EDWARD J. MARKEY
7TH DISTRICT, MASSACHUSETTS

ENERGY AND COMMERCE COMMITTEE
RANKING MEMBER
SUBCOMMITTEE ON
TELECOMMUNICATIONS AND
THE INTERNET

SELECT COMMITTEE ON
HOMELAND SECURITY

RESOURCES COMMITTEE

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House of Representatives
Washington, DC 20515–2107

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June 19, 2003

The Honorable William Donaldson
Chairman
Securities and Exchange Commission
450 5th Street, N.W.
Washington, D.C. 20545

Dear Mr. Chairman:

According to the insider securities trading information posted on Freddie Mac's website, several senior Freddie Mac executives appear to have sold significant amounts of stock of the company on June 5, 2003. This was one day after the company's outside legal counsel reportedly discovered that a senior official at the company, Mr. David Glenn, had altered or destroyed pages from a business diary that may have related to its ongoing investigation into the companies' restatement of its earnings. It was also the same day this information was reported to Freddie Mac's Board. However, it was at least four days before this information became available to the general public on June 9, 2003.

As you can see from the attached documents posted on Freddie Mac's web site, the following five Freddie Mac insiders sold 8,656 shares of stock in the company on June 5, 2003, for a total of $520,315.88, as follows:

- David W. Glenn, Vice Chairman and President, sold 4,228 shares at a price of $60.53 per share, for a total of $255,920.84;
- Melvin M. Kann, Senior Vice President and General Auditor, sold 509 shares at a price of $60.53 per share, for a total of $30,809.77;
- Maud Mater, Executive Vice President, General Counsel, and Secretary, sold 619 shares at a price of $60.53 per share, for a total of $37,468.07;
- William I. Ledman, Senior Vice President, Information Systems and Services, sold 2,699 shares at a price of $60.53 per share, for a total of $163,370.47; and,
- Paul T. Peterson, Executive Vice President-Single Family, sold 541 shares at a price of $60.53 per share, for a total of $32,746.73.

While there may be a perfectly innocent explanation for these insider stock sales, such as a pre-arranged 10b5-1 selling plan, the fact that they occurred at a time when these company insiders were likely to have been in possession of material non-public information -- information whose disclosure could reasonably be expected to have a

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material adverse impact on Freddie Mac's stock price -- raises very serious questions regarding whether possibly illegal insider trading may have occurred. We are aware that the Commission has already begun to investigate questions relating to recent events at Freddie Mac, and we wanted to bring your attention to these stock sales and ask whether the Commission intends to fully examine the facts and circumstances relating to these sales.

We also note that because Freddie Mac is exempt from having to register its securities with the SEC, its insiders are exempt from Section 16 of the Securities Exchange Act of 1934, which regulates certain insider stock transactions. The SEC staff confirmed that Freddie Mac was exempt from this provision in a "No Action" letter issued on July 12, 2002. At that time, the SEC staff confirmed that it agreed with Freddie Mac's view that despite the company's decision to voluntarily register its equity securities, that "Section 16 of the Exchange Act is inapplicable to Freddie Mac's officers, directors and shareholders" (see http://www.sec.gov/divisions/corpfin/cf-noaction/freddiemac071202.htm). We would hereby request that the SEC explain the legal effect of Freddie Mac's exemption from Section 16 of the Exchange Act. For example, if these insider sales had been short swing transactions (i.e., sales within 6 months) or short sales, wouldn't they be exempt from the restrictions on such sales contained in Section 16, restrictions which apply to every other public company in America? Does the Commission believe that the public interest and protection of investors would be better served if Freddie Mac's (as well as Fannie Mae's) insiders were fully subject to this and other requirements of the federal securities laws – which, as you have previously stated, represent the "gold standard" of disclosure in this country?-

Thank you for your attention to this serious matter. We look forward to your response.

