



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

NEWS RELEASE

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For Immediate Release

September 27, 2007

**Consent Order Issued In Action Against
Former Freddie Mac Chief Financial Officer**

Washington, DC – OFHEO Director James B. Lockhart today announced issuance of a Consent Order against former Freddie Mac Executive Vice President and Chief Financial Officer (CFO) Vaughn A. Clarke.

Mr. Clarke consented to the Order in settlement of an OFHEO administrative notice of charges filed against him on December 17, 2003. That administrative action included allegations of misconduct and unsafe and unsound practices involving, among other things, misapplication of applicable accounting principles in connection with improper earnings management.

The Order contains several requirements, including cooperation with OFHEO in any administrative proceedings against other individuals and payment of a \$125,000 civil money penalty to be satisfied when paid to the Securities and Exchange Commission in connection with a settlement reached with that agency. Mr. Clarke also agreed to forego any bonus not yet paid to him by Freddie Mac. Additionally, Mr. Clarke may not accept employment with Freddie Mac and Fannie Mae without the Director's written permission or accept employment with any federally-regulated financial institution without providing notice of this order to the institution and its regulators. Mr. Clarke served in the position of CFO of Freddie Mac from March 2000 until June 6, 2003, when the Board of Directors accepted his resignation.

OFHEO's enforcement action against former Freddie Mac Chief

Executive Officer Leland Brendsel continues before an Administrative Law Judge. Previous consent agreements entered into with Freddie Mac in December 2003 and September 2005 included a \$125 million civil money penalty. OFHEO entered into a consent agreement with former President and Chief Operating Officer David Glenn in October 2003 that included a civil money penalty of \$125,000.

Consent Order and Stipulation to Issuance of a Consent Order follow.

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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.

UNITED STATES OF AMERICA
OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

Order No. 2007-1

IN THE MATTER OF:

VAUGHN A. CLARKE

CONSENT ORDER

WHEREAS, on December 17, 2003, the Director of the Office of Federal Housing Enterprise Oversight (“OFHEO”) issued against Vaughn A. Clarke (“Mr. Clarke”) a Notice of Charges (OFHEO No. 2003-3) pursuant to 12 U.S.C. § 4631 *et seq.* and 12 C.F.R. § 1780 *et seq.*, as amended, in which the Director seeks relief in the form of an order that, among other things, imposes civil money penalties and restitution, prohibits Mr. Clarke from seeking employment with the Federal Home Loan Mortgage Corporation (“Freddie Mac”) or the Federal National Mortgage Association (“Fannie Mae”), and prohibits Mr. Clarke from pursuing or accepting any payments that exceed the payments to which Mr. Clarke would be entitled had he been terminated for “loss of confidence” under Freddie Mac Policy Number 3-254.1 Series III, Human Resources, Severance-Officers (May 15, 2001), specifically including any severance pay, restricted stock award or bonus;

WHEREAS, Mr. Clarke has denied all allegations of wrongful conduct alleged against him in OFHEO No. 2003-3, and contested the relief sought by OFHEO;

WHEREAS, Mr. Clarke, in order to avoid the expense and distraction of further litigation with OFHEO, has duly and lawfully executed a Stipulation and Consent to the Issuance of a Consent Order (“Stipulated Consent”), signed May 1, 2007, that is Attachment A to this Consent Order (the “Order”) and that is accepted by the Director, and by such Stipulation and Consent Mr. Clarke consents to the issuance of this Order by the Director before any evidentiary proceedings have been conducted in this matter, before the entry of any findings of fact or conclusions of law in this matter, and without Mr. Clarke admitting or denying any wrongdoing or any asserted or implied finding of fact or conclusion of law (except as set out in Attachment A as to OFHEO’s jurisdiction and authority to issue this Order), or any other asserted or implied basis for this Order;

