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# COMMENTARY

## *Nancy Pelosi's Stock Trades and You*

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One of the great mysteries of our times is how members of Congress, earning an average salary of approximately $179,000 per year, become wealthy while in office. Many suspect that members gain wealth by using insider information about pending legislation to make timely stock trades. The claim that some members achieve wildly successful total returns on their portfolios adds to the suspicion. Two questions come to mind. What laws regulate congressional stock trading, and how can I get in on the action?

The poster child for this suspected insider trading is Nancy Pelosi (D, Calif.) who has represented California for 38 years and was Speaker of the House twice for a total of nine years. Pelosi was perhaps the most powerful House speaker ever and certainly one of the most talked about politicians of our times. But Pelosi succeeded in building a portfolio of investments, along with her husband Paul Pelosi, that is reputed to outshine the returns of nearly all hedge fund and private equity funds. This point was driven home recently by Treasury Secretary Scott Bessent, who singled out Pelosi and Senator Ron Wyden (R., Ore.) for "eye-popping returns" (Chaitin, 2025).

Tracking exactly how such returns were possible is not as easy as it sounds. For instance, according to congressional disclosure forms, in 2024 Pelosi purchased and sold shares of NVIDIA several times. She purchased 10,000 shares of NVIDIA on June 26 and another 10,000 shares on July 26, and then sold 10,000 shares on December 31. Here are the closing prices of NVIDIA on those dates.

| **Rep. Pelosi Reported NVIDIA Transactions, 2024** | | | | |
|---|---|---|---|---|
| **Date** | **Buy/Sell** | **NVIDIA Price at close** | **Total Purchase/Sales** | **Total** |
| June 26, 2024 | Buy | $126.40 | $1,264,000 | |
| July 26, 2024 | Buy | $113.06 | $1,113,060 | |
| Total purchase price | | | $2,377,060 | |
| December 31, 2024 | Sell | $134.29 | $1,342,900 | |
| | | | | Cost basis: $118.85 |
| | | | | Profit: $154,000 |

The total annualized return for these three trades was about 13%, not bad, but hardly outrageous. It would have been difficult *not* to make money on NVIDIA trades in 2024. While the data above seem to suggest that Pelosi made normal-sounding returns, they only tell part of the story. To know how much NVIDIA stock she ever held requires searching through several years' disclosure forms and piecing together purchases and sales. This includes any stock options purchased and exercised. It would also include knowing how many shares were held in third-party holding companies or investment firms in which Pelosi held an interest. Tracking these transactions is complex and, based on the limited information available on disclosure forms, nearly impossible.

It is unfair to cast Pelosi as the only or the most egregious of congressional stock traders. For instance, in 2023, 32 members of Congress achieved returns that beat the S&P 500 index of 24.8% (Congressional Trading 2023, 2024). Sixteen Republicans appear on the list, exactly half. Still, Pelosi's immense wealth begs for an explanation. According to Quiver Quantitative, Pelosi's estimated net worth is $267 million (Congress Live Net Worth Tracker, 2025). On her salary alone, this amount would require approximately 3,300 years to amass (Mancini, 2025). Regardless of whether her stock trades can be definitively tracked to her knowledge of how legislation may affect company valuations, that net worth is an incredible sum after 38 years on a congressional salary.

In 2025, Rep. Ilhan Omar (D., Minn.) reported on her congressional disclosure form that her net worth is between $6 and $30 million. There is no immediate indication that this wealth resulted from stock trades. Her marriage to Tim Mynett, a political consultant and one-time advisor to Omar's campaign, may account for a good portion of that wealth. Then again, Mynett's career as a political consultant itself raises questions. Mynett received nearly $3 million from Omar's campaign in 2020, a connection that has since been ended to ensure that no lingering suspicions remain (Blonder, 2024). Nevertheless, elected members of Congress amass large amounts of money while earning very little through their official salaries.

Looking back to the 1990s, when stock valuations soared, the *Wall Street Journal* found that a handful of US senators beat market returns by an average of 12% per year. *The Journal* evaluated 6,000 individual common stock transactions between 1993 and 1998. Oddly, one common pattern was that senators would purchase stocks just before they jumped by 25% or more. The selling of shares was also often timed perfectly just before big gainers suddenly dropped. Most senators did not trade any stocks, and of those who did most transactions evaluated were $15,000 or less. But Claiborne Pell (D., R.I.), John Danforth (R., Mo.), John Warner (R., Va.), and Barbara Boxer (D., Calif.) were extremely active in building enviable total returns (Kim, 2004).

