

Nazir G. Dossani” (all funds in such account hereinafter referred to as the “Freddie Mac Fair Fund”).

2. On October 25, 2007, the Court appointed a tax administrator, Damasco & Associates LLP², to handle the tax obligations of the Freddie Mac Fair Fund. (Dkt. 14).

3. On September 18, 2013, the Court entered an Order (Dkt. 50) establishing a Fair Fund under Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Act of 2010. The same order appointed Gilardi & Co., LLC (“Gilardi”) as Distribution Agent over the Freddie Mac Fair Fund, and ordered Gilardi to develop a Distribution Plan acceptable to the Commission which must be approved by the Court, and once approved, to administer the Court-approved Distribution Plan.

4. Pursuant to the Court’s April 14, 2015 order in *SEC v. Richard F. Syron, Patricia L. Cook, and Donald J. Bisenius*, Civ. Action No. 11-cv-9201-RJS (S.D.N.Y.), and pursuant to Section 308(b) of the Sarbanes-Oxley Act of 2002, as amended, \$310,000 in funds paid by the *Syron* defendants were deposited into the Freddie Mac Fair Fund (*See Syron* Dkt No. 135). This Court acknowledged the receipt of the *Syron* funds on April 22, 2015.

B. Definitions

5. This Distribution Plan sets forth the method and procedures for distributing the Fair Fund created in this matter. As used in this Distribution Plan, the following definitions shall apply:

6. “**Affiliate**” shall have the meaning set forth in Section 101(2) of Title 11 of the United States Code, 11 U.S.C. § 101(2).

7. “**Claim Deficiency Notice**” means the notice sent by the Distribution Agent to a Potentially Eligible Claimant whose claim is deficient in some manner (e.g., failure to provide

² As of October 1, 2016, Damasco and Associates, LLC, became a part of Miller Kaplan Arase LLC. The firm’s engagement with the SEC and its ability to carry out its duties as appointed Tax Administrator for this case has not changed

required information or documentation). The Claim Deficiency Notice shall advise the Potentially Eligible Claimant of the reason or reasons for the deficiency and the opportunity to cure such deficiency. A Claim Deficiency Notice shall be provided approximately six (6) to nine (9) months after the Filing Deadline. Subject to certain extensions provided for in this Distribution Plan, the deadline to cure deficiencies shall be twenty (20) Days from the date of the Claims Deficiency Notice.

8. **“Claims Determination Date”** shall mean the date on or before which the Distribution Agent is to reach its final determination concerning the validity and amount of each Potentially Eligible Claimant’s claim. Except as otherwise provided herein, the Claims Determination Date shall be approximately three hundred and sixty-five (365) from the Filing Deadline.

9. **“Days”** shall mean calendar days, unless specified otherwise.

10. **“Determination Notice”** shall mean the notice sent by the Distribution Agent to a Potentially Eligible Claimant stating the Distribution Agent’s determination of the validity and the amount of the Potentially Eligible Claimant’s claim.

11. **“Distribution Agent”** shall mean Gilardi & Co, LLC, the agent approved by the Court to assist with the administration and distribution of the Fair Fund.

12. **“Distribution De Minimis Amount”** shall mean the minimum Distribution Payment amount of \$20.00. No Eligible Claimant shall receive a payment unless the pro rata share of their Recognized Loss results in a Distribution Payment of at least the Distribution De Minimis Amount.

13. **“Distribution Payment”** shall mean the pro rata amount of funds allocated to an Eligible Claimant pursuant to their Recognized Loss in accordance with the Plan Allocation.

14. **“Distribution Plan”** shall mean this distribution plan as approved by the Court.

15. **“Distribution Plan Notice” or “Notice”** shall mean the notice given to Potentially Eligible Claimants of their potential right to participate in the distribution of the Freddie Mac Fair Fund and their obligation to file a Proof of Claim Form in order to participate. The Distribution Agent, in consultation with the Commission staff, shall design the Distribution Plan Notice, consistent with the provisions of this Distribution Plan, and such notice shall include, at a minimum, a statement that the Freddie Mac Fair Fund was established for the benefit of investors who purchased Eligible Securities during the Eligible Trading Period, the means of obtaining Notice and Proof of Claim Form packets, instructions for submitting Proof of Claim Forms, and the Filing Deadline. The Distribution Plan Notice shall advise Potentially Eligible Claimants that by participating in the distribution of the Freddie Mac Fair Fund, they will not be releasing any rights or claims they may have against any party (other than with respect to the Distribution Agent), including but not limited to, any party’s past and present directors, officers, promoters, advisers, agents, Affiliates, nominees, assigns, creditors, or controlled entities.

