

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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C. THOMAS KEEGEL
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August 24, 2010

Mr. Edward J. DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, N.W.
Washington, D.C. 20552-0003

Mr. Alfred M. Pollard
General Counsel
Attn: Comments/RIN 2590-AA23
Fourth Floor
1700 G Street, N.W.
Washington, D.C. 20552

Re: Proposed Regulation RIN 2590-AA23

Dear Director DeMarco and Mr. Pollard:

On behalf of the 1.4 million members of the International Brotherhood of Teamsters, its 600,000 retired members and the Teamsters affiliated benefit funds, which together hold approximately \$100 billion in assets, I am concerned about the recently published proposed regulation of the Federal Housing Finance Agency (FHFA) regarding the conservatorship and receivership of Fannie Mae and Freddie Mac.¹

The Proposed Rule would preclude millions of pension participants throughout the United States from prosecuting their currently pending securities fraud claims against Fannie Mae and Freddie Mac through resolution in a court of law. The proposed rule would effectively insulate Fannie Mae and Freddie Mac from accountability for their past alleged fraudulent acts by relegating securities claims, even those based on fraud, to the lowest priority in receivership. Further, the Proposed Rule would prohibit, except where permitted by the Director of FHFA, Fannie Mae and Freddie Mac from paying securities litigation claims while they are in conservatorship. We find this result to be untenable.

¹ RIN 2590-aa23, Conservatorship and Receivership, 75 Fed. Reg. 39462 (July 9, 2010).

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Pension funds across the country that invested in Fannie Mae securities have a pending securities fraud class action against Fannie Mae and certain of its former senior officers. Participants in these pension funds, many of whom are active and retired Teamsters, include millions of active and retired fire fighters, police officers, teachers, health care providers, transportation workers, and other public service employees. The fraudulent acts alleged in the lawsuit occurred from 2001 through 2004, long before FHFA placed Fannie Mae into conservatorship. Indeed, FHFA (through its predecessor OFHEO) published two comprehensive reports of its investigation of Fannie Mae, detailing the egregious misconduct of the former senior officers of Fannie Mae during that period, and ultimately entered into settlement agreements with Fannie Mae and certain senior officers pursuant to which Fannie Mae and those senior officers paid civil penalties to FHFA. It is difficult to understand why the FHFA proposed rule could leave millions of loyal hard working public servants without the ability to seek redress for the harm visited upon them by Fannie Mae and Freddie Mac.

The Teamsters Union believes the plaintiffs' ability to pursue their pending securities fraud claims must be protected.

Thank you for your attention to this matter.

Sincerely,



C. Thomas Keegel
General Secretary-Treasurer

CTK/lm