

Unreadable Political Trades

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May 2026

Background

- Congressional members have influence on and knowledge of what legislation is likely to come to the floor and pass
 - Gives rise to their information advantage
- Transparency reduces such advantage
- However...

Campaign Legal Center, April 2022

- *Voters have a right to know whether Congress is acting in the public's best interest or to advance their own financial interest.*
- *But **disclosure only works if information is truly accessible.***
- *Otherwise, Congress can continue to hold problematic stocks in plain sight.*



How Congress Hides Stock Holdings in Plain Sight



BY SOPHIA GONSALVES-BROWN
APRIL 1, 2022

This paper

- Explores the role of strategic disclosure
- Compiles a novel dataset containing disclosure of trades by legislators and their family members
- Compares how trades differ under **readable** and **unreadable** filings
- Identifies a **political network** revealed through **unreadable filings**
 - Connections arise from trades conveying **direct material gains**
 - Differ from connections through **social** or **professional** relationships

Stop Trading on Congressional Knowledge Act of 2012 (STOCK Act)

- Disclosure *before* the STOCK Act
 - Members of Congress file *annual* financial disclosures
 - Under the Ethics in Government Act of 1978
 - These annual reports included assets, liabilities, and some transactions
 - Not in real time nor with a short deadline
- The STOCK Act: To enforce *timely disclosure*
 - Require Congressional members and their spouse and child(ren) to disclose their trades by filing a **Periodic Transaction Report (PTR)**
 - Within **30 days** receiving the notice, no later than **45 days**
 - For transactions exceeding **\$1,000**
 - Disclosure through electronic filing that permits machine-readable, downloadable, and searchable

The 2013 amendment

- “Following concerns over potential risks to national security and personal privacy, Congress commissioned NAPA to assess the online disclosure provisions.”
- April 2013: S.716 Public Law 113-7
 - with only 14 seconds of floor debate
- Reversed the automatic online disclosure requirements

The STOCK Act and the 2013 amendment

	2012 STOCK Act	After 2013 Amendment
Filing format	Electronic filing and online disclosure	Electronic filing or paper filing (files to be hand-delivered)
PTR attributes	Required to possess searchable, sortable, or downloadable technical functionalities	No longer required for searchability, sortability, or downloadability; Paper filing is scanned, uploaded and then released
Availability	Immediate online dissemination; Automatic, directly online, readily searchable	Public availability upon request (or when ready)

Data and sample construction

- Sample: **5,113 PTRs** filed by members of the U.S. House of Representatives
 - Exacting trading information from PTRs
- Sample period: 2014-2022
- Manually screen each PTR and assign it as either *machine-readable* or *machine-unreadable*

Readable PTR	Unreadable PTR
<ul style="list-style-type: none">• Born-digital PDF file• No embedded images• Adheres to a standardized digital layout• Preserves a text layer that can be directly parsed by automated scripts	<ul style="list-style-type: none">• Scanned, image-based document and/or• Contain handwritten content



PERIODIC TRANSACTION REPORT

Clerk of the House of Representatives • Legislative Resource Center • B-106 Cannon Building • Washington, DC 20515

An example
of a readable
PTR (first
page)

FILER INFORMATION

Name: Mr. David B. McKinley
Status: Member
State/District: WV01

TRANSACTIONS

ID	Owner Asset	Transaction Type	Transaction Date	Notification Date	Amount
	Amgen Inc. (AMGN) FILING STATUS: New SUBHOLDING OF: IRA's> Rollover IRA	P	08/19/2014	08/29/2014	\$1,001 - \$15,000
	AutoZone, Inc. (AZO) FILING STATUS: New SUBHOLDING OF: IRA's> Rollover IRA	S	08/19/2014	08/29/2014	\$1,001 - \$15,000
	Bed Bath & Beyond Inc. (BBBY) FILING STATUS: New SUBHOLDING OF: IRA's> Rollover IRA	S	08/19/2014	08/29/2014	\$1,001 - \$15,000
	Church & Dwight Company, Inc. (CHD) FILING STATUS: New SUBHOLDING OF: IRA's> Rollover IRA	P	08/19/2014	08/29/2014	\$1,001 - \$15,000
	Costco Wholesale Corporation (COST) FILING STATUS: New SUBHOLDING OF: IRA's> Rollover IRA	S	08/19/2014	08/29/2014	\$1,001 - \$15,000
	Dollar Tree, Inc. (DLTR) FILING STATUS: New SUBHOLDING OF: IRA's> Rollover IRA	P	08/19/2014	08/29/2014	\$1,001 - \$15,000
	Ecolab Inc. (ECL) FILING STATUS: New SUBHOLDING OF: IRA's> Rollover IRA	P	08/19/2014	08/29/2014	\$1,001 - \$15,000