16. **"Eligible Claimants"** shall mean persons or entities who purchased Freddie Mac common stock shares during the Eligible Trading Period and whose Recognized Loss, as per the Plan of Allocation, entitles him, her or it to a Distribution Payment. Excluded from the Eligible Claimants are:

- a. Any person who served as an officer or director of Freddie Mac, or as an officer or director of any of Freddie Mac’s subsidiaries or Affiliates, from January 1, 1998 through June 3, 2003, who was directly involved in the conduct described in the Commission’s complaint;

- b. Any individual Defendant in this action, or any of Freddie Mac's Affiliates, subsidiaries, or controlled entities directly involved in the conduct described in the Commission's Complaint;
- c. Any employee or former employee of Freddie Mac, or any of Freddie Mac's Affiliates, subsidiaries, or controlled entities, who has been terminated for cause in connection with the violations alleged in the Commission's Complaint or any related Commission action, or who was otherwise terminated or resigned in connection with the violations alleged in the Complaint or any related Commission action;
- d. Any and all defendants in *SEC v. Richard F. Syron, Patricia L. Cook, and Donald J. Bisenius*, Civ. Action No. 11-cv-9201-RJS (S.D.N.Y.);
- e. Any defendant in any action brought by the Commission or any class action lawsuit related to the conduct described in the Commission's complaint in this action or any related Commission action unless and until such defendant is found not liable in all such civil suits prior to the Filing Deadline, and proof of the finding(s) is included in such defendant's timely filed Proof of Claim Form;
- f. Any Person who, as of the Filing Deadline, has been the subject of criminal charges related to the violations alleged in the Commission's complaint in this action or any related Commission action, unless and until such defendant is found not guilty in all such criminal actions prior to the Filing Deadline, and proof of the finding(s) is included in such defendant's timely filed Proof of Claim Form;

- g. Any Affiliates, assigns, creditors, heirs, distributees, spouses, parents, children, subsidiaries, or controlling entities of any of the foregoing Persons or entities described in Paragraph 14a - 14f above;
- h. Any Person who assigned their right to obtain a recovery in the Commission's action against any of the Defendants; provided, however, that this provision shall not be construed to exclude those Persons who obtained such a right by gift, inheritance, devise or operation of law; or
- i. The Distribution Agent, its employees, and those persons assisting the Distribution Agent in its role as the Distribution Agent.

17. **“Eligible Securities”** shall mean Freddie Mac common stock shares.

18. **“Eligible Trading Period”** shall mean the period between April 18, 2000 and June 8, 2003, inclusive.

19. **“Filing Deadline”** shall mean the date established in accordance with this Distribution Plan by which a Potentially Eligible Claimant's Proof of Claim Form must be filed to avoid the barring of any rights of the Potentially Eligible Claimant to participate in any distribution from the Fair Fund. The Filing Deadline shall be one hundred and twenty (120) Days from the earliest date after the Distribution Agent's initial mailing of the Distribution Plan Notice, except and unless an extension is granted as provided for in this Distribution Plan.

20. **“Freddie Mac Fair Fund”** and/or **“Fair Fund”** shall refer to the disgorged funds, prejudgment interest, and civil penalties assessed against the Defendants in compliance with the final judgments in this case, plus any accumulated interest and earnings thereon as may be provided by future Court orders or agreements in related cases. Pursuant to the Court's April 14, 2015 order in *SEC v. Richard F. Syron, Patricia L. Cook, and Donald J. Bisenius*, Civ. Action No. 11-cv-9201-RJS (S.D.N.Y.), and pursuant to Section 308(b) of the Sarbanes-Oxley

Act of 2002, as amended, \$310,000 in funds paid by the *Syron* defendants were deposited into the Freddie Mac Fair Fund (*See Syron* Dkt No. 135). This Court acknowledged the receipt of the *Syron* funds on April 22, 2015.

