

117TH CONGRESS
2D SESSION

S. 5341

To amend the Federal Reserve Act to provide greater accountability to the Federal Reserve System, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 21, 2022

Mr. TOOMEY (for himself, Mr. CRAMER, Mr. CRUZ, Mr. HAGERTY, Mr. LEE, Ms. LUMMIS, and Mr. TILLIS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Federal Reserve Act to provide greater accountability to 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 Ac-
5 countability Act of 2022”.

6 **SEC. 2. APPOINTMENT OF GENERAL COUNSEL.**

7 Subsection (l) of section 11 of the Federal Reserve
8 Act (12 U.S.C. 248) is amended by inserting “The Presi-
9 dent shall appoint a general counsel for the Board, by and

1 with the advice and consent of the Senate. Sections 3345
 2 through 3349b of title 5, United States Code, shall not
 3 apply to the general counsel.” after the period at the end
 4 of the first sentence.

5 **SEC. 3. APPOINTMENT OF FEDERAL RESERVE BANK PRESI-**
 6 **DENTS.**

7 (a) IN GENERAL.—The fifth paragraph of the fourth
 8 unenumerated paragraph of section 4 of the Federal Re-
 9 serve Act (12 U.S.C. 341) is amended—

10 (1) in the first sentence, by striking “president,
 11 vice presidents,” and inserting “vice presidents”;

12 (2) in the second sentence, by striking “Class
 13 B and Class C directors of the bank, with the ap-
 14 proval of the Board of Governors of the Federal Re-
 15 serve System, for a term of 5 years” and inserting
 16 “President of the United States (by and with the ad-
 17 vice and consent of the Senate) for a term of 5
 18 years”;

19 (3) by striking the third sentence and inserting
 20 “The first vice president of the bank shall be ap-
 21 pointed by the Class B and Class C board of direc-
 22 tors of the bank for a term of 5 years, and shall,
 23 in the absence or disability of the president or dur-
 24 ing a vacancy in the office of the president, serve as
 25 chief executive officer of the bank, until a nominee

1 for president is confirmed by the Senate or the
2 President of the United States appoints an acting
3 president under sections 3345 through 3349b of title
4 5, United States Code.”;

5 (4) in the fourth sentence, by striking “the
6 president or”;

7 (5) by inserting “A president may continue to
8 serve after the expiration of the term of office to
9 which the president was appointed until the earlier
10 of the date on which a successor has been appointed
11 and qualified, the date on which the next session of
12 Congress subsequent to the expiration of such term
13 expires, or the date on which the President of the
14 United States removes the president. No appointed
15 president shall serve more than a total of 10 years,
16 not including any such continuation in service.”
17 after the period at the end of the fourth sentence;
18 and

19 (6) by inserting “The president shall have their
20 primary residence and principal place of business lo-
21 cated in that Federal Reserve district for not fewer
22 than 4 years before the date on which the President
23 nominates the individual to be president of the Fed-
24 eral Reserve bank for that Federal Reserve district.”

1 after the period at the end of the fifth sentence, as
 2 added by paragraph (5) of this subsection.

3 (b) SUSPENSION OR REMOVAL OF OFFICERS.—Sec-
 4 tion 11(f) of the Federal Reserve Act (12 U.S.C. 248(f))
 5 is amended by inserting “(except the president)” after
 6 “reserve bank”.

7 (c) APPLICABILITY.—Sections 3345 through 3349b
 8 of title 5, United States Code, shall apply to presidents
 9 of Federal Reserve banks in the same manner as officers
 10 of Executive agencies.

11 **SEC. 4. FEDERAL RESERVE DISTRICTS.**

12 (a) IN GENERAL.—Section 2 of the Federal Reserve
 13 Act (12 U.S.C. 222) is amended by striking the first un-
 14 designated paragraph and inserting the following:

15 “The continental United States shall be divided into
 16 5 Federal Reserve districts. The First Federal Reserve
 17 District shall be composed of Maine, New Hampshire,
 18 Vermont, Massachusetts, Rhode Island, Connecticut, New
 19 York, Pennsylvania, New Jersey, Delaware, the Common-
 20 wealth of Puerto Rico, and the United States Virgin Is-
 21 lands, with the city of New York, New York, as the loca-
 22 tion of the Federal Reserve bank. The Second Federal Re-
 23 serve District shall be composed of Ohio, West Virginia,
 24 Virginia, Maryland, Michigan, Indiana, Kentucky, Illinois,
 25 Wisconsin, Minnesota, and the District of Columbia, with

