

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

COURT: U.S. District Court, District of Columbia
CASE NUMBER: 13-mc-1288 (RLW)
JUDGE: Hon. Robert L. Wilkins

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 case is now in the discovery phase, with a trial date of October 19, 2020.