

AMENDMENT NO. _____ Calendar No. _____

Purpose: To require the non-partisan General Accountability Office to conduct an independent audit of the Board of Governors of the Federal Reserve System that does not interfere with monetary policy, to let the American people know the names of the recipients of over \$2,000,000,000,000 in taxpayer assistance from the Federal Reserve System, and for other purposes.

IN THE SENATE OF THE UNITED STATES—111th Cong., 2d Sess.

S. 3217

To promote the financial stability of the United States by improving accountability and transparency in the financial system, to end “too big to fail”, to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. SANDERS

Viz:

- 1 At the end of title XI, add the following:
- 2 **SEC. 1159. GAO AUDIT OF THE FEDERAL RESERVE FACILI-**
- 3 **TIES; PUBLICATION OF BOARD ACTIONS.**
- 4 (a) GAO AUDIT.—

1 (1) IN GENERAL.—Notwithstanding section
2 714(b) of title 31, United States Code, or any other
3 provision of law, the Comptroller General of the
4 United States (in this subsection referred to as the
5 “Comptroller General”) shall conduct a one-time
6 audit of all loans and other financial assistance pro-
7 vided during the period beginning on December 1,
8 2007 and ending on the date of enactment of this
9 Act by the Board of Governors under the Asset-
10 Backed Commercial Paper Money Market Mutual
11 Fund Liquidity Facility, the Term Asset-Backed Se-
12 curities Loan Facility, the Primary Dealer Credit
13 Facility, the Commercial Paper Funding Facility,
14 the Term Securities Lending Facility, the Term
15 Auction Facility, Maiden Lane, Maiden Lane II,
16 Maiden Lane III, the agency Mortgage-Backed Se-
17 curities program, foreign currency liquidity swap
18 lines, and any other program created as a result of
19 the third undesignated paragraph of section 13 of
20 the Federal Reserve Act.

21 (2) ASSESSMENTS.—In conducting the audit
22 under paragraph (1), the Comptroller General shall
23 assess—

1 (A) the operational integrity, accounting,
2 financial reporting, and internal controls of the
3 credit facility;

4 (B) the effectiveness of the collateral poli-
5 cies established for the facility in mitigating
6 risk to the relevant Federal reserve bank and
7 taxpayers;

8 (C) whether the credit facility inappropri-
9 ately favors one or more specific participants
10 over other institutions eligible to utilize the fa-
11 cility;

12 (D) the policies governing the use, selec-
13 tion, or payment of third-party contractors by
14 or for any credit facility; and

15 (E) whether there were conflicts of interest
16 with respect to the manner in which such facil-
17 ity was established or operated.

18 (3) TIMING.—The audit required by this sub-
19 section shall be commenced not later than 30 days
20 after the date of enactment of this Act, and shall be
21 completed not later than 12 months after that date
22 of enactment.

23 (4) REPORT REQUIRED.—The Comptroller Gen-
24 eral shall submit a report on the audit conducted
25 under paragraph (1) to the Congress not later than

1 12 months after the date of enactment of this Act,
2 and such report shall be made available to—

3 (A) the Speaker of the House of Rep-
4 resentatives;

5 (B) the majority and minority leaders of
6 the House of Representatives;

7 (C) the majority and minority leaders of
8 the Senate;

9 (D) the Chairman and Ranking Member of
10 the Committee on Banking, Housing, and
11 Urban Affairs of the Senate and of the Com-
12 mittee on Financial Services of the House of
13 Representatives; and

14 (E) any member of Congress who requests
15 it.

16 (b) AUDIT OF FEDERAL RESERVE BANK GOVERN-
17 ANCE.—

18 (1) AUDIT.—

19 (A) IN GENERAL.—Not later than 1 year
20 after the date of enactment of this Act, the
21 Comptroller General shall complete an audit of
22 the governance of the Federal reserve bank sys-
23 tem.

24 (B) REQUIRED EXAMINATIONS.—The audit
25 required under subparagraph (A) shall—

1 (i) examine the extent to which the
2 current system of appointing Federal re-
3 serve bank directors effectively represents
4 “the public, without discrimination on the
5 basis of race, creed, color, sex or national
6 origin, and with due but not exclusive con-
7 sideration to the interests of agriculture,
8 commerce, industry, services, labor, and
9 consumers” in the selection of bank direc-
10 tors, as such requirement is set forth
11 under section 4 of the Federal Reserve
12 Act;

13 (ii) examine whether there are actual
14 or potential conflicts of interest created
15 when the directors of Federal reserve
16 banks, which execute the supervisory func-
17 tions of the Board of Governors of the
18 Federal Reserve System, are elected by
19 member banks;

20 (iii) examine the establishment and
21 operations of each facility described in sub-
22 section (a)(1) and each Federal reserve
23 bank involved in the establishment and op-
24 erations thereof; and

1 (iv) identify changes to selection pro-
2 cedures for Federal reserve bank directors,
3 or to other aspects of Federal reserve bank
4 governance, that would—

5 (I) improve how the public is rep-
6 resented;

7 (II) eliminate actual or potential
8 conflicts of interest in bank super-
9 vision;

10 (III) increase the availability of
11 information useful for the formation
12 and execution of monetary policy; or

13 (IV) in other ways increase the
14 effectiveness or efficiency of reserve
15 banks.

16 (2) REPORT REQUIRED.—A report on the audit
17 conducted under paragraph (1) shall be submitted
18 by the Comptroller General to the Congress before
19 the end of the 90-day period beginning on the date
20 on which such audit is completed, and such report
21 shall be made available to—

22 (A) the Speaker of the House of Rep-
23 resentatives;

24 (B) the majority and minority leaders of
25 the House of Representatives;

1 (C) the majority and minority leaders of
2 the Senate;

3 (D) the Chairman and Ranking Member of
4 the Committee on Banking, Housing, and
5 Urban Affairs of the Senate and of the Com-
6 mittee on Financial Services of the House of
7 Representatives; and

8 (E) any member of Congress who requests
9 it.

10 (c) PUBLICATION OF BOARD ACTIONS.—Notwith-
11 standing any other provision of law, the Board of Gov-
12 ernors shall publish on its website, not later than Decem-
13 ber 1, 2010, with respect to all loans and other financial
14 assistance it has provided during the period beginning on
15 December 1, 2007 and ending on the date of enactment
16 of this Act under the Asset-Backed Commercial Paper
17 Money Market Mutual Fund Liquidity Facility, the Term
18 Asset-Backed Securities Loan Facility, the Primary Deal-
19 er Credit Facility, the Commercial Paper Funding Facil-
20 ity, the Term Securities Lending Facility, the Term Auc-
21 tion Facility, Maiden Lane, Maiden Lane II, Maiden Lane
22 III, the agency Mortgage-Backed Securities program, for-
23 eign currency liquidity swap lines, and any other program
24 created as a result of the third undesignated paragraph
25 of section 13 of the Federal Reserve Act—

1 (1) the identity of each business, individual, en-
2 tity, or foreign central bank to which the Board of
3 Governors has provided such assistance;

4 (2) the type of financial assistance provided to
5 that business, individual, entity, or foreign central
6 bank;

7 (3) the value or amount of that financial assist-
8 ance;

9 (4) the date on which the financial assistance
10 was provided;

11 (5) the specific terms of any repayment ex-
12 pected, including the repayment time period, interest
13 charges, collateral, limitations on executive com-
14 pensation or dividends, and other material terms;
15 and

16 (6) the specific rationale for each such facility
17 or program.