Examples of unreadable PTRs (first page)

HAND DELIVERED

Page 1 of 2

UNITED STATES HOUSE OF REPRESENTATIVES
Periodic Transaction Report

NAME: <u>Fred Upton</u>		OFFICE TELEPHONE: <u>202-225-3761</u>	
<input checked="" type="checkbox"/> Member of the U.S. House of Representatives State: <u>MI</u> District: <u>6</u> <small>File an original and 2 copies</small>		<input type="checkbox"/> Officer or Employee Employing Office: _____ <small>File an original and 1 copy</small>	
Did you purchase any shares that were allocated as a part of an Initial Public Offering? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <small>If you answered "yes" to this question, please contact the Committee on Ethics for further guidance.</small>		Please indicate whether this is an initial report or an amended report. For amendments, please provide the date of the report you are amending. <input checked="" type="checkbox"/> Initial Report <input type="checkbox"/> Amendment Date of Report Being Amended: _____	
A \$200 penalty shall be assessed against anyone who files more than 30 days late.			

LEGISLATIVE RESOURCE CENTER
2015 NOV 18 PM 3:18
U.S. HOUSE OF REPRESENTATIVES

MC
(For Official Use Only)

SP DC JT	FULL ASSET NAME	TYPE OF TRANSACTION			DATE OF TRANSACTION (MM/DD/YY)	DATE NOTIFIED OF TRANSACTION (MM/DD/YY)	AMOUNT OF TRANSACTION										
		Purchase	Sale	Exchange			A \$1,001- \$15,000	B \$15,001- \$50,000	C \$50,001- \$100,000	D \$100,001- \$250,000	E \$250,001- \$500,000	F \$500,001- \$1,000,000	G \$1,000,001- \$5,000,000	H \$5,000,001- \$25,000,000	I \$25,000,001- \$50,000,000	J Over \$50,000,000	K Transaction in a Spouse or Dependent Child Asset over \$1,000,000
	<i>All of these 6 listings purchased or sold by N. Trust w/o control or direction by me.</i>																
JT	Example: Mega Corp. Common Stock		X		02/05/015	03/07/15		X									
	<i>T. Rowe Price Overseas Stock</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>11-2-15</i>	<i>11-18-15</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Altria Group</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>10-26-15</i>	<i>11-18-15</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>3M</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>10-26-15</i>	<i>11-18-15</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>American Express</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>10-21-15</i>	<i>11-18-15</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

UNITED STATES HOUSE OF REPRESENTATIVES

Periodic Transaction Report

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LEGISLATIVE RESOURCE CENTER

18 MAR 14 PM 1:37

U.S. HOUSE OF REPRESENTATIVES

MC

NAME: <u>George J. (Mike) Kelly, Jr.</u>		OFFICE TELEPHONE: <u>(202) 225-5406</u>	
<input checked="" type="checkbox"/> Member of the U.S. House of Representatives State: <u>PA</u> District: <u>03</u> File an original and 2 copies	<input type="checkbox"/> Officer or Employee Employing Office: _____ File an original and 1 copy	(For Official Use Only)	
Did you purchase any shares that were allocated as a part of an Initial Public Offering? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered "yes" to this question, please contact the Committee on Ethics for further guidance.	Please indicate whether this is an initial report or an amended report. For amendments, please provide the date of the report you are amending. <input checked="" type="checkbox"/> Initial Report <input type="checkbox"/> Amendment Date of Report Being Amended: _____		
		A \$200 penalty shall be assessed against anyone who files more than 30 days late.	

