

---

# FEDERAL HOUSING FINANCE AGENCY



## NEWS RELEASE

---

For Immediate Release  
July 27, 2011

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

### **FHFA Sues UBS to Recover Losses to Fannie Mae and Freddie Mac**

**Washington, DC** – The Federal Housing Finance Agency (FHFA), as conservator for Fannie Mae and Freddie Mac (the Enterprises), has filed a lawsuit in the federal district court for the Southern District of New York against UBS Americas, Inc., and related defendants alleging violations of federal securities laws in the sale of residential private-label mortgage-backed securities (MBS) to the Enterprises. FHFA seeks to recover losses and damages sustained by the Enterprises as a result of their investments in UBS Securities.

The lawsuit alleges that UBS Americas made numerous material misstatements and omissions about the mortgage loans underlying the private-label MBS, including the creditworthiness of the borrowers and the quality of the origination and underwriting practices used to evaluate and approve such loans. The defendants also failed to conduct adequate due diligence. This lawsuit seeks to recoup the losses suffered by the Enterprises related to their \$4.5 billion investment in securities sold by UBS.

As conservator of Fannie Mae and Freddie Mac, FHFA is charged with preserving and conserving the assets of the Enterprises. Through this lawsuit and additional lawsuits expected to follow, FHFA seeks to recover losses suffered by the Enterprises in connection with the Enterprises' investments in private-label securities.

"FHFA is taking this action consistent with our responsibilities as conservator of each Enterprise," said FHFA Acting Director Edward J. DeMarco. "From the issuance of 64 subpoenas last year to the filing of this lawsuit and further actions to come, we continue to seek redress for the losses suffered by the Enterprises."

The defendants named in the lawsuit are UBS Americas, Inc., UBS Real Estate Securities Inc., UBS Securities, LLC, Mortgage Asset Securitization Transactions, Inc., and former UBS executives David Martin, Per Dyrvick, Hugh Corcoran, and Peter Slagowitz.

FHFA has filed the complaint under the broad authority granted to it by the Housing and Economic Recovery Act of 2008.

[Link to Complaint](#)

###

*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.*