21. **“Net Available Fund”** shall mean Freddie Mac Fair Fund, plus accumulated interest and earnings thereon, less fees and costs of administering the Freddie Mac Fair Fund and implementing the Distribution Plan, and paying any taxes that may be assessed against the Freddie Mac Fair Fund.

22. **“Plan of Allocation”** shall mean the methodology by which a Potentially Eligible Claimant’s Recognized Loss is calculated.

23. **“Potentially Eligible Claimants”** shall mean those persons identified by the Distribution Agent as having possible claims to recover from the Net Available Fund under this Distribution Plan, or persons asserting that they have possible claims to recover from the Net Available Fund under this Distribution Plan.

24. **“Proof of Claim Form”** shall mean the form designed by the Distribution Agent, and approved by the Commission staff, in accordance with the terms of this Distribution Plan for the filing of a proof of a Potentially Eligible Claimant’s claim, which form shall require, at a minimum, sufficient documentation reflecting the Potentially Eligible Claimant’s eligible purchases and sales transactions and holding positions of Freddie Mac common stock during the Eligible Trading Period.

25. **“Recognized Loss”** shall be the Potentially Eligible Claimant’s compensable loss pursuant to the Plan of Allocation.

26. **“Rejection Notice”** shall mean the notice sent by the Distribution Agent to a Potentially Eligible Claimant stating the Distribution Agent’s determination as to the validity of the Potentially Eligible Claimant’s claim.

27. **“Request for Reconsideration Deadline”** shall mean the date established in accordance with this Distribution Plan by which a Potentially Eligible Claimant’s dispute of a Rejection Notice must be filed to challenge the Rejection Notice. The deadline to file such a request shall be twenty (20) Days from the date of the Rejection Notice, except and unless an extension is granted as provided for in this Distribution Plan.

28. **“Summary Notice Publication”** shall mean the notice published on an Internet-based newswire service. Such notice (the text of which shall be approved by the Commission’s staff) shall include, at a minimum, a statement that the Fair Fund relates to purchases of the Freddie Mac common stock during the Eligible Trading Period, the means of obtaining a Proof of Claim Form, instructions for submitting Proof of Claim Forms, and the Filing Deadline.

29. **“Tax Administrator”** shall mean Damasco & Associates, LLP, the firm appointed by the Court on October 25, 2007.

C. Allocation of the Fair Fund amongst Eligible Claimants

30. The Net Available Funds shall be distributed to pay Eligible Claimants as provided under the terms of this Distribution Plan.

31. If the Net Available Fund is greater than or equal to the aggregate Distribution Payments due Eligible Claimants, the Distribution Agent shall distribute to each Eligible Claimant his, her or its Recognized Loss. At no time shall an Eligible Claimant receive more than his, her or its Recognized Loss.

32. If the aggregate Distribution Payments to all Eligible Claimants exceeds the Net Available Fund, the Net Available Fund shall be distributed on a pro-rata basis provided that an Eligible Claimant’s pro rata share based on their Recognized Loss entitles them to an amount equal to or greater than the Distribution De Minimis Amount.

D. General Administration Provisions

33. The Distribution Agent shall oversee the administration of the claims, procedures, and distribution as provided in this Distribution Plan. The Distribution Agent shall review the claims of each Potentially Eligible Claimant and make a determination under the criteria established herein as to the eligibility of each Potentially Eligible Claimant to recover monies and the amount of money to be distributed from the Freddie Mac Fair Fund to each Eligible Claimant in accordance with the provisions of this Distribution Plan.

34. Any claim asserted by a Potentially Eligible Claimant shall be in writing and shall provide adequate documentary evidence to substantiate the claim, including all documentary evidence that the Distribution Agent deems necessary or appropriate, including, but not limited to, if available, account statements and trade confirmations.

35. All claims asserted by a Potentially Eligible Claimant must be verified on the basis of a signed certification executed by the Potentially Eligible Claimant under penalty of perjury under the laws of the United States.

