

AMENDMENT NO. 234 Calendar No. \_\_\_\_\_

Purpose: To establish a Special Inspector General for the Conservatorship of Regulated Entities, and for other purposes.

IN THE SENATE OF THE UNITED STATES—111th Cong., 2d Sess.

(no.) \_\_\_\_\_

To promote the financial stability of the United States by improving accountability and transparency in the financial system, to end “too big to fail”, to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes.

Referred to the Committee on \_\_\_\_\_ and  
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by

Mr. Shelby

Viz:

- 1 At the appropriate place in title II, add the following:
- 2 **SEC. \_\_\_\_ . SPECIAL INSPECTOR GENERAL FOR THE CON-**
- 3 **SERVATORSHIP OF REGULATED ENTITIES.**
- 4 (a) **OFFICE OF INSPECTOR GENERAL.**—There is es-
- 5 tablished in the Department of the Treasury the Office

1 of the Special Inspector General for the Conservatorship  
2 of Regulated Entities.

3 (b) APPOINTMENT OF INSPECTOR GENERAL.—

4 (1) LEADERSHIP.—The head of the Office es-  
5 tablished under subsection (a) shall be the Special  
6 Inspector General for the Conservatorship of Regu-  
7 lated Entities (in this section referred to as the  
8 “Special Inspector General”), who shall be appointed  
9 by the President, by and with the advice and consent  
10 of the Senate.

11 (2) APPOINTMENT.—The appointment of the  
12 Special Inspector General shall be made on the basis  
13 of integrity and demonstrated ability in accounting,  
14 auditing, financial analysis, law, management anal-  
15 ysis, public administration, or investigations.

16 (3) TIMING.—The nomination of an individual  
17 as Special Inspector General shall be made as soon  
18 as is practicable following the date of enactment of  
19 this Act, but not later than 30 days after that date  
20 of enactment.

21 (4) REMOVABLE FOR CAUSE.—The Special In-  
22 spector General shall be removable from office, in  
23 accordance with the provisions of section 3(b) of the  
24 Inspector General Act of 1978 (5 U.S.C. App.).

1           (5) STATUS.—For purposes of section 7324 of  
2 title 5, United States Code, the Special Inspector  
3 General shall not be considered an employee who de-  
4 termines policies to be pursued by the United States  
5 in the nationwide administration of Federal law.

6           (6) COMPENSATION.—The annual rate of basic  
7 pay of the Special Inspector General shall be the an-  
8 nual rate of basic pay for an Inspector General  
9 under section 3(e) of the Inspector General Act of  
10 1978 (5 U.S.C. App.).

11       (c) DUTIES.—

12           (1) IN GENERAL.—It shall be the duty of the  
13 Special Inspector General to conduct, supervise, and  
14 coordinate audits and investigations of the purchase,  
15 management, and sale of assets by regulated enti-  
16 ties, so long as the entities remain in conservator-  
17 ship under section 1367 of the Federal Housing En-  
18 terprises Financial Safety and Soundness Act of  
19 1992 (12 U.S.C. 4617) (in this section referred to  
20 as “regulated entities”), including by collecting and  
21 summarizing—

22           (A) a description of the categories of mort-  
23 gage assets purchased or otherwise procured by  
24 regulated entities;

1 (B) an explanation of the reasons why the  
2 Director of the Federal Housing Finance Agen-  
3 cy (in this section referred to as the “Direc-  
4 tor”) deemed it necessary to purchase each  
5 such mortgage asset;

6 (C) a listing of each institution from which  
7 such mortgage assets were purchased;

8 (D) a current estimate of the total amount  
9 of mortgage assets purchased since the date of  
10 appointment of the Federal Housing Finance  
11 Agency (in this section referred to as the  
12 “Agency”) as conservator and the profit and  
13 loss, projected or realized, of each such mort-  
14 gage asset;

15 (E) a description of the categories of mort-  
16 gage loans modified by regulated entities;

17 (F) an explanation of the reasons why the  
18 Director deemed it necessary to modify each  
19 such mortgage loan;

20 (G) an explanation of the risk analysis pro-  
21 cedures in place within regulated entities and  
22 the Council in respect to the modification pro-  
23 cess, as well as the loans accepted into the modi-  
24 fication process;

1 (H) an explanation of the effect of con-  
2 tinuing requirements of sections 1331 through  
3 1339 of the Housing and Community Develop-  
4 ment Act of 1992, on the financial standing of  
5 the regulated entities;

6 (I) the impact on any funding requested  
7 and accepted as a part of the Amended and Re-  
8 stated Senior Preferred Stock Purchase Agree-  
9 ment, dated September 26, 2008, amended May  
10 6, 2009, amended December 24, 2009, and  
11 amended further at any point following the date  
12 of enactment of this Act;

13 (J) an assessment of whether the budg-  
14 etary treatment of the assets and liabilities of  
15 the entities is correct, as it relates to the budg-  
16 et proposed by the President, as required under  
17 section 1105(a) of title 31, United States Code;

18 (K) an explanation of troubled assets  
19 owned by the regulated entities and acquired  
20 prior to the conservatorship; and

21 (L) a description of any changes to the  
22 structure of the regulated entities made by the  
23 Director and an explanation of how the changes  
24 will better enable the regulated entities to be  
25 successful during and post conservatorship.