WHEREAS, Mr. Clarke has simultaneously agreed to consent to the entry of a final judgment in connection with a Complaint brought by the Securities and Exchange Commission (“SEC”) styled *SEC v. Federal Home Loan Mortgage Corporation, et al.*, Civil Action No. 07-CV-1728, and, without admitting or denying the allegations in the SEC Complaint, has consented to the entry of a permanent injunction, and the payment of disgorgement, prejudgment interest, and a civil penalty of \$125,000;

WHEREAS, the Director believes that entry into this Order with Mr. Clarke will be in the public interest; and

WHEREAS, both OFHEO and Mr. Clarke intend that this Consent Order shall, upon execution, have the effect of (i) releasing and discharging Mr. Clarke, his heirs, successors, agents and executors, from any and all OFHEO supervisory and enforcement actions that OFHEO might seek relating to his employment at Freddie Mac, except as to any action brought to enforce this Order; and (ii) releasing OFHEO, its

Director, officials, employees, and agents from any and all actions that Mr. Clarke might seek against OFHEO and such persons;

NOW, THEREFORE, the Director, pursuant to the authority vested in him by 12 U.S.C. § 4631 *et seq.* and 12 C.F.R. § 1780 *et seq.*, hereby orders that:

Civil Money Penalty

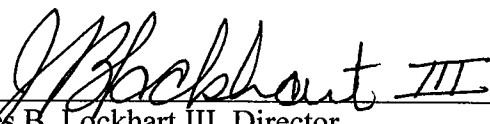
1. Mr. Clarke pay a civil money penalty pursuant to 12 U.S.C. § 4636 of one hundred twenty-five thousand dollars (\$125,000.00), which civil money penalty will be deemed satisfied through payment by Mr. Clarke of a \$125,000.00 civil money penalty pursuant to the final judgment entered in connection with the SEC's Complaint in *SEC v. Federal Home Loan Mortgage, Corporation, et al.*, Civil Action No. 07-CV-1728. Mr. Clarke agrees not to seek reimbursement or indemnification of this money from Freddie Mac or from any other person, partnership, corporation, or entity of any kind. This obligation shall be binding on Mr. Clarke, his heirs, successors, agents and executors.

Cease and Desist

2. Mr. Clarke shall not in the future, without the prior written consent of the Director, and upon such terms as the Director deems appropriate, participate in any manner in the conduct of the affairs of Freddie Mac or Fannie Mae or in any activity that would cause him to be considered an institution-affiliated party of Freddie Mac or Fannie Mae, as defined by 12 U.S.C. § 1813(u), as if either of these enterprises were insured institutions. In addition, Mr. Clarke agrees to disclose and provide a copy of this Order to any financial institution and its primary regulator and insurer if, and at the time, he seeks to be employed by or

participate in any manner in the affairs of: (1) any federally insured depository institution; (ii) any institution treated as an insured bank under 12 U.S.C. § 1818 (b)(3) or (b)(4), or as a savings association under 12 U.S.C. § 1818 (b)(9); (iii) any insured credit union under the Federal Credit Union Act, 12 U.S.C. § 1781 *et seq.*; (iv) any institution chartered under the Farm Credit Act of 1971, 12 U.S.C. § 2001 *et seq.*; (v) any Federal depository institution regulatory agency and; (vi) the Federal Housing Finance Board or any Federal home loan bank.

3. Mr. Clarke shall make no claim for any bonus, annual or otherwise, that he has not already received from Freddie Mac.
4. Mr. Clarke agrees, upon reasonable notice, to (a) appear and be interviewed by OFHEO staff; (b) answer any and all questions put to him regarding Freddie Mac, its operations, and its personnel, of which he has knowledge or information; (c) provide assistance to OFHEO in identifying and analyzing documents regarding Freddie Mac, its operations, and its personnel; and (d) appear and testify in the ongoing litigation against Leland C. Brendsel (OFHEO No. 2003-2).
5. This Order constitutes the Final Decision and Order with respect to OFHEO Notice of Charges No. 2003-3, and shall become effective on the date it is issued.
6. It is so ordered, this 27th day of September 2007.