36. To the extent that an Eligible Claimant, his or her representative, heir, or assign requests a distribution check to be issued or reissued in a different name than the Eligible Claimant (e.g. as the result of a name change because of marriage or divorce, or as the result of death), the Distribution Agent shall honor such request upon receipt of documentation which the Distribution Agent in its sole discretion deems appropriate to substantiate the request.

37. Claims on behalf of a retirement plan covered by Section 3(3) of ERISA, 29 U.S.C. § 1002(3), which do not include Individual Retirement Accounts, and such plan's participants, are properly made by the custodian or fiduciary of the plan and not by the plan's participants. The Distribution Agent shall distribute any payments on such claims directly to the custodian or fiduciary of the retirement plan. The distribution shall be accompanied by a list of plan participants and the number of shares owned by each plan participant, if that information is

known to the Distribution Agent or provided to the Distribution Agent. The custodian or fiduciary of the retirement plan shall distribute any payments received in a manner consistent with its fiduciary duties and the account or plan provisions. With respect to any retirement plan that has been closed prior to the Distribution Agent's identification of Potentially Eligible Claimants, the Distribution Agent shall endeavor to distribute funds directly to the beneficial account holders of such retirement plans if the information required for such a distribution is known to or provided to the Distribution Agent prior to the Filing Deadline.

38. Custodians, trustees, or professionals investing on behalf of more than one Potentially Eligible Claimant in a pooled investment fund or entity will be required to complete certification, which will require them, at a minimum, to attest that any distribution to the custodian, trustee, or investment professional representing multiple potentially eligible beneficial owners will be allocated for the benefit of current or former pooled investors and not for the benefit of management. The certification form will be available upon request from the Distribution Agent and posted on the Fair Fund website.

39. Claims resulting in a Distribution Payment of less than \$20.00 will not be paid (also known as the Distribution De Minimis Amount).

40. To carry out the purposes of this Distribution Plan, the Distribution Agent is authorized to make such adjustments consistent with the purposes of the Distribution Plan as may be agreed upon between the Distribution Agent and the Commission.

E. Identification of and Notice to Potentially Eligible Claimants

41. The Distribution Agent shall, insofar as is practicable, use its best efforts to identify individual Potentially Eligible Claimants from a review of trading records, account information provided by registered broker-dealers and investment advisers, and any other commercially reasonable sources available to it.

42. The Distribution Agent shall design a Notice and Proof of Claim Form packet for persons believing themselves to be Potentially Eligible Claimants which shall be submitted for Commission staff review and approval. The Notice and Proof of Claim Form packet shall include, at a minimum, a notice to Potentially Eligible Claimants of their potential right to participate in the distribution of the Fair Fund and their obligation to file a Proof of Claim Form in order to participate. The Distribution Agent, in consultation with the staff of the Commission, shall design the Notice, consistent with the provisions of this Distribution Plan, and such Notice shall include, at a minimum, a statement that the Fair Fund relates to purchases of Freddie Mac common stock during the Eligible Trading Period, the means of obtaining Notice and Proof of Claim Form packets (including Proof of Claim Form), instructions for submitting a Proof of Claim Form, and the Filing Deadline. The Notice shall advise Potentially Eligible Claimants that by participating in the distribution of the Fair Fund, they will not be releasing any rights or claims they may have against any party (other than with respect to the Distribution Agent), including, but not limited to, any party's past and present directors, officers, promoters, advisers, agents, Affiliates, nominees, assigns, creditors, or controlled entities.

43. Within ninety (90) Days following the entry by the Court of its order approving this Distribution Plan, the Distribution Agent shall:

- a. Design a Notice and Proof of Claim Form packet, which shall be submitted to the Commission staff for review and approval.
- b. Create a Potentially Eligible Claimant mailing database by soliciting names and addresses from the transfer agent, brokers, and nominees;
- c. Run a National Change of Address search to retrieve updated addresses for all records in the new database, thereby ensuring updated mailing information for Potentially Eligible Claimants;

