

In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations

COURT: United States District Court for the District of Columbia
CASE NUMBER: 13-mc-1288 (RLW)
CASE LEADERS: Salvatore J. Graziano, Adam H. Wierzbowski

This is a consolidated class action brought on behalf of shareholders of Fannie Mae and Freddie Mac (the “Companies”), which have been under government conservatorship since 2008. The action challenges the “Net Worth Sweep,” whereby all of the Companies’ net income is paid to the federal government each quarter. The action alleges that the Net Worth Sweep violates shareholders’ contractual rights and seeks compensatory damages.

On February 21, 2017, BLB&G and the other Co-Interim Lead Counsel achieved an appellate victory when the D.C. Circuit Court of Appeals reversed and remanded the district court’s dismissal of the case. BLB&G subsequently filed a second amended complaint, which defendants again moved to dismiss. On September 28, 2018, the Court issued an order upholding plaintiffs’ claims for breach of the implied covenant of good faith and fair dealing.

The Parties engaged in and completed a substantial discovery process.

On December 7, 2021, the Court decided that this Action may be maintained as a class action with respect to claims asserted on behalf of three separate Classes, defined as:

- (1) All current holders of junior preferred stock in Fannie Mae as of the date of certification, or their successors in interest to the extent shares are sold after the date of certification and before any final judgment or settlement (the “Fannie Preferred Class”);
- (2) All current holders of junior preferred stock in Freddie Mac as of the date of certification, or their successors in interest to the extent shares are sold after the date of certification and before any final judgment or settlement (the “Freddie Preferred Class”); and
- (3) All current holders of common stock in Freddie Mac as of the date of certification, or their successors in interest to the extent shares are sold after the date of certification and before any final judgment or settlement (the “Freddie Common Class”).

Excluded from all Classes are the Defendants, the United States Department of the Treasury, and their respective officers and directors. The “date of certification” for all three Classes was December 7, 2021. Thus, if you held the relevant securities as of December 7, 2021, you are a member of the applicable Class, unless you choose to opt out or unless you sell or have sold your shares after that date.

Please review the [Notice of Class Action](#) to learn about your rights in the class action. The certification of the Classes means that the ultimate outcome of the Action—whether favorable or unfavorable to the Classes or Defendants—will apply in like manner to each Class Member who does not timely elect to be excluded. There is no judgment, settlement, or monetary recovery at this time, and you are not being asked to submit a claim.

Trial took place from July 26, 2023, to August 10, 2023. After two days of deliberations, the jury reached a unanimous verdict in which they concluded that by agreeing to the Net Worth Sweep, Defendants breached the

implied covenant of good faith and fair dealing. Based on that finding, the jury awarded damages totaling \$612.4 million, which comprises the jury's awards to investors in (i) Fannie Mae junior preferred stock, (ii) Freddie Mac junior preferred stock, and (iii) Freddie Mac common stock. Additional details about the jury's verdict can be found [here](#).

On October 24, 2023, the Court awarded the Fannie Preferred Class pre-judgment interest. On March 20, 2024, the Court entered final judgment in the amount of \$812,050,000. On March 14, 2025, U.S. District Judge Royce C. Lamberth of the U.S. District Court for the District of Columbia upheld the jury verdict, ruling that the jury was provided with "ample evidence" that reasonably led to its conclusion that FHFA improperly amended stock purchase agreements related to the companies.

Case Documents

- March 20, 2024 - Final Judgment
- January 24, 2022 - Notice of Class Action
- January 24, 2022 - Order Regarding Form, Content, and Method for Providing Notice of Class Action Pursuant to Rule 23(c)(2)(B)
- December 7, 2021 - Opinion Granting Motion for Class Certification
- December 7, 2021 - Order Granting Motion for Class Certification
- November 1, 2017 - Second Amended Consolidated Class Action and Derivative Complaint
- December 3, 2013 - Consolidated Amended Class Action and Derivative Complaint