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HOUSE JOINT RESOLUTION NO. 600

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Memorializing the Congress of the United States to enact legislation reinstating the separation of commercial banking and investment banking.

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Referred to Committee on Commerce and Labor

WHEREAS, an effective monetary and banking system is essential to the proper function of the economy; and

WHEREAS, an effective monetary and banking system must function in the public interest without bias; and

WHEREAS, sections 16, 20, 21, and 32 of the federal Banking Act of 1933 (P.L. 73-66, 48 Stat. 162), which sections are commonly referred to as the Glass-Steagall Act, protected the public interest in matters dealing with the regulation of commercial and investment banking by limiting commercial bank securities activities and affiliations between commercial banks and securities firms; and

WHEREAS, the repeal in 1999 of the Glass-Steagall Act has permitted members of the financial industry to exploit the financial system for their own gain in disregard of the public interest; and

WHEREAS, many financial industry entities were saved by the U.S. Treasury at a cost of billions of dollars to American taxpayers; and

WHEREAS, within the hundreds of pages of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203, H.R. 4173) there are no prohibitions preventing "too big to fail" financial services organizations from investing in or undertaking substantial risks in trillions of dollars of derivative contracts; and

WHEREAS, the American taxpayers continue to be at risk for the next round of bank failures with enormous risks undertaken by financial services conglomerates; and

WHEREAS, in the 112th Congress, Representative Marcy Kaptur (D-OH) introduced H.R. 1489, known as the Return to Prudent Banking Act of 2011, to revive the separation between commercial banking and the securities business that had been required under the Glass-Steagall Act; and

WHEREAS, the Return to Prudent Banking Act of 2011 had 83 co-sponsors, including Representative Mike Coffman (R-CO), chairman of the congressional Balanced Budget Amendment Caucus; and

WHEREAS, reinstating the provisions of the Glass-Steagall Act is supported by a broad group of organizations, including the AFL-CIO, the American Federation of Teachers, and the International Association of Machinists; prominent economic and business leaders, including Thomas Hoenig of the Federal Deposit Insurance Corporation, Sanford Weill, former CEO of Citibank, and economist Luigi Zingales; and publications, including the *New York Times*, *St. Louis Post Dispatch*, and *Los Angeles Times*; and

WHEREAS, federal legislation based on the Return to Prudent Banking Act of 2011 should be introduced in the 113th Congress in order to prohibit commercial banks and bank holding companies from investing in stocks, underwriting securities, and investing in or guaranteeing derivative transactions and thereby prevent American taxpayers from again being called upon to fund hundreds of billions of dollars to bail out financial institutions; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Congress of the United States be urged to enact legislation reinstating the separation of commercial banking and investment banking; and, be it

RESOLVED FURTHER, That the Clerk of the House of Delegates transmit copies of this resolution to the Speaker of the United States House of Representatives, the President of the United States Senate, and the members of the Virginia Congressional Delegation so that they may be apprised of the sense of the General Assembly of Virginia in this matter.

INTRODUCED

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