

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2424

To amend title 31, United States Code, to authorize reviews by the Comptroller General of the United States of any credit facility established by the Board of Governors of the Federal Reserve System or any Federal reserve bank during the current financial crisis, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 14, 2009

Mr. KUCINICH (for himself, Mr. TOWNS, Mr. ISSA, and Mr. JORDAN of Ohio) introduced the following bill; which was referred to the Committee on Oversight and Government Reform

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## A BILL

To amend title 31, United States Code, to authorize reviews by the Comptroller General of the United States of any credit facility established by the Board of Governors of the Federal Reserve System or any Federal reserve bank during the current financial crisis, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Federal Reserve Credit  
5 Facility Review Act of 2009”.

1 **SEC. 2. FINDINGS.**

2 The Congress finds as follows:

3 (1) In August 2007, liquidity abruptly dried up  
4 in credit and securities markets.

5 (2) This lack of access to affordable credit was  
6 initially limited to financial firms with interests in  
7 mortgage-backed securities that contained subprime  
8 and predatory mortgages.

9 (3) The lack of access to credit quickly spread  
10 throughout the financial services industry, and even-  
11 tually worldwide.

12 (4) At the inception of the financial crisis, the  
13 Board of Governors of the Federal Reserve System  
14 responded by exercising its authorities in the tradi-  
15 tional manner to effect the Federal funds rate tar-  
16 get, which culminated in a December 16, 2008, deci-  
17 sion to establish a Federal funds rate target range  
18 of 0 percent to 0.25 percent.

19 (5) The Board of Governors of the Federal Re-  
20 serve System, as it employed its traditional tools to  
21 provide liquidity and stability to the financial mar-  
22 kets, came to acknowledge the severity of the cur-  
23 rent crisis by exercising its authority to act in re-  
24 sponse to “unusual and exigent circumstances”.

25 (6) The Federal Reserve has exercised its au-  
26 thority to address “unusual and exigent cir-

1 cumstances” no less than 11 times since the begin-  
2 ning of the financial crisis.

3 (7) Before this financial crisis, the Board of  
4 Governors of the Federal Reserve System last exer-  
5 cised its authority to address “unusual and exigent  
6 circumstances” in 1934.

7 (8) In connection with the Board of Governors  
8 of the Federal Reserve System’s efforts to address  
9 unusual and exigent circumstances, the Board ex-  
10 tended assistance to nonmember institutions, some-  
11 thing it had not done since 1959.

12 (9) In connection with the Board of Governors  
13 of the Federal Reserve System’s efforts to address  
14 unusual and exigent circumstances, the Board has  
15 purchased debt obligations from government-spon-  
16 sored enterprises, something it had not done since  
17 1981.

18 (10) In the course of the crisis, the Federal Re-  
19 serve established joint programs with the Depart-  
20 ment of the Treasury to aid financial markets, such  
21 as the guarantee of Citigroup’s and Bank of Amer-  
22 ica’s assets, the Term Asset-Backed Securities  
23 Lending Facility, and the Public-Private Partnership  
24 Investment Program.

1           (11) On February 10, 2009, Chairman Ben  
2           Bernanke affirmed his commitment to transparency  
3           when he testified to the Committee on Financial  
4           Services of the House of Representatives that “the  
5           Federal Reserve is committed to keeping the Con-  
6           gress and the public informed about its lending pro-  
7           grams and balance sheet”.