However, a Dartmouth study published in 2022 detected no unusually high returns for stock purchases and sales as listed on public websites (Belmont, Sacerdote, Sehgal, & Van Hoek, 2022). The particular focus of this study was the timing of purchases and sales to detect unusually prescient moves, but researchers could not verify much advantage. At least part of this is due to the limited disclosure required of trade details or timing which congresspeople are understandably eager to support to protect privacy. For a curious public, however, limited disclosure obscures the true nature and extent of this activity and therefore of accountability and trust.

**Insider Trading and the SEC**

Using insider information to trade stocks is illegal in most cases. According to the *Guide to Insider Trading* published by the Securities and Exchange Commission, the key component defining insider trading is the use of nonpublic information to buy or sell stocks. This prohibition derives from the Securities Exchange Act of 1934 that gave the SEC the power to issue rules regarding "manipulative and deceptive" practices. To operationalize that grant of discretion, the SEC created Rule 10b-5 which bans anyone with a fiduciary duty to a publicly-traded firm from using non-public information that could be used to achieve a gain or avoid a loss on the trading of securities.

The Stop Trading on Congressional Knowledge (STOCK) Act of 2014 extends that rule specifically to members of Congress who are understood to "owe a duty arising from a relationship of trust and confidence" not to use the non-public information they possess when trading securities. The STOCK Act also requires members of Congress to file a report of any stock transaction within 45 days. This is where the ability to detect wealth generation lies and, significantly for those who see an opportunity, to mimic congressional stock trading. The STOCK Act requires that transactions be made available online and that "no login shall be required to search or sort" the reported data.

**Tracking Congressional Stock Trades**

Two exchange traded funds (ETFs) have seized on the publicity surrounding congressional trade activity and claim to have developed the ability to use those data to track congressional stock trades. Both ETFs are managed by Unusual Whales, a company founded to "uncover and track the unusual options activity of large investors, as well as of US Congress" (Unusual Whales, n.d.). Among the services offered by Unusual Whales is real-time options data, insider trading activity, and the ability to "track the trades of politicians, hedge funds, and more." For $10 a month, subscribers can gain information regarding congressional trades. If tracking those data is too daunting for traders, a convenient method would be simply to purchase shares in the ETF tracking congressional trading activity. The ETF that tracks Democrats, slyly denominated by its stock symbol NANC, has garnered higher returns than the one that tracks trades of Republican members of Congress, ticker GOP. Year-to-date rates of return for Unusual Whales ETFs are noted below.

| **Ticker** | **YTD Returns** |
|---|---|
| NANC | 13.72% |
| GOP | 12.09% |

The holdings of the Democratic ETF are tech heavy and look similar to other ETFs and mutual funds that track stocks on the Nasdaq exchange. The Republican ETF favors high-dividend-paying equities and financial companies with very little overlap with the Democratic fund. As of August 2025, the top 10 holdings in NANC and GOP are below.

| **Top 10 Holdings, Unusual Whales Subversive Democratic Trading ETF (NANC)** | | | **Top 10 Holdings, Unusual Whales Subversive Republican Trading ETF (GOP)** | |
|---|---|---|---|---|
| **Stock** | **% of total portfolio** | | **Stock** | **% of total portfolio** |
| Nvidia | 10.77% | | Comfort Systems USA | 5.11% |
| Microsoft | 8.58% | | iShares Bitcoin Trust ETF | 5.07% |
| Amazon | 5.46% | | JP Morgan Chase | 4.85% |
| Alphabet | 4.08% | | NVIDIA | 3.51% |
| Salesforce | 3.46% | | AT&T | 2.65% |
| Apple | 3.43% | | Arista Networks | 2.34% |
| Philip Morris | 3.19% | | Allstate | 2.17% |
| Meta | 3.12% | | Chevron | 2.07% |
| Netflix | 2.90% | | Fidelity National Information Services | 2.05% |
| American Express | 2.89% | | National Fuel Gas | 2.00% |
| | 13.72% YTD Total Return<br>Source: *Wall St. Journal*, Sept. 9, 2025 | | | 12.09% YTD Total Return<br>Source: *Wall St. Journal*, Sept. 9, 2025 |

These funds capitalize on the notoriety of congressional trading and draw investors to the enormous and highly-publicized profits members of Congress are said to achieve. Yet even for these "subversive" funds, returns do not seem out of the norm compared to other widely-held funds. For example, here are the returns of a number of other large ETFs and mutual funds.