SP DC JT	FULL ASSET NAME	TYPE OF TRANSACTION			DATE OF TRANSACTION (MM/DD/YY)	DATE NOTIFIED OF TRANSACTION (MM/DD/YY)	AMOUNT OF TRANSACTION											
		Purchase	Sale	Exchange			A \$1,001- \$15,000	B \$15,001- \$50,000	C \$50,001- \$100,000	D \$100,001- \$250,000	E \$250,001- \$500,000	F \$500,001- \$1,000,000	G \$1,000,001- \$5,000,000	H \$5,000,001- \$25,000,000	I \$25,000,001- \$50,000,000	J Over \$50,000,000	K Transaction in a Spouse or Dependent Child Asset over \$1,000,000	
JT	Example: Mega Corp. Common Stock		X		02/05/015	03/07/15		X										
SP	AMAZON COM, INC	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2-2-18	3-8-18	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SP	CBRE GROUP, INC	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2-2-18	3-8-18	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SP	CBRE FRNS, INC	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2-2-18	3-8-18	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SP	CBRE GROUP, INC	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2-2-18	3-8-18	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Periodic Transaction Report

HAND DELIVERED
 Page _____
 LEGISLATIVE RESOURCE CENTER
 2014 AUG 14 PM 2:26
 OFFICE CLERK
 U.S. HOUSE OF REPRESENTATIVES

NAME: DAVID PHILLIP ROE	OFFICE TELEPHONE: 423-929-7671	Please indicate whether this is an initial report or an amended report. For amendments, please provide the date of the report being amended. <input checked="" type="checkbox"/> Initial Report <input type="checkbox"/> Amendment Date of Report being Amended: _____
<input checked="" type="checkbox"/> Member of the U.S. House of Representatives State: <u>TN</u> District: <u>01</u> File an original and 2 copies.	<input type="checkbox"/> Officer or Employee Employing Office: _____ File an original and 1 copy.	Did you purchase any shares that were allocated as a part of an Initial Public Offering? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO

JT	FULL ASSET NAME	TYPE OF TRANSACTION			DATE OF TRANSACTION (MO/DAY/YR)	DATE NOTIFIED OF TRANSACTION (MO/DAY/YR)	AMOUNT OF TRANSACTION											
		PURCHASE	SALE	EXCHANGE			A \$1,000- \$15,000	B \$15,001- \$50,000	C \$50,001- \$100,000	D \$100,001- \$250,000	E \$250,001- \$500,000	F \$500,001- \$1,000,000	G \$1,000,001- \$5,000,000	H \$5,000,001- \$25,000,000	I \$25,000,001- \$50,000,000	J Over \$50,000,000		
JT	Provide full name, not ticker symbol.				(MO/DAY/YR)	(MO/DAY/YR)												
JT	Example: Mega Corp. Common Stock		X		8/14/12	8/14/12		X										
	COVIDIEN PLC SHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7/7/14	8/8/14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	ACTAVIS PLC SHS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7/7/14	8/8/14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	DISCOVERY COMMUNICATION INC	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6/26/14	8/8/14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	DISCOVERY COMMUNICATION INC	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	6/26/14	8/8/14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVIDIEN PLC SHS NEW	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	7/7/14	8/8/14	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Most frequently purchased stocks

	Readable PTRs		Unreadable PTRs	
Rank	Stock	Frequency	Stock	Frequency
1	Microsoft	226	Amazon	204
2	Apple	171	NetApp	185
3	Amazon	110	Google	166
4	Home Depot	90	Adobe	158
5	Procter & Gamble	85	Star Group L.P.	152
6	Johnson & Johnson	84	Culp Inc.	152
7	Disney	82	Microsoft	149
8	AT&T	72	McGrath RentCorp	142
9	UnitedHealth Group	69	Regis Corporation	138
10	Berkshire Hathaway	68	Facebook	137

1. Trade characteristics of unreadable filings

Trade characteristics under two filing types

- We estimate the following regression model
 - $y_{i,s,t} = \beta \cdot Unreadable_{i,s} + \Gamma X_t + \alpha_s + \alpha_t + \epsilon_{i,s,t}$
- **Profitability**: $CAR_{i,s,t}$
 - Abnormal return by individual i for purchasing stock s over a holding period t
 - $t = 22, 30, 35, 40$ trading days
 - Ravina and Sapienza (2010), Seyhun (1986, 1992)
- **Trading scale**: $\log(\text{Trading Volume})$
 - Use mid-point of reported dollar range to compute transaction-level trading amount
 - At person-trading date level: total and average volume
 - At person-ticker-trading date level...
- **Trading scope**: $\log(1 + \# \text{ of Trades})$
 - # of transactions in a given trading day