8   **SEC. 3. REVIEWS OF SPECIAL FEDERAL RESERVE CREDIT**  
9                           **FACILITIES.**

10          Section 714 of title 31, United States Code, is  
11          amended by adding at the end the following new sub-  
12          section:

13          “(e) **REVIEWS OF CREDIT FACILITIES OF THE FED-**  
14          **ERAL RESERVE SYSTEM.—**

15                 “(1) **IN GENERAL.—**Subject to paragraph (3)  
16                 and notwithstanding any limitation in subsection (b)  
17                 on the auditing and overseeing of certain functions  
18                 of the Board of Governors of the Federal Reserve  
19                 System or any Federal reserve bank, the Comp-  
20                 troller General may conduct reviews, including onsite  
21                 examinations when the Comptroller General deter-  
22                 mines such actions are appropriate, of credit facili-  
23                 ties established by the Board or any Federal reserve  
24                 bank, and of the establishment of such credit facili-  
25                 ties by the Board or any Federal reserve bank—

1           “(A) in carrying out any action or function  
2 approved by the Board under the 3rd undesig-  
3 nated paragraph of section 13 of the Federal  
4 Reserve Act (12 U.S.C. 343) as the lender of  
5 last resort; or

6           “(B) in providing temporary assistance to  
7 private institutions as the lender of last resort.

8           “(2) DESCRIPTION.—As of the date of the en-  
9 actment of the Federal Reserve Credit Facility Re-  
10 view Act of 2009, the credit facilities to which this  
11 subsection applies include the following:

12           “(A) Money Market Investor Funding Fa-  
13 cility.

14           “(B) Asset-Backed Commercial Paper  
15 Money Market Mutual Fund Liquidity Facility.

16           “(C) Term Asset-Backed Securities Loan  
17 Facility.

18           “(D) Term Auction Facility.

19           “(E) The Primary Dealer Credit Facility.

20           “(F) The Commercial Paper Funding Fa-  
21 cility.

22           “(G) The Term Securities Lending Facil-  
23 ity, including the Term Securities Lending Fa-  
24 cility Options Program

25           “(H) Maiden Lane, LLC.

1 “(I) Maiden Lane II, LLC.

2 “(J) Maiden Lane III, LLC.

3 “(K) The Revolving Credit Facility.

4 “(L) Reciprocal currency arrangements  
5 with foreign central banks.

6 “(M) Mortgage Backed Securities Pur-  
7 chase Program, as well as the purchase of debt  
8 obligations from a Government Sponsored En-  
9 terprise.

10 “(N) Any special purpose vehicle through  
11 which any such credit facility conducts any ac-  
12 tivity or lending.

13 “(3) TERMINATION OF AUTHORITY.—Para-  
14 graph (1) shall cease to apply after the expiration of  
15 the 5-year period beginning on the date of the enact-  
16 ment of this subsection.

17 “(4) REPORT.—

18 “(A) REQUIRED.—A report on each review  
19 conducted under paragraph (1) shall be sub-  
20 mitted by the Comptroller General to the Con-  
21 gress before the end of the 90-day period begin-  
22 ning on the date on which such review is com-  
23 pleted.

24 “(B) CONTENTS.—The report under sub-  
25 paragraph (A) shall include a detailed descrip-

1           tion of the findings and conclusion of the  
2           Comptroller General with respect to the review  
3           that is the subject of the report, together with  
4           such recommendations for legislative or admin-  
5           istrative action as the Comptroller General may  
6           determine to be appropriate.”.

7 **SEC. 4. ACCESS TO RECORDS.**

8           (a) **ACCESS TO RECORDS.**—Section 714(d)(1) of title  
9 31, United States Code, is amended—

10           (1) in the first sentence, by inserting “or any  
11           credit facility established by an agency” after “an  
12           agency”; and

13           (2) by inserting after the first sentence the fol-  
14           lowing: “The Comptroller General shall have access  
15           to the officers, employees, contractors, and other  
16           agents and representatives of any agency or any  
17           credit facility established by an agency (as specified  
18           in subsection (e)) at any reasonable time as the  
19           Comptroller General may request. The Comptroller  
20           General may make and retain copies of such records  
21           as the Comptroller General determines appro-  
22           priate.”.

23           (b) **UNAUTHORIZED ACCESS.**—Section 714(d)(2) of  
24 title 31, United States Code, is amended—

1           (1) by inserting “, copies of any records,” after  
2           “records”; and

3           (2) by inserting “or any credit facility estab-  
4           lished by an agency (as specified in subsection (e))”  
5           after “agency”.

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