- d. Mail by United States First Class Mail a Notice and Proof of Claim Form packet to each Potentially Eligible Claimant known to the Distribution Agent;
- e. Establish a website, www.FreddieMacFairFund.com, constructed for the administration of the Freddie Mac Fair Fund from which each Potentially Eligible Claimant may obtain a Notice and Proof of Claim Form packet and other relevant information and documents pertaining to the Freddie Mac Fair Fund;
- f. Provide a copy of the Distribution Plan and Summary Notice Publication to the Commission staff and request that the Commission staff post the documents on the Information for Harmed Investors page of the Commission's public website, www.sec.gov, and establish a link to the Freddie Mac Fair Fund's website;
- g. Establish a toll-free telephone call-in number by which Potentially Eligible Claimants can obtain information about the Fair Fund. The Distribution Agent will also advise the Commission staff of the toll-free telephone number. The Distribution Agent will also establish an email address, info@FreddieMacFairFund.com, to enable Potentially Eligible Claimants to correspond with the Distribution Agent;
- h. Design and submit to the Commission staff for review and approval a copy of the Summary Notice Publication. Upon approval, publish the Summary Notice Publication on an Internet-based newswire service for thirty (30) Days; and

- i. Deliver electronic copies of the Proof of Claim Form to electronic filers who regularly submit electronic claims on behalf of their clients.

44. The Distribution Agent will also send Proof of Claim Form packets and cover letters to a list of brokerages, custodial banks, and other institutions (“Nominal Holders”) that hold securities in “street name” as nominees for the benefit of their customers who are the beneficial owners of the securities.

45. The Distribution Agent shall provide a Proof of Claim Form to any person or entity who believes they are a Potentially Eligible Claimant, and who so requests via mail, telephone, or e-mail, as set forth in the Distribution Plan Notice.

46. The Distribution Agent shall attempt to locate any Potentially Eligible Claimant whose Proof of Claim Form has been returned by the USPS as undeliverable. The Distribution Agent shall immediately re-mail any mail that is returned as undelivered for which the USPS has provided a forwarding address.

47. Additionally, the Distribution Agent may engage a third-party search firm to conduct more rigorous searches for missing Potentially Eligible Claimants. Additional efforts to identify new addresses for mail that is returned as undelivered will be conducted, as necessary and economically reasonable, after consultation with the Commission staff.

48. Unless extended by the Court, the claims period shall be no less than ninety (90) Days and no more than one hundred and twenty (120) Days from the earliest date of mailing.

F. Review of Claims Process

49. The Distribution Agent shall review the transactions provided to determine the validity and amount of such Potentially Eligible Claimant’s claim, together with any additional conclusions of the Distribution Agent on other issues relevant to the claim. Each Potentially Eligible Claimant who has submitted a Proof of Claim Form shall have the burden of proof to

establish the validity and amount of his, her or its claim, and that it qualifies as an Eligible Claimant; and the Distribution Agent shall have the right to request, and the Potentially Eligible Claimant shall have the burden of providing to the Distribution Agent, any additional information and/or documentation deemed relevant by the Distribution Agent.

50. After the Distribution Agent has completed the process of analyzing the claims and determining the amounts to be distributed as provided in this Distribution Plan, and prior to the distribution of funds from the Net Available Fund, the Distribution Agent shall engage an independent, third-party firm, acceptable to the Commission, to perform a set of agreed upon tasks, review a statistically significant sample of claims and ensure accurate and comprehensive application of the Plan of Allocation. The Distribution Agent shall provide the Commission staff with the results of that review together with any written analysis or reports related to the review, and, upon request, shall make the firm available to the Commission staff to respond to questions concerning the review.

51. To avoid being barred from asserting a claim, each Potentially Eligible Claimant, on or before the Filing Deadline, must submit to the Distribution Agent a properly completed Proof of Claim Form reflecting such Potentially Eligible Claimant's claim, together with all supporting documentation. The Filing Deadline may be extended for one or more Potentially Eligible Claimants by the Distribution Agent in its sole discretion, in which event such extension shall constitute the Filing Deadline for such Potentially Eligible Claimants. Unless otherwise determined by the Distribution Agent in its sole discretion for good cause shown, any Potentially Eligible Claimant that does not file a properly completed and documented Proof of Claim Form so that such completed form and documentation are received by the Distribution Agent on or before the Filing Deadline, shall be barred from asserting a claim against the Distribution Agent

or the Freddie Mac Fair Fund. The burden shall be upon the Potentially Eligible Claimant to ensure that its Proof of Claim Form has been timely received by the Distribution Agent.