Trade characteristics under two filing types

- $Unreadable_{i,s}$
 - = 1 if a transaction for stock s by individual i is reported through unreadable format
 - = 0 if filed via readable format
- X_t : a set of control variables
 - Age, seniority, party affiliation of a legislator
 - FOMC event windows
 - Macroeconomic surprises
 - Bianchi et al. (2024), Dong and Xu (2025)
- α_s : stock ticker fixed effects
- α_t : year-month fixed effects
- Excluding 2020 due to pandemic and government shutdowns

Profitability

Dependent Variable:		CAR			
Horizon	22 days	30 days	35 days	40 days	
Unreadable	0.365** (0.180)	0.422** (0.189)	0.408* (0.201)	0.352* (0.197)	
Baseline Controls	Yes	Yes	Yes	Yes	
Macro Controls	Yes	Yes	Yes	Yes	
log(Trading Volume)	Yes	Yes	Yes	Yes	
Stock FE	Yes	Yes	Yes	Yes	
Year-Month FE	Yes	Yes	Yes	Yes	
SE Clustering	Person+Actual_YM	Person+Actual_YM	Person+Actual_YM	Person+Actual_YM	
obs	38,261	38,208	38,178	38,168	
R-squared	0.20	0.21	0.21	0.22	

- Trades of the **same stock** reported via unreadable file earn **37 basis points** higher 22-day return
- For each legislator, traded disclosed through unreadable formats yield an average 22-day profit of **\$4,548.91 per year-month**, compared to **\$1,398.29** disclosed through readable formats

Trading scale

Dependent Variable:		log(Trading Volume)			
Data Level:	Person-Trading_date	Person-Trading_date	Person-Trading_date (Average)	Person-Ticker- Trading_date	PTR
Unreadable	0.495** (0.210)	0.495*** (0.029)	0.145*** (0.027)	0.119*** (0.036)	0.958** (0.365)
Baseline Controls	Yes	Yes	Yes	Yes	No
Macro Controls	Yes	Yes	Yes	Yes	No
Stock FE	No	No	No	Yes	No
Year-Month FE	Yes	Yes	Yes	Yes	Yes
SE Clustering	Person+Actual_YM	Actual_YM	Actual_YM	Ticker+Actual_YM	Person+PTR_YM
obs	16,011	16,011	16,013	59,850	4,482
R-squared	0.13	0.12	0.068	0.28	0.075

- At the person-trading date level: trading volume is **64%** higher for transaction submitted in unreadable formats (columns 1-2)

Trading scope

Dependent Variable:		log(1+# of Trades)			
Data Level:	Person-Trading_date	Person-Trading_date	Person-Trading_date (Average)	Person-Ticker- Trading_date	PTR
Unreadable	0.382*** (0.107)	0.382*** (0.017)	0.103*** (0.010)	0.082*** (0.013)	0.722*** (0.272)
FOMC Dummies	Yes	Yes	Yes	Yes	No
Macro Controls	Yes	Yes	Yes	Yes	No
Stock FE	No	No	No	Yes	No
Year-Month FE	Yes	Yes	Yes	Yes	Yes
SE Clustering	Person+Actual_YM	Actual_YM	Actual_YM	Ticker+Actual_YM	Person+PTR_YM
obs	16,017	16,017	16,017	59,999	4,483
R-squared	0.13	0.13	0.15	0.35	0.091

- At person-trading date level (Column 1), unreadable filings are associated with **47% more trades per day** than readable formats

