
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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Contact: Corinne Russell (202) 414-6921
Stefanie Johnson (202) 414-6376

FHFA Sues 17 Firms to Recover Losses to Fannie Mae and Freddie Mac

Washington, DC -- The Federal Housing Finance Agency (FHFA), as conservator for Fannie Mae and Freddie Mac (the Enterprises), today filed lawsuits against 17 financial institutions, certain of their officers and various unaffiliated lead underwriters. The suits allege violations of federal securities laws and common law in the sale of residential private-label mortgage-backed securities (PLS) to the Enterprises.

Complaints have been filed against the following lead defendants, in alphabetical order:

1. Ally Financial Inc. f/k/a GMAC, LLC
2. Bank of America Corporation
3. Barclays Bank PLC
4. Citigroup, Inc.
5. Countrywide Financial Corporation
6. Credit Suisse Holdings (USA), Inc.
7. Deutsche Bank AG
8. First Horizon National Corporation
9. General Electric Company
10. Goldman Sachs & Co.
11. HSBC North America Holdings, Inc.
12. JPMorgan Chase & Co.
13. Merrill Lynch & Co. / First Franklin Financial Corp.
14. Morgan Stanley
15. Nomura Holding America Inc.
16. The Royal Bank of Scotland Group PLC
17. Société Générale

These complaints were filed in federal or state court in New York or the federal court in Connecticut. The complaints seek damages and civil penalties under the Securities Act of 1933, similar in content to the complaint FHFA filed against UBS Americas, Inc. on July 27, 2011. In addition, each complaint seeks compensatory damages for negligent misrepresentation. Certain complaints also allege state securities law violations or common law fraud.

As conservator of Fannie Mae and Freddie Mac, FHFA is charged with preserving and conserving these companies' assets and does so on behalf of taxpayers. The complaints filed today reflect FHFA's conclusion that some portion of the losses that Fannie Mae and Freddie Mac incurred on private-label mortgage-backed securities (PLS) are attributable to misrepresentations and other improper actions by the firms and individuals named in these filings. Based on our review, FHFA alleges that the loans had different and more risky characteristics than the descriptions contained in the marketing and sales materials provided to the Enterprises for those securities.

FHFA filed the complaints under the broad authority granted to it by the Housing and Economic Recovery Act of 2008. The U.S. legal system provides for addressing such alleged misrepresentations through the nation's securities laws and traditional common law. FHFA is following those legal remedies in filing these complaints and seeks to recover on losses to the Enterprises that are the legal responsibilities of others.

Discussions regarding these matters have taken place with several of the firms receiving complaints and, where constructive, they will continue.

[Link to FHFA filings in PLS cases](#)

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.