To require a Government Accountability Office examination of transactions between large financial institutions and the Federal Government, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

DECEMBER 21, 2012

Mr. Vitter (for himself and Mr. Brown of Ohio) introduced the following bill

DECEMBER 21, 2012

Read twice, considered, amended, read the third time, and passed

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A BILL

To require a Government Accountability Office examination of transactions between large financial institutions and the Federal Government, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. GOVERNMENT ACCOUNTABILITY OFFICE STUDY OF TRANSACTIONS BETWEEN LARGE FINANCIAL COMPANIES AND THE FEDERAL GOVERNMENT.

(a) DEFINITIONS.—For purposes of this Act—
(1) the term “covered institution” means any bank holding company having more than $500,000,000,000 in consolidated assets; and

(2) the term “economic benefit” means the difference between actual loans terms offered, debt or equity prices, or asset values and a reasonable estimate of what such terms, prices, or values might have been, as determined by examining actual values of comparable transaction in the private markets or by estimating the values of comparable transactions priced to properly reflect associated risk.

(b) GAO STUDY.—The Comptroller General of the United States (in this section referred to as the “Comptroller”) shall conduct a study of covered institutions, such as—

(1) the favorable pricing of the debt of such institutions, relative to their risk profile resulting from the perception that such institutions will receive Government support in the event of any financial stress;

(2) any favorable funding or economic treatment resulting from an increase in the credit rating for covered institutions, as a result of express, implied, or perceived Government support;
(3) any economic benefit to covered institutions resulting from the ownership of, or affiliation with, an insured depository institution;

(4) any economic benefit resulting from the status of covered institutions as a bank holding company, including access to Federal deposit insurance and the discount window of the Board of Governors of the Federal Reserve System before the date of enactment of this Act;

(5) any economic benefit received through extraordinary Government actions taken, such as—

(A) actions by the Department of the Treasury—

(i) under the Emergency Economic Stabilization Act, such as—

(I) asset purchases by the United States Government;

(II) capital injections from the United States Government; or

(III) housing programs; or

(ii) by the purchase of the mortgage backed securities of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (in this Act referred to as “government-sponsored
enterprises”), in order to lower interest
rates, and the value of such securities in
the absence of such purchases;
(B) actions by the Board of Governors of
the Federal Reserve System prior to the date of
enactment of this Act, such as—
(i) providing loans to financial institu-
tions through the Term Auction Facility;
and
(ii) assistance through programs
under section 13(3) of the Federal Reserve
Act prior to the date of enactment of this
Act, such as—
(I) lending through the Commer-
cial Paper Funding Facility;
(II) securities lending to primary
dealers through the Primary Dealer
Credit Facility and the Term Securi-
ties Lending Facility;
(III) lending to institutions
through the Term Asset-Backed Secu-
rities Loan Facility; or
(IV) purchasing assets through
the Maiden Lane facility; and
(C) actions by the Federal Deposit Insurance Corporation, such as—

(i) guaranteeing debt or deposits through the Temporary Liquidity Guarantee Program; or

(ii) pricing of assessments related to any such guarantees; and

(6) any extraordinary assistance provided to American Insurance Group, but ultimately received by one of the covered institutions; and

(7) any Government actions that resulted in the payment or nonpayment of credit default swap contracts entered into by a covered institution.

SEC. 2. REPORT TO CONGRESS.

Not later than 1 year after the date of enactment of this Act, the Comptroller shall submit a report to Congress detailing the findings of the Comptroller in the study conducted under this Act. Such report shall be made electronically available to the public, except that any proprietary, sensitive, or confidential information shall be redacted in any release to the public.
SEC. 3. RULE OF CONSTRUCTION.

Nothing in this Act may be construed to provide authority inconsistent with, or to otherwise affect, section 714 of title 31 United States Code.