James B. Lockhart III, Director
Office of Federal Housing Enterprise Oversight

ATTACHMENT A

UNITED STATES OF AMERICA
OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

IN THE MATTER OF
VAUGHN A. CLARKE
OFHEO No. 2003-3

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

The Director of the Office of Federal Housing Enterprise Oversight (“OFHEO”) has issued against Vaughn A. Clarke (“Mr. Clarke”) a notice of charges, as amended, in this matter (OFHEO No. 2003-3) pursuant to 12 U.S.C. § 4631 *et seq.* and 12 C.F.R. § 1780 *et seq.*

Mr. Clarke, in the interest of resolving the matters that are the subject of OFHEO’s notice of charges No. 2003-3, as amended, without incurring the expense and distraction of further litigation with OFHEO, consents to the issuance of a Consent Order No. 2007-1 (“Order”), before any evidentiary proceedings have been conducted in this matter and before the entry of any findings of fact or conclusions of law in this matter.

In consideration of the above premises, the Director and Mr. Clarke hereby stipulate and agree to the following:

Jurisdiction

Mr. Clarke is a former employee and Chief Financial Officer of the Federal Home Loan Mortgage Corporation (“Freddie Mac”), which was chartered pursuant to the Federal Home Loan Mortgage Corporation Act of 1970, 12 U.S.C.

§§ 1451 to 1459, and subject to supervision and regulation by OFHEO pursuant to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, 12 U.S.C. § 4501 *et seq.* Mr. Clarke was employed by Freddie Mac from 1998 through June 6, 2003 and was associated with Freddie Mac at least until June 6, 2003. *See* 12 U.S.C. § 4637.

Agreement

Based solely on this Stipulation and Consent, Mr. Clarke consents and agrees to the issuance of the Order by the Director. In so doing, Mr. Clarke neither admits nor denies any wrongdoing or any asserted or implied finding of fact or conclusion of law, except as to jurisdiction, which he admits. Mr. Clarke further consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by OFHEO under the provisions of 12 U.S.C. §§ 4635 and 4636.

Waivers

Mr. Clarke, by signing this Stipulation and Consent, hereby waives:


- (a) any and all procedural rights available against OFHEO in connection with the issuance of the Order;
- (b) all rights to seek any type of administrative or judicial review of the Order; and
- (c) any and all rights to challenge or contest the validity of the Order.

Other Action

Mr. Clarke agrees that the provisions of this Stipulation and Consent shall not be construed to limit or otherwise affect regulatory actions by other federal regulatory agencies.

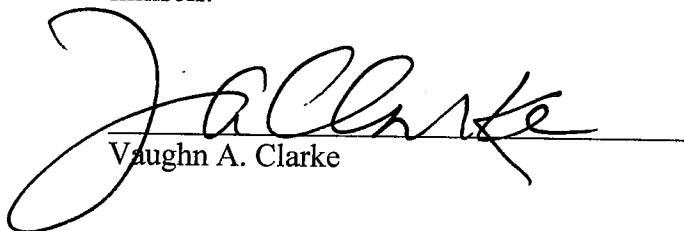
The Director agrees that, upon issuance of the Order, he will dismiss OFHEO Notice of Charges No. 2003-3 and shall release and forever discharge Mr. Clarke from any and all OFHEO supervisory and enforcement actions relating to his employment at Freddie Mac, except as to any action brought to enforce the Order.

IN TESTIMONY WHEREOF, the undersigned, the Director of OFHEO, has hereunto set his hand on behalf of himself and OFHEO.


James B. Lockhart III, Director
Office of Federal Housing Enterprise Oversight

DATED: May 1, 2007

IN TESTIMONY WHEREOF, the undersigned has hereunto set his hand on behalf of himself.


Vaughn A. Clarke

DATED: May 1, 2007