

111TH CONGRESS
2D SESSION

H. R. 5125

To amend the Emergency Economic Stabilization Act of 2008 to establish a fund to be used to make local governments whole for losses incurred from the Lehman Brothers Holding, Inc., bankruptcy.

IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2010

Ms. ESHOO (for herself and Ms. SPEIER) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Emergency Economic Stabilization Act of 2008 to establish a fund to be used to make local governments whole for losses incurred from the Lehman Brothers Holding, Inc., bankruptcy.

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 “Restitution for Local
5 Government Act of 2010”.

1 **SEC. 2. TARP PROFITS USED TO PURCHASE CERTAIN IN-**
2 **STRUMENTS FROM LOCAL GOVERNMENTS.**

3 (a) RESTITUTION FOR LOCAL GOVERNMENTS.—Title
4 I of the Emergency Economic Stabilization Act of 2008
5 is amended by adding at the end the following new section:

6 **“SEC. 137. RESTITUTION FOR LOCAL GOVERNMENTS.**

7 **“(a) PURCHASES OF CERTAIN INSTRUMENTS FROM**
8 **LOCAL GOVERNMENTS.—**

9 **“(1) IN GENERAL.—**Notwithstanding section
10 106(d), and with respect to troubled assets pur-
11 chased from a specific financial institution, the
12 amount of any profit made by the Secretary with re-
13 spect to such troubled assets shall be used by the
14 Secretary to purchase from local governments secu-
15 rities, bonds, and other financial instruments issued
16 by Lehman Brothers Holding, Inc. that were held by
17 such governments on September 12, 2008.

18 **“(2) LIMITATIONS.—**

19 **“(A) DOLLAR AMOUNT.—**The aggregate
20 amount of all purchases made by the Secretary
21 under paragraph (1) shall not exceed
22 \$1,700,000,000.

23 **“(B) NONAPPLICABILITY TO PENSION**
24 **FUNDS.—**Financial instruments held by a pen-
25 sion fund may not be purchased pursuant to
26 paragraph (1).

1 “(3) PURCHASE AMOUNT.—For purposes of de-
2 termining the purchase price of a financial instru-
3 ment under paragraph (1)—

4 “(A) with respect to stock of Lehman
5 Brothers Holding, Inc., the purchase price of
6 such stock shall be calculated based on the
7 value of such stock at the close of trading on
8 September 12, 2008; and

9 “(B) with respect to any other financial in-
10 strument, the purchase price shall be the prin-
11 cipal amount of such instrument.

12 “(b) SUBSTITUTION OF SECRETARY.—Notwith-
13 standing any other provision of this title, the Secretary
14 shall be substituted for any local government from which
15 the Secretary purchases any financial instrument pursu-
16 ant to subsection (a)(1) as a creditor in any proceeding
17 under title 11, United States Code, pursuant to the peti-
18 tion filed on September 15, 2008, by Lehman Brothers
19 Holdings Inc., and shall have the same standing in such
20 proceedings with respect to other creditors as the local
21 government for which the Secretary is substituted.

22 “(c) REPORTING REQUIREMENT.—Each local govern-
23 ment from which the Secretary makes purchases under
24 subsection (a)(1) must issue a report to the Congress—

1 “(1) stating how the local government used the
2 funds received through such purchase; and

3 “(2) demonstrating job creation, retention, and
4 economic activity equal to the difference between—

5 “(A) the amount of the funds received by
6 the local government through such purchase;
7 and

8 “(B) the amount of funds received by the
9 Secretary by reason of being substituted as a
10 creditor with respect to the instruments that
11 are the basis of such purchases, pursuant to
12 subsection (b).

13 “(d) RULEMAKING.—The Secretary shall issue such
14 regulations as are necessary to carry out the provisions
15 of this section.

16 “(e) LOCAL GOVERNMENT DEFINED.—For purposes
17 of this section, the term ‘local government’ means any
18 county, city, town, village, or other general purpose polit-
19 ical subdivision of a State.”.

20 (b) CLERICAL AMENDMENT.—The table of contents
21 of the Emergency Economic Stabilization Act of 2008 is
22 amended by inserting after the item relating to section
23 136 the following:

“Sec. 137. Restitution for local governments.”.

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