1 the city of Cleveland, Ohio, as the location of the Federal
2 Reserve bank. The Third Federal Reserve District shall
3 be composed of Missouri, Kansas, Oklahoma, Colorado,
4 Wyoming, Nebraska, Iowa, North Dakota, South Dakota,
5 and Montana, with the city of Kansas City, Missouri, as
6 the location of the Federal Reserve bank. The Fourth Fed-
7 eral Reserve District shall be composed of Texas, Arkan-
8 sas, Louisiana, Mississippi, Alabama, Tennessee, Georgia,
9 North Carolina, South Carolina, and Florida, with the city
10 of Dallas, Texas, as the location of the Federal Reserve
11 bank. The Fifth Federal Reserve District shall be com-
12 posed of California, Oregon, Washington, Alaska, Hawaii,
13 Idaho, Nevada, Utah, Arizona, New Mexico, Guam, Amer-
14 ican Samoa, and the Northern Mariana Islands, with the
15 city of San Francisco, California, as the location of the
16 Federal Reserve bank. Every national bank in any State
17 shall, upon commencing business, become a member bank
18 of the Federal Reserve System by subscribing and paying
19 for stock in the Federal Reserve bank of its district in
20 accordance with the provisions of this Act and shall there-
21 upon be an insured bank under the Federal Deposit Insur-
22 ance Act, and failure to do so shall subject such bank to
23 the penalty provided by the sixth paragraph of this sec-
24 tion.”.

1 (b) FEDERAL OPEN MARKET COMMITTEE.—Section
 2 12A of the Federal Reserve Act (12 U.S.C. 263) is amend-
 3 ed by striking subsection (a) and inserting the following:

4 “(a) There is hereby created a Federal Open Market
 5 Committee (hereinafter referred to as the ‘Committee’),
 6 which shall consist of the members of the Board of Gov-
 7 ernors of the Federal Reserve System and the chief execu-
 8 tive officers of the 5 Federal Reserve banks.”.

9 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

10 (1) Section 11 of the Federal Reserve Act (12
 11 U.S.C. 248) is amended by striking subsection (e).

12 (2) Section 16 of the Federal Reserve Act (12
 13 U.S.C. 413) is amended, in the third sentence, by
 14 striking “twelve” and inserting “5”.

15 **SEC. 5. BOARD OF GOVERNORS OF THE FEDERAL RESERVE**
 16 **SYSTEM.**

17 Section 10 of the Federal Reserve Act (12 U.S.C.
 18 241) is amended—

19 (1) in the second sentence, by striking “one of
 20 whom shall be selected from” and inserting “2 of
 21 whom may be residents of”; and

22 (2) by inserting “In this paragraph, the term
 23 ‘resident of any one Federal Reserve district’ means
 24 an individual whose primary residence and principal
 25 place of business has been located in a Federal Re-

1 serve district for not fewer than 4 years before the
 2 date on which the President nominates the indi-
 3 vidual as a member of the Board.” after the period
 4 at the end of the fourth sentence.

5 **SEC. 6. LOBBYING WITH MONEYS.**

6 The Federal Reserve Act is amended by inserting
 7 after section 15 (12 U.S.C. 391 et seq.) the following:

8 **“SEC. 15A. LOBBYING WITH MONEYS.**

9 “No part of the income, interest, fees, money, or
 10 other funds of the Board of Governors of the Federal Re-
 11 serve System or any Federal Reserve bank shall, in the
 12 absence of express authorization by Congress, be used di-
 13 rectly or indirectly to pay for any personal service, adver-
 14 tisement, telegram, telephone, letter, printed or written
 15 matter, or other device, intended or designed to influence
 16 in any manner a Member of Congress, a jurisdiction, or
 17 an official of any government, to favor, adopt, or oppose,
 18 by vote or otherwise, any legislation, law, ratification, pol-
 19 icy, or appropriation, whether before or after the introduc-
 20 tion of any bill, measure, or resolution proposing such leg-
 21 islation, law, ratification, policy, or appropriation; but this
 22 shall not prevent officers or employees of the Federal Re-
 23 serve System from communicating to any such Member
 24 or official, at his request, or to Congress or such official,
 25 through the proper official channels, requests for any leg-

1 islation, law, ratification, policy, or appropriations which
2 they deem necessary for the efficient conduct of the public
3 business, or from making any communication whose prohi-
4 bition by this section might, in the opinion of the Attorney
5 General, violate the Constitution or interfere with the con-
6 duct of foreign policy, counter-intelligence, intelligence, or
7 national security activities. Violations of this section shall
8 constitute violations of section 1352(a) of title 31, United
9 States Code.”.

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