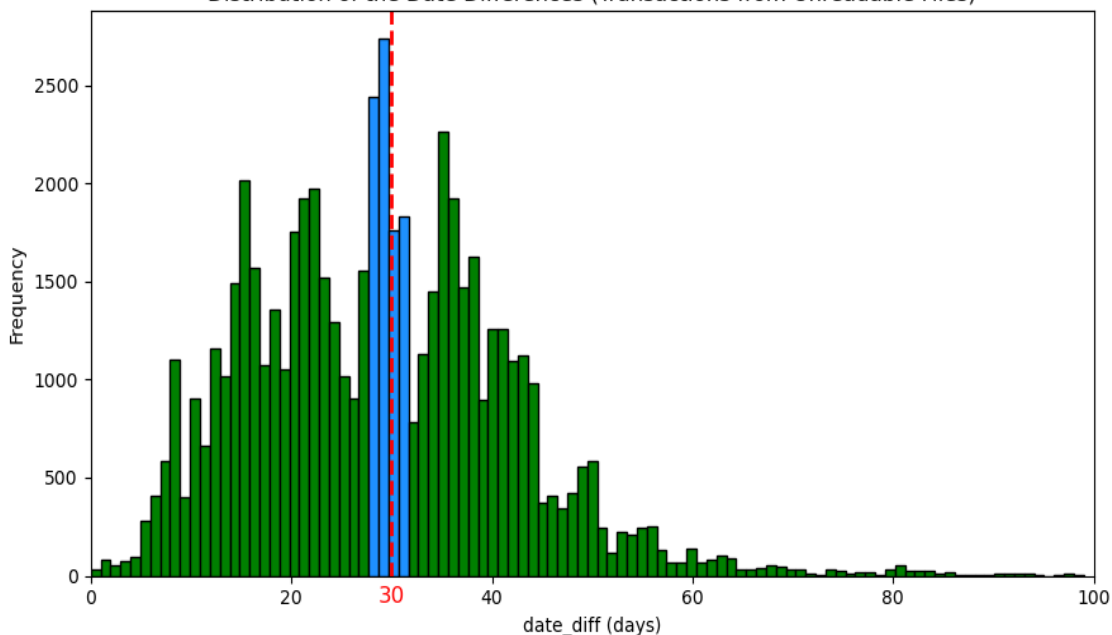
Family trades

- A family member's trade is **16.5% more likely** to disclose through unreadable format
- Unreadable family member trades are associated with **90.6% higher** trading volume and **50.5% more traded** per month
- They yield additionally **\$11,250 to \$13,220** in monthly profits

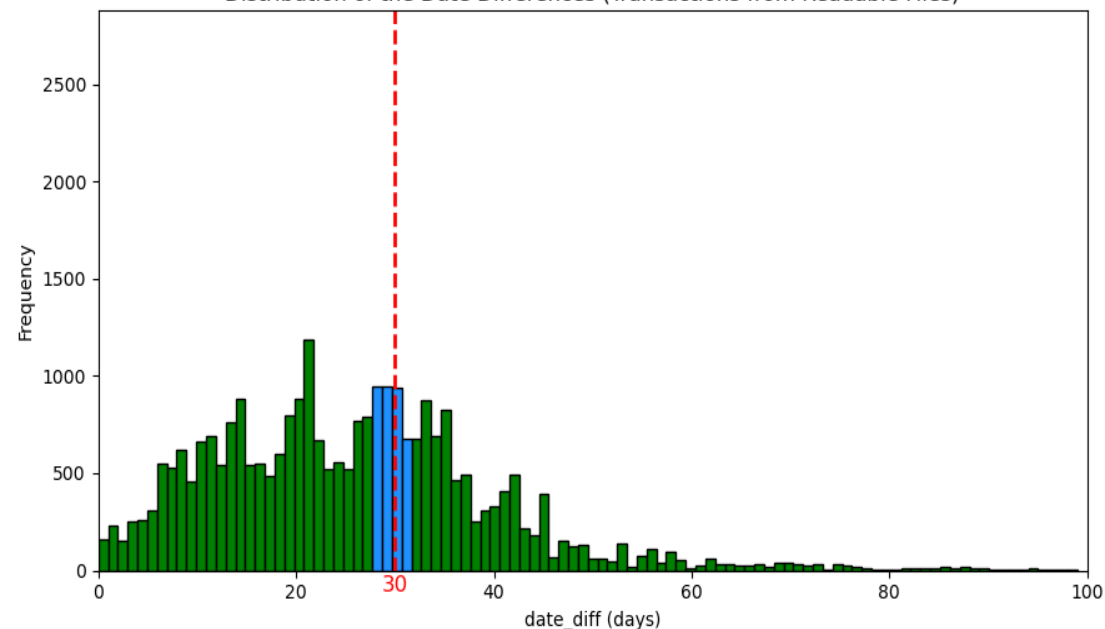
Days taken to file PTRs

- Timely public disclosure exposes trading activity to scrutiny timely
 - → Incentive to delay the reporting as late as possible
 - Hand-written/hand-delivered filings make such delays easier to implement & justify
 - Introduce [procedural frictions](#)
- Transactions reported via unreadable filings are **23** days closer to deadline

Distribution of the Date Differences (Transactions from Unreadable Files)



Distribution of the Date Differences (Transactions from Readable Files)



