



NBC New York Investigation: Personal Investments of Congress

By Chris Glorioso

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Making money on Wall Street is tough these days. But lawmakers may have the secret. Chris Glorioso dug into the stock portfolios held by members of congress. He's been investigating why they make higher profits than the rest of us.

In 2002, Rep. Gary Ackerman, a former schoolteacher from Queens, borrowed about \$14,000 from a major shareholder in Xenonics, a California company that manufactures military grade night vision equipment. The congressman used the loan to buy Xenonics stock.

Ackerman would later admit to the New York Daily News that he arranged a meeting between Xenonics corporate leaders and Israeli officials. The company never struck a deal with Israel, but within four years, Ackerman sold his shares for between \$50,000 and \$100,000.

It was a handsome profit, especially considering the lawmaker didn't use any of his own money to buy the stock.

The Xenonics purchase is just one of several congressional investments questioned by Donald Schepers, director of the Baruch College Zicklin Center for Corporate Integrity.

"Beyond the scope of fairness, in some ways it says government is for sale and government wants to be for sale," he said.

Schepers is particularly concerned about lawmakers who invest in companies that lobby their congressional committees for more favorable regulation.

In the complex matrix of congressional power, Ackerman sits at the intersection of two important committees, the Committee on Financial Services and the Committee on Foreign Affairs.

He is the ranking Democrat on the Foreign Affairs Subcommittee on Middle East and South Asia. That post gives Ackerman unique access to Middle Eastern foreign officials. It's not clear if he used his role in the House of Representatives to organize the meeting between Xenonics and Israeli officials.

NBC New York examined financial disclosure reports from the entire New York congressional delegation.

The investigation found several instances where members of the House of Representatives purchased and profited off of stock in companies over which they have regulatory authority.

Rep. Anthony Weiner, nowadays better known for his "sexting" scandal, has been buying and selling stock in several energy companies over the last seven years, despite the fact that he serves on the House Energy and Commerce Committee.

Since 2004, Weiner has purchased shares of Chesapeake Energy, Rowan Companies, and Teco Energy. Lobbying reports show all three companies have sought out meetings with lawmakers and staffers, including those on the Energy and Commerce Committee.

One of New York's wealthiest representatives is Nita Lowey. Her financial disclosure reports show her husband invested between \$50,000 and \$100,000 in the New Silk Route private equity fund. The fund primarily holds assets related to India.

Lowey is the ranking Democrat on the House Appropriations Subcommittee on State and Foreign Operations, which has traditionally approved between \$100 million and \$150 million in annual aid to India. Lowey is also a member of the House India Caucus.

In a statement to NBC New York, Lowey's office denied the New Silk Route investment presents any conflict of interest.

"Congresswoman Lowey's position in Congress is not a factor in the personal investment decisions that her husband makes," spokesman Matt Dennis said.

NBC New York left messages with the offices of Anthony Weiner and Gary Ackerman, but neither was returned.

In May, a group of researchers led by Alan Ziobrowski of Georgia State University released a study showing stock portfolios owned by members of the U.S. House of Representatives outperform the investments of regular Americans by about 6 percent.

In 2004, Ziobrowski did a similar study of stocks held by U.S. senators, finding their portfolios outperformed average Americans' stock holdings by 12 percent.

"Nobody beats the street, so when you get results like this, it begins to raise eyebrows," Schepers said.