



**Office of Federal Housing Enterprise Oversight
(OFHEO)**

NEWS RELEASE

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

For Immediate Release

December 18, 2003

**OFHEO Takes Enforcement Action Against Former
Freddie Mac Executives**

Notice of Charges Addresses Termination, Benefits of Brendsel, Clarke

WASHINGTON, D.C. — The Office of Federal Housing Enterprise Oversight (OFHEO) has issued a Notice of Charges against former Freddie Mac Chairman Leland Brendsel and former Chief Financial Officer Vaughn Clarke. The Charges will result in an enforcement order requiring that they (1) be terminated for cause and thereby forfeit substantial severance awards, (2) pay a civil money penalty, and (3) return bonuses they received for 2000 and 2001. Mr. Brendsel would lose a total of approximately \$33.9 million and Mr. Clarke would lose a total of approximately \$3.9 million.

The enforcement action follows release of OFHEO's report on its special examination of Freddie Mac detailing the role of Brendsel, Clarke, and others in the improper management of earnings that lead to the company's recent restatement. On June 12, 2003, OFHEO notified Freddie Mac not to pay benefits to these individuals pending completion of the agency's review.

The Notice of Charges begins an administrative process that will lead to cease and desist orders, the monetary penalties and other remedies, according to OFHEO regulations. The Charges are reviewed by an Administrative Law Judge who makes recommendations to the Director of OFHEO. Decisions about appropriate actions are made by the Director and may be reviewed in Federal court.

(OFHEO Notice of Charges Impact on Individuals Table Attached)

###

[REVIEW COMPLETE NOTICE OF CHARGES](#)

(50 pages)

**OFHEO Notice of Charges
Impact on Individuals***

I. Leland Brendsel

A.	Lost Benefits	\$24,364,000
	Severance (two years salary)	\$2,360,000
	Bonus (prorated for 2003)	\$860,000
	Accelerated vesting of stock options	\$2,332,000
	Accelerated vesting of restricted stock	\$18,812,000
B.	Civil Money Penalty	\$5,800,000
C.	Restitution	<u>\$3,800,000</u>
	TOTAL	\$33,964,000

II. Vaughn Clarke

A.	Lost Benefits	\$750,000
	(Severance pay and restricted stock)	
B.	Civil Money Penalty	\$2,600,000
C.	Restitution	<u>\$537,000</u>
	TOTAL	\$3,887,000

* Benefits, including stock and option values, are approximations.

OFHEO's mission is to promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.