1           (2) ADMINISTRATIVE AUTHORITY.—The Special  
2           Inspector General shall establish, maintain, and  
3           oversee such systems, procedures, and controls as  
4           the Special Inspector General considers appropriate  
5           to discharge the duty under paragraph (1).

6           (3) OTHER DUTIES.—In addition to the duties  
7           specified in paragraphs (1) and (2), the Inspector  
8           General shall have the duties and responsibilities of  
9           inspectors general under the Inspector General Act  
10          of 1978, including sections 4(b)(1) and 6 of that  
11          Act.

12          (d) PERSONNEL, FACILITIES, AND OTHER RE-  
13          SOURCES.—

14               (1) AUTHORITY FOR OFFICERS AND EMPLOY-  
15               EES.—The Special Inspector General may select, ap-  
16               point, and employ such officers and employees as  
17               may be necessary for carrying out the duties of the  
18               Special Inspector General, subject to the provisions  
19               of title 5, United States Code, governing appoint-  
20               ments in the competitive service, and the provisions  
21               of chapter 51 and subchapter III of chapter 53 of  
22               such title, relating to classification and General  
23               Schedule pay rates.

24               (2) SERVICES.—The Special Inspector General  
25               may obtain services, as authorized by section 3109

1 of title 5, United States Code, at daily rates not to  
2 exceed the equivalent rate prescribed for grade GS-  
3 15 of the General Schedule by section 5332 of such  
4 title.

5 (3) CONTRACTS.—The Special Inspector Gen-  
6 eral may enter into contracts and other arrange-  
7 ments for audits, studies, analyses, and other serv-  
8 ices with public agencies and with private persons,  
9 and make such payments as may be necessary to  
10 carry out the duties of the Inspector General.

11 (4) AGENCY COOPERATION.—

12 (A) REQUESTS.—Upon request of the Spe-  
13 cial Inspector General for information or assist-  
14 ance from any department, agency, or other en-  
15 tity of the Federal Government, the head of  
16 such entity shall, in so far as is practicable and  
17 not in contravention of any other provision of  
18 law, furnish such information or assistance to  
19 the Special Inspector General, or an authorized  
20 designee thereof.

21 (B) REPORTS OF UNREASONABLE DENI-  
22 ALS.—Whenever information or assistance re-  
23 quested by the Special Inspector General is, in  
24 the judgment of the Special Inspector General,  
25 unreasonably refused or not provided, the Spe-

1           cial Inspector General shall report the cir-  
2           cumstances to the appropriate committees of  
3           Congress, without delay.

4           (e) REPORTS.—

5           (1) QUARTERLY REPORTS TO CONGRESS.—Not  
6           later than 60 days after the confirmation of the Spe-  
7           cial Inspector General, and every calendar quarter  
8           thereafter, the Special Inspector General shall sub-  
9           mit to the appropriate committees of Congress a re-  
10          port summarizing the activities of the Special In-  
11          spector General during the 120-day period ending on  
12          the date of such report. Each report shall include,  
13          for the period covered by such report, a detailed  
14          statement of all information collected under sub-  
15          section (c)(1).

16          (2) RULE OF CONSTRUCTION.—Nothing in this  
17          subsection shall be construed to authorize the public  
18          disclosure of information that is—

19                (A) specifically prohibited from disclosure  
20                by any other provision of law;

21                (B) specifically required by Executive  
22                Order to be protected from disclosure in the in-  
23                terest of national defense or national security or  
24                in the conduct of foreign affairs; or



1                   (C) a part of an ongoing criminal inves-  
2                   tigation.

3           (f) FUNDING.—Of the amounts made available to the  
4 Secretary, under section 118 of the Emergency Economic  
5 Stabilization Act of 2008 (12 U.S.C. 5228), \$30,000,000  
6 shall be available to the Special Inspector General to carry  
7 out this section, which amount shall remain available until  
8 expended.

9           (g) TERMINATION.—The Office of the Special Inspec-  
10 tor General shall terminate upon the emergence of all reg-  
11 ulated entities from conservatorship under section 1367  
12 of the Federal Housing Enterprises Financial Safety and  
13 Soundness Act of 1992 (12 U.S.C. 4617).