

104TH CONGRESS
1ST SESSION

H. R. 888

To promote accountability and the public interest in the operation of the Federal Reserve System, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 1995

Mr. GONZALEZ (for himself, Mr. HINCHEY, Mr. MFUME, Mr. WYNN, Mr. TRAFICANT, Mr. FRANK of Massachusetts, and Mr. DEFAZIO) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To promote accountability and the public interest in the operation of the Federal Reserve System, 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 Audit
5 and Accountability Act”.

1 **SEC. 2. APPOINTMENT OF FEDERAL RESERVE BANK PRESI-**
2 **DENTS BY THE PRESIDENT BY AND WITH THE**
3 **CONSENT OF THE SENATE.**

4 (a) IN GENERAL.—Section 4 of the Federal Reserve
5 Act is amended by inserting after the 4th undesignated
6 paragraph (12 U.S.C. 341; relating to general corporate
7 powers) the following new subsection:

8 “(e) BANK PRESIDENTS AND 1ST VICE PRESI-
9 DENTS.—

10 “(1) APPOINTMENT OF PRESIDENT.—The
11 President shall appoint, by and with the consent of
12 the Senate, a president for each Federal reserve
13 bank.

14 “(2) APPOINTMENT OF 1ST VICE PRESIDENT.—
15 The president of each Federal reserve bank shall ap-
16 point a first vice president for the bank.

17 “(3) TERMS.—The president and first vice
18 president shall be appointed for terms of 5 years.

19 “(4) DUTY OF PRESIDENT.—The president of a
20 Federal reserve bank shall be the chief executive of-
21 ficer of the bank.

22 “(5) DUTY OF 1ST VICE PRESIDENT.—In addi-
23 tion to any other duties of the first vice president of
24 a Federal reserve bank, the first vice president shall,
25 in the absence or disability of the president or dur-

1 ing a vacancy in the office of president, serve as
2 chief executive officer of the bank.

3 “(6) VACANCY.—Whenever a vacancy shall
4 occur in the office of the president or the first vice
5 president, it shall be filled in the manner provided
6 for the original appointment and the person so ap-
7 pointed shall hold office until the expiration of the
8 term to which such person’s predecessor was ap-
9 pointed.”.

10 (b) TRANSITION.—

11 (1) PRESIDENT.—The first appointment of the
12 president for each Federal reserve bank which is
13 made in accordance with the amendment made by
14 subsection (a) shall take place upon the earlier of—

15 (A) the expiration of the term of the presi-
16 dent of the bank who is serving in such office
17 on the date of the enactment of this Act; or

18 (B) the occurrence of the first vacancy in
19 the office of president of the bank after the
20 date of the enactment of this Act.

21 (2) 1ST VICE PRESIDENT.—Notwithstanding
22 any provision of the Federal Reserve Act, the term
23 of the first vice president of any Federal reserve
24 bank who was appointed to such position before the
25 date of the enactment of this Act shall end as of the

1 date on which the president of the bank is first ap-
2 pointed in accordance with the amendment made by
3 subsection (a) and a first vice president shall be ap-
4 pointed in the manner provided by such amendment.

5 (c) TECHNICAL AND CONFORMING AMENDMENT.—
6 The subdivision designated “Fifth.” of the 4th undesig-
7 nated paragraph of section 4 of the Federal Reserve Act
8 (12 U.S.C. 341) is amended—

9 (1) in the 1st sentence, by striking “a presi-
10 dent, vice presidents, and”; and

11 (2) by striking the 2d, 3d, and 4th sentences
12 and inserting the following new sentence: “All execu-
13 tive officers and all employees of the bank shall be
14 directly responsible to the president of the bank.”.

15 **SEC. 3. GAO AUDITS OF FEDERAL RESERVE BOARD AND**
16 **FEDERAL RESERVE BANKS REQUIRED; ITEM-**
17 **IZED BUDGETS.**

18 (a) REMOVAL OF LIMITATION ON GAO AUDITS.—
19 Section 714(b) of title 31, United States Code, is amended
20 by striking the 2d sentence and inserting the following
21 new sentence: “In the case of any audit of the Board of
22 Governors of the Federal Reserve System or any Federal
23 reserve bank pursuant to the preceding sentence, the audit
24 may not include transactions for or with a foreign central
25 bank, government of a foreign country, or nonprivate

1 international financing organization or any part of any
2 discussion or communication among or between members
3 of the Board of Governors of the Federal Reserve System
4 or officers or employees of such Board which is related
5 to any such transaction.”.