Sincerely,

Edward J. Markey
Member of Congress

Christopher Shays
Member of Congress

Enclosures

FEDERAL HOME LOAN MORTGAGE CORPORATION

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

FORM 4

☐ **Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.**

1. Name and Address of Reporting Person	2. Issuer Name and Ticker or Trading Symbol	6. Relationship of Reporting Person to Issuer (Check all applicable)
Glenn (Last) David (First) W. (Middle)	Freddie Mac (FRE)	✔ Director ✔ Officer (give title below) Vice Chairman & President ____ Other (Specify below)
Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive (Street)	3. IRS Identification Number of Reporting Person, if an Entity (Voluntary): N/A 4. Statement For: June 5, 2003 5. If Amendment, Date of Original	7. Individual or joint/Group Filing (Check applicable line) ✔ Form filed by one Reporting Person ____ Form filed by more than one Reporting Person
McLean (City) VA (State) 22102 (Zip)		

Table 1 – Non Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security	2. Transaction Date (Month/Day/Year)	3. Transaction Code		4. Securities Acquired (A) or Disposed of (D)			5. Amount of Securities Beneficially Owned After the Transaction	6. Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
		Code	V	Amount	(A) or (D)	Price			
FRE-Common Stock	06/05/2003	F		4,228	D	$60.53	255,566	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

(Print or Type Response)

(Over)

FORM 4 (continued)

Table II – Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transaction Code		5. Number of Derivative Securities Acquired (A) or Disposed of (D)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities		8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned After the Transaction	10.Ownership Form of Derivative Security: Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				

Explanation of Responses:

/s/ Bancroft Gordon as attorney-in-fact for
David W. Glenn
Signature of Reporting Person

06/09/2003
Date

FEDERAL HOME LOAN MORTGAGE CORPORATION

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

FORM 4

☐ **Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.**

1. Name and Address of Reporting Person	2. Issuer Name and Ticker or Trading Symbol	6. Relationship of Reporting Person to Issuer (Check all applicable)
Kann (Last) Melvin (First) M. (Middle)	Freddie Mac (FRE)	____Director ____Other (Specify below) ✔ Officer (give title below) SVP and General Auditor
Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive (Street)	3. IRS Identification Number of Reporting Person, if an Entity (Voluntary): N/A 4. Statement For: June 5, 2003	
McLean (City) VA (State) 22102 (Zip)	5. If Amendment, Date of Original	7. Individual or joint/Group Filing (Check applicable line) ✔ Form filed by one Reporting Person ____Form filed by more than one Reporting Person

Table 1 – Non Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security	2. Transaction Date (Month/Day/Year)	3. Transaction Code		4. Securities Acquired (A) or Disposed of (D)			5. Amount of Securities Beneficially Owned After the Transaction	6. Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
		Code	V	Amount	(A) or (D)	Price			
FRE-Common Stock	06/05/2003	F		509	D	$60.53	17,685	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

(Print or Type Response)

(Over)

FORM 4 (continued)

Table II – Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transaction Code		5. Number of Derivative Securities Acquired (A) or Disposed of (D)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities		8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned After the Transaction	10.Ownership Form of Derivative Security: Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				

Explanation of Responses:

/s/ Bancroft Gordon as attorney-in-fact for
Melvin M. Kann
Signature of Reporting Person

06/09/2003
Date

FEDERAL HOME LOAN MORTGAGE CORPORATION

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

FORM 4

☐ **Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.**

1. Name and Address of Reporting Person	2. Issuer Name and Ticker or Trading Symbol	6. Relationship of Reporting Person to Issuer (Check all applicable)
Mater Maud (Last) (First) (Middle) Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive (Street) McLean VA 22102 (City) (State) (Zip)	Freddie Mac (FRE) 3. IRS Identification Number of Reporting Person, if an Entity (Voluntary): N/A 4. Statement For: June 5, 2003 5. If Amendment, Date of Original	____Director ____Other (Specify below) ✔ Officer (give title below) EVP, General Counsel & Secretary 7. Individual or joint/Group Filing (Check applicable line) ✔ Form filed by one Reporting Person ____Form filed by more than one Reporting Person

