

Alexander, Isakson sold stocks during market decline

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By:

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As the stock market was dropping last fall, U.S. Sen. Lamar Alexander, R-Tenn., and U.S. Sen. Johnny Isakson, R-Ga., were selling off investments, records show.

According to financial disclosure reports the senators filed in May but which were released Friday, Sen. Alexander sold stakes in eight investment funds and a global bond on Oct. 24. In the following months, he invested in municipal bonds and U.S. equity funds. Sen. Alexander was unavailable for comment on this story.

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Oct. 24 was a big sell-off day, with the Dow Jones Industrial Averages falling more than 300 points, though bigger drops had come earlier in the month.

Sen. Isakson sold stakes in 11 stocks, including financial company stocks, in September, October and November, records show. He said the majority of those trades were carried out by his broker.

"I have a managed account," he said.

However, Sen. Isakson said he made sure to divest in three banks: BB&T, Wachovia and Synovus.

"I held too much of it," he said.

Sen. Isakson said he lost a considerable amount of money on those stocks.

Craig Holman, legislative representative for Washington-based watchdog group Public Citizen, said those two senators' specific transactions weren't necessarily examples of lawmakers using insider knowledge to make investment decisions. But, he pointed out, if they were, there's no law against it.

"Members of Congress and congressional staff are not held to the insider trading standard by the Securities and Exchange Commission," Dr. Holman said.

He said the lack of such oversight is "quite a concern," especially considering the increased control lawmakers now have over financial institutions.

"Bankers are not allowed to trade on this information," he said.

A bill now in committee in Congress would bar members of Congress from trading on insider information.

But Jim Harper of the Cato Institute, a Washington research organization focused on free markets, said in a blog post that such regulation would be problematic.

"It would lead to endless, perhaps politically motivated, investigations of our representatives and their staffs," he wrote.

Mr. Harper went on to say the ban could prevent congressional staffers from investing to avoid scrutiny.

The financial disclosure report filed by U.S. Sen. Saxby Chambliss, R-Ga., showed no stock sales in 2008. Sen. Bob Corker, R-Tenn., received an extension on his report until August.

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