| Fund | YTD Returns |
|---|---|
| Vanguard S&P 500 ETF (VOO) | 11.72% |
| Black Rock 2060 (LIZKX) | 15.49% |
| iShares Global 100 ETF (IOO) | 16.26% |
| Primecap Odyssey Growth (POGRX) | 17.93% |
| Fidelity Contrafund (FLCNX) | 18.48% |

All of these funds either match or beat the S&P 500 year-to-date returns, and all but the Vanguard fund exceed the returns of both Democratic and Republican offerings from Unusual Whales. This means either that the Unusual Whales funds lack an accurate algorithm for tracking congressional stock trades or that reports of outsized congressional returns are exaggerated. What is clear is that despite attempts to establish transparency in financial dealings, the public still does not really know how congressional fortunes are made.

Not all of the transactions listed on congressional reporting forms are for publicly-traded stocks. Some are related to private businesses, partnerships, and other types of investments not subject to SEC regulations. Increases or decreases in value cannot be verified outside of the reporting forms. Although profit and loss statements are required for all sales, these are reported within a range, further obfuscating any possible connection to insider trading. Since the attention is on members taking advantage of stock price movements that any other investor could, the emphasis in the STOCK Act and this analysis is on SEC-regulated stocks.

**Financial Conflicts of Interest and Trust**

One cornerstone of congressional ethics rules is the elimination, as far as is possible, of financial conflicts of interest. This form of ethics legislation is preferred by many because it brings empirical, measurable certainty to the otherwise shadowy world of congressional self-policing of ethics rules. Historically difficult to define, ethics becomes somewhat clearer when there is something to count, namely money. This partly explains the emphasis on stock trading rules and disclosure requirements as a key element of congressional ethics. The governing principle of financial conflicts of interest and the stock trading controversy is that members of Congress should make no laws upon which they can gain an advantage by timing trades using nonpublic information. To curb trading that benefits members personally, a total ban on trading individual stocks seems an objective standard to achieve that end. But as indicated above, the STOCK Act does not provide that ban or, arguably, an adequate framework for ensuring the ethical guardrails and transparency the public demands and deserves.

The Ban Congressional Stock Trading ("Ban") Act, now only a proposal, seeks to amend the deficiencies of the STOCK Act both as to purpose and scope. The remedy included in the Ban Act is to eliminate the opportunity to trade stocks at all, for the congressional member, their spouses, and dependent children. No direct trading in what is known as "covered investments" would be allowed. These are investments in "securities, commodities, futures, as well as derivative investments such as options and warrants" (Patel, 2025, pp. 874-875). Any assets held at the beginning of elected service would be deposited in qualified blind trusts where the member has an interest in the investments but does not know what those investments are. The trustee managing the blind trust would be free to make decisions in the best interests of the interested party (member of Congress) but would not be allowed to discuss those decisions. This is the "blind" part of the trust – the member of Congress would not know what assets the trust holds and therefore could not take action to improve their own financial standing. Breeches of this secrecy would undoubtedly occur from time to time, and the Ban Act provides for disclosure and other penalties in such cases. But the intent is to essentially end the practice of congressional stock trading altogether, removing the temptation to thwart the public's interest and pad members' account balances. Alternatively, members could opt to divest themselves of covered investments by keeping all their assets in diversified mutual funds.

Whether the Ban Act would improve transparency is questionable, as neither the member nor the public would know what assets are among members' holdings. Members could count on their portfolios looking fairly similar after a few years to the way they looked when first placed in the blind trust. Furthermore, it is all too easy for information to pass from trustee to member quietly or through third parties in a way that eludes the Ban Act's requirements. As with any other law, enforcement would be a crucial part of its success. Here the track record is not good. Since its inception in 2014, no member of Congress has been convicted of insider trading under the STOCK Act. The Ban Act tightens trading rules, introduces the blind trust requirement, and specifies fines and potential criminal prosecution for violations. But it remains to be seen how seriously its provisions would be taken if enacted into law.

Regardless of future legislation, public awareness of the potential conflicts of interest arising from securities trading has never been higher. While those who seek to gain their own "insider" advantage from mirroring the trades of Congress members now have a vehicle for doing just that, other more conventional investments offer the same or better results. Persistent calls to reform the present financial conflicts of interest rules in the House and Senate will not be answered with press statements that sound sincere but leave trading options wide open. And for individuals hitching their investment wagon to perceived advantages of those serving in Congress, the age-old suggestion to heed Benjamin Graham's counsel in *The Intelligent Investor* instead remains sound.

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