G. Plan of Allocation

52. Shares purchased between April 18, 2000 and June 8, 2003, inclusive, will be matched with sales occurring during the same period. Trades outside of this period will not be matched.

53. A Potentially Eligible Claimant will be eligible to receive a Distribution Payment from the Net Available Fund only if the Potentially Eligible Claimant had a net market loss. A market loss will be calculated as the difference between the purchase price per share and the sale price per share. If shares were retained at the close of trading on June 8, 2003, they will be assigned a sale value of \$50.26 per share for the purposes of market loss calculation. All market gains and market losses will be combined and thereafter netted against each other. In calculating the net market loss, the market loss (or gain) for all transactions in the Freddie Mac common stock within the Eligible Trading Period will be totaled. If an investor has an overall net market gain, or a net market loss equal to zero, the Potentially Eligible Claimant will not be eligible to receive a Distribution Payment from the Net Available Fund.

54. For each share of Freddie Mac common stock purchased between April 18, 2000 and January 21, 2003, inclusive, and:

- a. Sold prior to January 22, 2003, the Recognized Loss per share shall be \$0.00.
- b. Sold between January 22, 2003 and June 8, 2003, inclusive, the Recognized Loss per share shall be \$1.70.
- c. Held at the close of trading on June 8, 2003, the Recognized Loss per share shall be \$10.53.

55. For each share of Freddie Mac common stock purchased between January 22, 2003 and June 8, 2003, inclusive, and:

- a. Sold prior to June 9, 2003, the Recognized Loss per share shall be \$0.00.
- b. Held at the close of trading on June 8, 2003, the Recognized Loss per share shall be \$8.84.

56. The date of purchase or sale is the “contract” or “trade date” as distinguished from the “settlement” or “payment” date. The receipt of Eligible Securities during the Eligible Trading Period by gift, inheritance, devise, transfer, operation of law or other non-cash based acquisition transactions shall not be deemed to be a purchase of Eligible Securities during the Eligible Trading Period, nor shall it be deemed an assignment of any claim relating to the purchase of such securities unless specifically so provided in the instrument of transfer, gift or assignment. However, the recipient of the Eligible Securities as a transfer, gift, inheritance, devise or operation of law shall be eligible to file a Proof of Claim Form and participate in the distribution of the Freddie Mac Fair Fund, to the extent the particular donor or decedent, as the actual purchaser of Eligible Securities, would have been eligible based upon the original purchase of such Eligible Securities within the Eligible Trading Period. Such a claim will be computed by using the date and price of the original purchase and not the date and price of the transfer. However, the donee and the donor may not both make a claim with regard to the same Eligible Securities. If both the donor and the donee make such a claim, only the claim filed by the donee will be honored. Transfers out of an account will be treated as a sale, in which the sale price will be the closing price of the Eligible Security for that day.

57. Eligible Securities obtained through a merger or the exercising of options are considered to have been obtained through a purchase for purposes of this computation. For shares obtained through a merger, the purchase date is considered to be the actual date of the

merger and/or acquisition and the price is the value per share assigned in the merger and/or acquisition. The purchase/sale date Eligible Securities acquired through the exercising of an option is considered to be the exercise date of the option and the purchase/sale price of the stock is the exercise price of the option.

58. For Potentially Eligible Claimants who made multiple purchases, transfers, acquisitions, or sales during the Eligible Trading Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases, acquisitions, transfers, and sales for purposes of calculating a claim. Under the FIFO method, shares sold during the Eligible Trading Period will be matched, in chronological order, against shares purchased during the Eligible Trading Period. The following provides some examples of the matching:

- a. If there were three trades during the Eligible Trading Period, (1) a buy for 100 shares, followed by (2) a sale for 100 shares, followed by (3) a buy for 100 shares, the matching will be as follows. The first buy will match with the first sale. The second buy will be treated as being held at the close of trading on June 8, 2003, if not sold during the Eligible Trading Period.
- b. If there were three trades during the Eligible Trading Period, (1) a buy for 100 shares, followed by (2) a sale for 100 shares, followed by (3) another sale for 100 shares, the matching will be as follows. The first buy will match with the first sale. The second sale will be ignored as it is not matched with a buy.
- c. If there were three trades during the Eligible Trading Period, (1) a sale for 100 shares, followed by (2) a buy for 100 shares, followed by (3) a sale for 100 shares, the matching will be as follows. The buy will be matched with

the first sale. The second sale will be ignored as it is not matched with a buy.