Table 1 – Non Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security	2. Transaction Date (Month/Day/Year)	3. Transaction Code		4. Securities Acquired (A) or Disposed of (D)			5. Amount of Securities Beneficially Owned After the Transaction	6. Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
		Code	V	Amount	(A) or (D)	Price			
FRE-Common Stock	06/05/2003	F		619	D	$60.53	101,563	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

(Over)

(Print or Type Response)

FORM 4 (continued)

Table II – Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transaction Code		5. Number of Derivative Securities Acquired (A) or Disposed of (D)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities		8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned After the Transaction	10.Ownership Form of Derivative Security: Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
							Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
			Code	V	(A)	(D)								

Explanation of Responses:

/s/ Bancroft Gordon as attorney-in-fact for
Maud Mater
Signature of Reporting Person

06/09/2003
Date

FEDERAL HOME LOAN MORTGAGE CORPORATION

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

FORM 4

☐ **Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.**

1. Name and Address of Reporting Person	2. Issuer Name and Ticker or Trading Symbol	6. Relationship of Reporting Person to Issuer (Check all applicable)
Ledman William I. (Last) (First) (Middle) Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive (Street) McLean VA 22102 (City) (State) (Zip)	Freddie Mac (FRE) 3. IRS Identification Number of Reporting Person, if an Entity (Voluntary): N/A 4. Statement For: June 5, 2003 5. If Amendment, Date of Original	____Director ____Other (Specify below) ✔ Officer (give title below) SVP-Information Systems & Services 7. Individual or joint/Group Filing (Check applicable line) ✔ Form filed by one Reporting Person ____Form filed by more than one Reporting Person

Table 1 – Non Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security	2. Transaction Date (Month/Day/Year)	3. Transaction Code		4. Securities Acquired (A) or Disposed of (D)			5. Amount of Securities Beneficially Owned After the Transaction	6. Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
		Code	V	Amount	(A) or (D)	Price			
FRE-Common Stock	06/05/2003	F		2,699	D	$60.53	49,388	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

(Over)

(Print or Type Response)

FORM 4 (continued)

Table II – Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transaction Code		5. Number of Derivative Securities Acquired (A) or Disposed of (D)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities		8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned After the Transaction	10.Ownership Form of Derivative Security: Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
							Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
			Code	V	(A)	(D)								

Explanation of Responses:

/s/ Bancroft Gordon as attorney-in-fact for
William I. Ledman
Signature of Reporting Person

06/09/2003
Date

FEDERAL HOME LOAN MORTGAGE CORPORATION

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

FORM 4

☐ **Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue.**

1. Name and Address of Reporting Person	2. Issuer Name and Ticker or Trading Symbol	6. Relationship of Reporting Person to Issuer (Check all applicable)
Peterson (Last) Paul (First) T. (Middle)	Freddie Mac (FRE)	____Director ____Other (Specify below) ✔ Officer (give title below) Exec. Vice President - Single Family
Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive (Street)	3. IRS Identification Number of Reporting Person, if an Entity (Voluntary): N/A 4. Statement For: June 5, 2003 5. If Amendment, Date of Original:	7. Individual or joint/Group Filing (Check applicable line) ✔ Form filed by one Reporting Person ____Form filed by more than one Reporting Person
McLean (City) VA (State) 22102 (Zip)		

Table 1 – Non Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security	2. Transaction Date (Month/Day/Year)	3. Transaction Code		4. Securities Acquired (A) or Disposed of (D)			5. Amount of Securities Beneficially Owned After the Transaction	6. Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
		Code	V	Amount	(A) or (D)	Price			
FRE-Common Stock	06/05/2003	F		541	D	$60.53	47,281	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

(Over)

(Print or Type Response)

FORM 4 (continued)

Table II – Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1.Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	4. Transaction Code		5. Number of Derivative Securities Acquired (A) or Disposed of (D)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities		8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned After the Transaction	10.Ownership Form of Derivative Security: Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				

Explanation of Responses:

/s/ Bancroft Gordon as attorney-in-fact for Paul T. Peterson 06/09/2003

Signature of Reporting Person Date