2. Mapping political connections through unreadable filings

Pre-enactment trading

- When private information becomes more valuable → Prior to the passage of important bills
- Identifies **12** high-stake bills determining how Congress allocates federal resources
 - based on *Bill-specific lobbying intensity* and *High public attention*
 - such as
 - Appropriations and budget measures
 - Emergency relief packages
 - Defense authorizations
 - Trigger economically meaningful pre- or post-enactment actions
- Construct **dyadic (member-pair) sample** of legislators based on their trades within 60-day window prior to the passage date of a bill

Pre-enactment connected trades

Dependent Variable:	Same Stock			Same Stock(Exposed)		
Unreadable	0.103*** (0.027)	0.103*** (0.027)	0.103*** (0.026)	0.031** (0.013)	0.031** (0.013)	0.031** (0.013)
Same Committee			-0.002 (0.009)		-0.002 (0.004)	
# of Same Committees		-0.001 (0.008)		0.004 (0.007)		-0.002 (0.003)
Same State		0.010 (0.018)	0.010 (0.018)	0.009 (0.014)	0.009 (0.010)	0.009 (0.010)
Bill FE	Yes	Yes	Yes	Yes	Yes	Yes
SE Clustering	Bill + Dyadic	Bill + Dyadic	Bill + Dyadic	Bill + Dyadic	Bill + Dyadic	Bill + Dyadic
obs	12,471	12,471	12,471	12,471	12,471	12,471
R-squared	0.027	0.027	0.027	0.029	0.029	0.029

- Unreadable dyads are **10.3 pp** more likely to trade the **same stock** in the **same direction** during the pre-enactment window

Post-enactment connected actions: Bill co-sponsorship

Dependent Variable:	CoSponsor					
Unreadable × Same Stock	6.314** (2.395)	6.291** (2.395)	6.306** (2.395)			
Unreadable × Same Stock(exposed)				8.365* (4.258)	8.353* (4.263)	8.362* (4.265)
Unreadable	-15.592** (6.757)	-15.554** (6.759)	-15.551** (6.761)	-15.387** (6.731)	-15.480** (6.668)	-15.346** (6.735)
Same Stock	-2.835* (1.459)	-2.834* (1.456)	-2.839* (1.457)			
Same Stock(exposed)				-2.670 (1.758)	-2.668 (1.759)	-2.677 (1.759)
Controls (same state/committees)	Yes	Yes	Yes	Yes	Yes	Yes
Dyadic FE	Yes	Yes	Yes	Yes	Yes	Yes
Bill FE	Yes	Yes	Yes	Yes	Yes	Yes
SE Clustering	Bill+Dyadic	Bill+Dyadic	Bill+Dyadic	Bill+Dyadic	Bill+Dyadic	Bill+Dyadic
obs	8,360	8,360	8,360	8,360	8,360	8,360
R-squared	0.69	0.69	0.69	0.69	0.69	0.69

- Dyads that share at least one traded stock via unreadable filings prior to the passage of an important bill are **6.3 pp** more likely to co-sponsor a bill following the act, relative to dyads without trading overlap