6 (b) ITEMIZED BUDGETS.—The Federal Reserve Act
7 (12 U.S.C. 221 et seq.) is amended by inserting after sec-
8 tion 11A the following new section:

9 **“SEC. 11B. ITEMIZED BUDGETS.**

10 “(a) IN GENERAL.—During the first 15 days of each
11 regular session of Congress, the estimated receipts and
12 proposed expenditures of the Board of Governors of the
13 Federal Reserve System and all Federal Reserve Banks
14 for the following fiscal year and the 2 succeeding fiscal
15 years shall be transmitted to the Congress.

16 “(b) FORM OF BUDGET.—The budget submitted pur-
17 suant to subsection (a) shall be transmitted in the same
18 form and shall meet the same requirements, other than
19 the requirement relating to the budget message, as the
20 budget of the United States Government transmitted in
21 accordance with section 1105 of title 31, United States
22 Code.”.

1 **SEC. 4. PROMPT PUBLIC DISCLOSURE OF OPEN MARKET**
2 **COMMITTEE MEETINGS.**

3 Section 12A of the Federal Reserve Act (12 U.S.C.
4 263) is amended by adding at the end the following new
5 subsection:

6 “(d) PROMPT PUBLIC DISCLOSURES OF MEET-
7 INGS.—

8 “(1) TRANSCRIPTION OF EACH MEETING.—

9 Subject to paragraph (3), a written verbatim tran-
10 scription of the discussion at each meeting of the Fed-
11 eral Open Market Committee shall be maintained by
12 the Board and made available to the public before
13 the end of the 1-year period beginning on the date
14 of the meeting and shall be treated as a Government
15 publication for purposes of making such material
16 available to depository libraries through the facilities
17 of the Superintendent of Documents in accordance
18 with chapter 19 of title 41, United States Code.

19 “(2) PROMPT DISCLOSURE OF POLICY AC-
20 TIONS.—An explicit, written description of any de-
21 termination, decision, directive, or other conclusion
22 made by the Federal Open Market Committee at
23 any meeting of the committee, including any direc-
24 tive or instruction sent to any Federal reserve bank
25 or Federal reserve agent in connection with any
26 open market operation, shall be made available to

1 the public by the end of the 1-hour period beginning
2 at the time the Board or any such bank or agent be-
3 gins to implement any such determination, decision,
4 directive, conclusion, directive, or instruction.

5 “(3) LIMITED REDACTION AUTHORITY.—

6 “(A) IN GENERAL.—No verbatim tran-
7 script made available to the public pursuant to
8 paragraph (1) may be redacted in any way
9 other than to redact a specific reference to a
10 foreign central bank.

11 “(B) COMPLIANCE AUDIT.—The Comptrol-
12 ler General of the United States shall periodi-
13 cally audit compliance by the Board with the
14 requirements of subparagraph (A).

15 “(4) RELEASE OF PRIOR TRANSCRIPTS.—All
16 transcripts maintained by the Board of any meeting
17 of the Federal Open Market Committee which was
18 held more than 1 year before the date of the enact-
19 ment of the Federal Reserve Audit and Accountabil-
20 ity Act shall be made available to the public in the
21 manner provided under paragraph (1) no later than
22 July 1, 1995.

23 “(5) MEETING INCLUDES EXECUTIVE SES-
24 SION.—For purposes of this subsection, the term
25 ‘meeting’ includes any executive session of the Fed-

1 eral Open Market Committee or any informal meet-
2 ing, teleconference call, or other occasion at which a
3 quorum of the members of the committee are par-
4 ticipating.”.

5 **SEC. 5. STUDY OF PRIVATIZATION OF THE FEDERAL RE-**
6 **SERVE PAYMENT SYSTEM.**

7 (a) IN GENERAL.—The Comptroller General of the
8 United States shall conduct a study, in consultation with
9 all interested parties, on—

10 (1) whether or not the Board of Governors of
11 the Federal Reserve System has set prices for pay-
12 ment system services provided by such Board in a
13 manner which fully and accurately reflects all direct
14 and indirect costs incurred by the Board in provid-
15 ing such services; and

16 (2) the ability of the private sector to fully pro-
17 vide payment system services, including the services
18 being provided as of the date of the enactment of
19 this Act by the Board, and the costs and benefits of
20 privatizing the services which are being provided by
21 the Board as of such date.

22 (b) REPORT.—The Comptroller General shall prepare
23 and submit a report to the Congress before the end of
24 the 12-month period beginning on the date of the enact-
25 ment of this Act on the findings and conclusions of the

- 1 Comptroller General in connection with the study con-
- 2 ducted pursuant to subsection (a).

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