



**CENTRAL STATES SOUTHEAST AND SOUTHWEST  
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JAMES P. CONDON  
Secretary to the Board and  
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September 7, 2010

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

**Via e-mail: [regcomments@fhfa.gov](mailto:regcomments@fhfa.gov)**

Alfred M. Pollard  
General Counsel  
Attn: Comments/RIN 2590-AA23  
Federal Housing Finance Agency  
1700 G Street, N.W.  
Washington, D.C. 20552-0003

Re: Proposed Regulation RIN 2590-AA23

Dear Acting Director DeMarco and Mr. Pollard,

On behalf of Central States Southeast and Southwest Areas Pension Fund ("Central States"), one of the nation's largest Taft-Hartley funds, with more than 400,000 participants (including active workers and retirees), we are writing to express our concerns regarding the Federal Housing Finance Agency's ("FHFA") notice of proposed rulemaking, which sets forth a framework for the conservatorship and receivership operations of Freddie Mac, Fannie Mae, and the Federal Home Loan Banks.

The proposed rule, which blatantly attempts to thwart the ability of millions of pensioners throughout the United States from prosecuting their currently pending securities fraud claims against Freddie Mac through resolution in a court of law, is not justified, and should not be adopted. The proposed rule would effectively insulate Freddie Mac from being held liable for the fraudulent acts perpetrated against pensioners prior to the FHFA placing Freddie Mac into conservatorship.

Specifically, the proposed rule would relegate securities claims, even those based on fraud, to the lowest priority in receivership, and, except where permitted by the Director of the FHFA, prohibit the payment of securities litigation claims while Freddie Mac is in conservatorship. We find this to be unacceptable in light of the fact that the fraud perpetrated by Freddie Mac and certain of its former senior officers caused billions of dollars in damages to pensioners and other taxpayers, including essentially every member of Central States.

As you know, two securities fraud class actions against Freddie Mac and certain of its former senior officers are currently pending based upon the fraudulent acts of the Company and those former officers. The events that gave rise to these lawsuits occurred prior to the FHFA even placing Freddie Mac into conservatorship. Participants in the putative classes of aggrieved shareholders in those lawsuits include millions of active and retired firefighters, electricians, police officers, teachers, health care providers, transportation workers and other public service employees. Thus, it is difficult to understand why the FHFA would propose a rule to protect an entity that committed fraud at the expense of the very police officers, electricians, firefighters and other pensioners which the Company defrauded.

The shareholders have a legal right to pursue the claims referenced above for fraud against Freddie Mac, and this right must not be taken lightly, or usurped at the whim of the Director of the FHFA (Indeed, how can this not be a violation of due process?). Thus, we call upon you to reconsider the proposed rule, and in doing so, ensure that the shareholders' ability to seek a recovery against Freddie Mac for the billions of dollars in damages they incurred due to the fraud perpetrated by the Company and certain of its former senior officers is protected.

Very truly yours,

A handwritten signature in cursive script that reads "James P. Condon".

James P. Condon  
Secretary to the Board  
and Deputy Chief Legal Officer