rep. Price’s investments raise a number of questions that merit investigation. We need to understand more about his conversations with Rep. Collins, his personal decision to purchase Innate Immunotherapies stock, and his accepting a discounted rate for this stock purchase.

We urge you to immediately begin an investigation of Congressman Price’s trading activities to ensure he has not acted in violation of the STOCK Act and insider trading laws.

Sincerely,

PATTY MURRAY
United States Senator

BERNARD SANDERS
United States Senator

TAMMY BALDWIN
United States Senator

ELIZABETH WARREN
United States Senator

TIM KAINE
United States Senator

MARGARET WOOD HASSAN
United States Senator

SHELDON WHITEHOUSE
United States Senator

AL FRANKEN
United States Senator