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118TH CONGRESS
2D SESSION

H. R. 10470

To amend section 207 of title 18, United States Code, to prohibit certain former Federal officials from investing in or serving in a managerial role in an investment fund in which a foreign principal owns shares within a certain time period if such investment or managerial role is based on conversations between such former officials and such foreign principal while such former official was employed by the Federal Government, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 2024

Mr. BEYER (for himself and Ms. SCANLON) introduced the following bill; which was referred to the Committee on the Judiciary

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A BILL

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Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Political Appointee Illicit Dealings Act'' or ''PAID Act''.

SEC. 2. PROHIBITION RELATING TO FOREIGN ENTITIES.

(a) PROHIBITION.—Section 207(f) of title 18, United States Code, is amended by striking paragraph (3) and inserting the following:

''(3) SPECIAL RULE FOR FORMER FEDERAL OFFICIALS ON INVESTMENTS OR MANAGEMENT ROLES.—

''(A) RULE.—Any person who—

''(i) is subject to the restrictions contained in subsection (c), (d), or (e); or

''(ii) would have been subject to the restrictions in such subsection if such person received compensation for service or employment in the position, office, or employment referred to in such subsection at a rate which would have made the person subject to such restrictions,

and who knowingly, within 4 years of any exchange of communication between such person and a foreign principal or agent of a foreign principal makes a substantial investment, or accepts or assumes a managerial role, in a business entity knowing that such foreign principal or agent of a foreign principal has a direct or indirect substantial investment in such business entity, shall be subject to the penalties set forth in section 216 of this title.

"(B) EXCEPTION.—The rule under subparagraph (A) does not apply to a person referred to in such subparagraph—

"(i) who has no managerial role in a business entity described in such subparagraph and in which such person has a financial interest solely through—

"(I) an employer-sponsored retirement plan; or

"(II) a trust in which such person has a beneficial interest; and

"(ii) who does not control or recommend, either directly or through a relative of such person, any investment of the plan or trust.

"(C) COMPLIANCE.—To comply with the rule under subparagraph (A), such person shall divest such investment or terminate such role within 120 days of discovering that such foreign principal or agent of the foreign principal has a direct or indirect substantial investment in such business entity.

"(4) DEFINITIONS.—In this subsection:

"(A) AGENT OF A FOREIGN PRINCIPAL.—The term 'agent of a foreign principal' means any person who—

"(i) acts as an agent, representative, employee, or servant, or any person who acts in any other capacity at the order, request, or under the direction or control, of a foreign principal; or

"(ii) a person any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign principal.

"(B) BUSINESS ENTITY.—The term 'business entity' has the meaning given such term in section 334 of the Gramm-Leach-Bliley Act (15 U.S.C. 6764), except the term does not include—

"(i) a management company (as defined under section 4 of the Investment Company Act of 1940 (15 U.S.C. 80a–4)) that is registered with the Securities and Exchange Commission under that Act;

"(ii) an investment company (as defined under section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a–3)) that is a regulated investment company under section 851 of the Internal Revenue Code of 1986 (26 U.S.C. 851); or

"(iii) the issuer of a security that is registered with the Securities and Exchange Commission pursuant to section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l) and listed on a national exchange.

"(C) FOREIGN ENTITY.—The term 'foreign entity' means the government of a foreign country as defined in section 1(e) of the Foreign Agents Registration Act of 1938, as amended, or a foreign political party as defined in section 1(f) of that Act.

"(D) FOREIGN PRINCIPAL.—The term 'foreign principal' has the meaning given such term in section 1 of the Foreign Agents Registration Act of 1938, as amended (22 U.S.C. 611).

"(E) INDIRECT SUBSTANTIAL INVESTMENT.—The term 'indirect substantial investment' includes a substantial investment made by any foreign principal or agent of a foreign principal acting on directions from the foreign principal or agent of a foreign principal described such subparagraph.

"(F) MANAGERIAL ROLE.—The term 'managerial role' means an assignment within an organization which entails—

"(i) managing the organization, or a department, subdivision, function, or component of the organization;

"(ii) supervising and controlling the work of other supervisory, professional, or managerial employees, or managing an essential function within the organization, or a department or subdivision of the organization;

"(iii) if another employee or other employees are directly supervised, having the authority to hire and fire or recommend those as well as other personnel actions (such as promotion and leave authorization) or, if no other employee is directly supervised, functioning at a senior level within the organizational hierarchy or with respect to the function managed; and

"(iv) exercising discretion over the day-to-day operations of the activity or function for which the employee has authority.

"(G) RELATIVE.—The term 'relative' in relation to a person described in paragraph (3)(A) has the meaning given such term in section 13101 of title 5.

"(H) SUBSTANTIAL INVESTMENT.—The term 'substantial investment' means any investment that exceeds $25,000 or one percent of the value of the business entity, whichever amount is greater.".

(b) APPLICABILITY.—The amendments made by this section shall apply on and after the date that is 120 days after the date of enactment of this Act.

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