

AMENDMENT TO RULES COMMITTEE PRINT 119-

33

OFFERED BY MS. GARCIA OF TEXAS

In subtitle B of title XVII, add at the end the following:

1 **SEC. 17___ . DEPARTMENT OF DEFENSE EQUITY ACCOUNT-**
2 **ABILITY AND TRANSPARENCY.**

3 (a) **LIMITATIONS ON EQUITY INVESTMENTS.—**

4 (1) **IN GENERAL.—**The Secretary of Defense
5 may not acquire the equity shares of a domestic or
6 foreign entity if such acquisition would result in the
7 Federal government holding, in the aggregate, 15
8 percent or more of the equity shares of such entity.

9 (2) **LIMITATION.—**The Secretary of Defense
10 may only make an equity investment in an entity if
11 the Secretary of Defense has reported to the appropriate
12 congressional committees that such entity is
13 unable to obtain additional equity investment from
14 private sources on commercially reasonable terms.

15 (3) **PROHIBITION.—**Notwithstanding any other
16 provision of law, the Secretary of Defense may not
17 make an equity investment in any covered entity.

1 (4) REPORTING.—The Secretary of Defense
2 shall, not later than 10 days after making an equity
3 investment in an entity, transmit to the appropriate
4 congressional committees copies of all relevant docu-
5 ments concerning the terms of the equity invest-
6 ment, including—

7 (A) any governance rights;

8 (B) any contractual obligations;

9 (C) an evaluation of financial risk to the
10 Department of Defense associated with the eq-
11 uity investment, and a description of the Sec-
12 retary of Defense’s plans for management of
13 the equity investment; and

14 (D) decision making regarding whether to
15 buy, sell, or hold the investment and the
16 planned disposition of gains or losses in value
17 from the investment.

18 (5) LIQUIDATION OF EQUITY SUPPORT.—The
19 Secretary of Defense shall, after consideration of the
20 national security interests of the United States, seek
21 to sell and liquidate any equity interest in an entity
22 acquired by the Secretary of Defense as soon as
23 commercially feasible and commensurate with other
24 similar investors in the entity.

25 (b) DEFINITIONS.—In this section:

1 (1) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term “appropriate congressional com-
3 mittees” means the Committee on Banking, Hous-
4 ing, and Urban Affairs and the Committee on
5 Armed Services of the Senate and the Committee on
6 Financial Services and the Committee on Armed
7 Services of the House of Representatives.

8 (2) COVERED ENTITY.—

9 (A) IN GENERAL.—The term “covered en-
10 tity” means an entity in which a covered indi-
11 vidual directly or indirectly holds a significant
12 interest.

13 (B) DETERMINATION.—When the Sec-
14 retary of Defense is determining whether an en-
15 tity is a covered entity, if an equity interest of
16 the entity is owned, controlled, or held by 2 or
17 more covered individuals, the Secretary of the
18 Treasury shall aggregate such equity interests.

19 (3) COVERED INDIVIDUAL.—The term “covered
20 individual” means—

21 (A) the President, the Vice President, or a
22 member of the Defense Production Act Com-
23 mittee; and

1 (B) the spouse, child, son-in-law, or daugh-
2 ter-in-law of an individual described in subpara-
3 graph (A).

4 (4) EQUITY INTEREST.—The term “equity in-
5 terest” means—

6 (A) a share in an entity, without regard to
7 whether the share is—

8 (i) transferable; or

9 (ii) classified as stock or anything
10 similar;

11 (B) a capital or profit interest in a limited
12 liability company or partnership; and

13 (C) a warrant or right, other than a right
14 to convert, to purchase, sell, or subscribe to a
15 share or interest described in subparagraph (A)
16 or (B).

17 (5) SIGNIFICANT INTEREST.—The term “sig-
18 nificant interest” means owning, controlling, or hold-
19 ing not less than 20 percent, by vote or value, of the
20 outstanding amount of any class of equity interest in
21 a covered entity.