Mapping cross-party political network

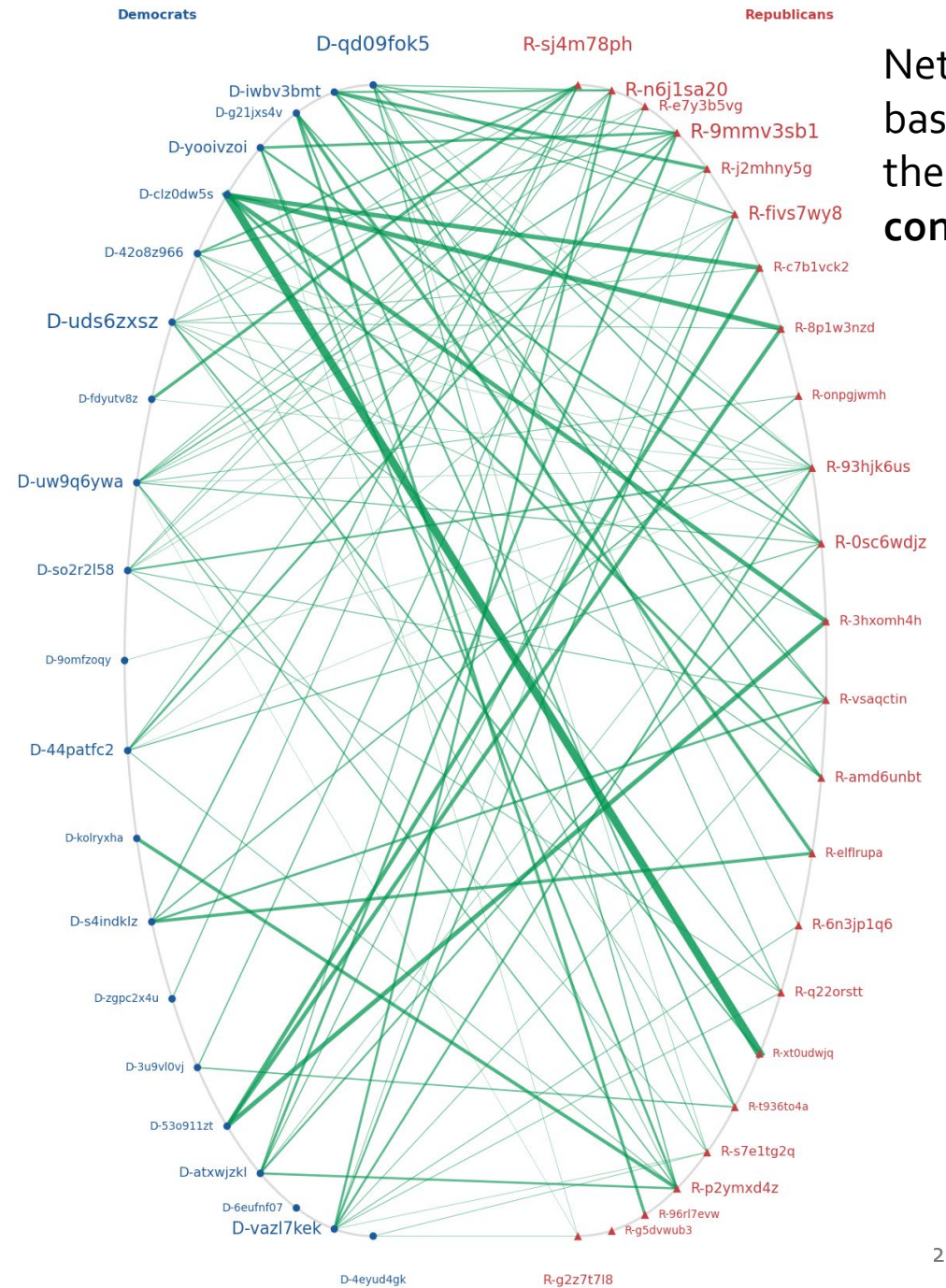
- Start with the full sample of *unreadable PTRs*
- Partition each year into 6 consecutive trading windows
 - First 5 60-day each
 - For each pair of legislators, we compute trading similarity
 - # of stock-direction pairs (stock, buy or sell) they share/# of distinct stock-direction pairs traded by either legislator in that window
 - Higher ratio → more closely connected politician pairs through profitable trades in unreadable files
 - Restrict to cross-party pair that cosponsor at least one bill in the 180-day forward window at the end of each trading window
- **Size of the name:** the frequency a legislator appears in cross-party trading and bill-cosponsoring pairs
 - **Democratic** legislator A has a larger display if he forms qualifying pairs with **GOP** B, C, D, across multiple 60-day windows, rather than only with B and D.
- **Thickness** of the lines: the extent of connections between a bipartisan pair
- **Blue:** Democratic
- **Red:** GOP
- Do the same for the full sample of *readable PTRs*

Network based on unreadable filings



Network based on readable filings





Network based on the same committee

A preliminary network comparison

Network Identified by	Unreadable	Readable	Same State	Same Committee
# of bipartisan connections	105	13	11	98
# of overlapped connections		1	1	33
# of unique connections		104/12	104/10	72/65

Conclusion

- Strategic disclosure in legislative trades
- Trades reported in unreadable PTRs are
 - more profitable,
 - in larger volume and involving more stocks,
 - more likely coming from family members,
 - more likely to file in the last minute
- Legislators trade similar stocks prior to economically important bills through unreadable format
- Those that do so are more likely cosponsor bills after the passage of the bill
- Unreadable files identify a political network that readable or other comment proxies for connections cannot