- d. If there were three trades during the Eligible Trading Period, (1) a sale for 100 shares, followed by (2) a buy for 100 shares, followed by (3) a buy for 100 shares the matching will be as follows. The first buy will match with the first sale. The second buy will be treated as being held at the close of trading on June 8, 2003.

59. Distribution Payments greater than or equal to the Distribution De Minimis Amount will be made to Eligible Claimants after all Proof of Claim Forms have been processed and after approval has been received from the Court and/or the Commission.

H. Notification of Claims Determination, Including Notice of Deficient Claims and Opportunity to Cure

60. The Distribution Agent shall provide to each Potentially Eligible Claimant whose claim is deficient, in whole or in part, a Claim Deficiency Notice setting forth the reason(s) why the claim is deficient, notify the Potentially Eligible Claimant of the opportunity to cure such deficiency, and provide instructions regarding what is required to cure such deficiency. The Claim Deficiency Notice shall be provided to affected claimants approximately six (6) to nine (9) months after the Filing Deadline.

61. The Distribution Agent shall have the authority, in its sole discretion, on a case-by-case basis, to extend the Filing Deadline and waive technical claim deficiencies and approve claims.

62. Any Potentially Eligible Claimant who has received a Claim Deficiency Notice shall have twenty (20) Days from the date of the Claim Deficiency Notice to cure any deficiencies identified in the notice.

63. A Potentially Eligible Claimant who has failed to file an appropriate Proof of Claim Form in a timely manner, or who has failed to cure a deficiency in the time period identified in a Claim Deficiency Notice, is not permitted to object to the barring or denial of his, her or its claim on the basis that:

- a. The Distribution Agent failed to mail, or to properly mail, or that such Potentially Eligible Claimant failed to receive, a copy of the Distribution Plan Notice, Proof of Claim Form, Claim Deficiency Notice or the relevant Determination Notice;
- b. The Distribution Agent failed to properly record the receipt of an initial Proof of Claim Form, or a revised Proof of Claim Form to cure deficiencies, or the requisite supporting documentation; or
- c. A Potentially Eligible Claimant's name and/or proper contact information was not properly recorded in the Distribution Agent's records.

64. The Potentially Eligible Claimant has the burden of notifying the Distribution Agent of his, her or its current address and other contact information, and confirming receipt of that information by the Distribution Agent.

65. In rejecting any Proof of Claim Form, the Distribution Agent shall advise each Potentially Eligible Claimant the basis for the rejection of the claim by Rejection Notice. Any Potentially Eligible Claimant who objects to the Distribution Agent's determination of eligibility or wishes the Distribution Agent to reconsider his, her or its denial must so advise the Distribution Agent in writing with a Request for Reconsideration within twenty (20) Days of the date of the Rejection Notice. The Distribution Agent shall promptly consider any such Request for Reconsideration and shall notify the Potentially Eligible Claimant in writing of the decision.

66. Any Potentially Eligible Claimant that is dissatisfied with a final rejection determination may appeal such decision to the Court by filing a written notice of appeal with the Clerk of the Court, with a copy to the Distribution Agent. Claims that were correctly calculated by the Distribution Agent as per the Distribution Plan are not subject to appeal. Such written notice of appeal must be received no later than twenty (20) Days after the date on which the final rejection determination was mailed to the Potentially Eligible Claimant by the Distribution Agent; the burden of ensuring such timely receipt shall be upon the Potentially Eligible Claimant. The notice of appeal shall be no longer than five double-spaced pages plus exhibits, shall clearly explain the Potentially Eligible Claimant's disagreement with the final rejection determination and shall include copies of all relevant documentation, which shall also be provided to the Distribution Agent. A failure to properly and timely request reconsideration of a final rejection determination shall permanently waive the Potentially Eligible Claimant's right to object to or contest that final Rejection Notice. The Distribution Agent shall have the right, in its discretion, to file with the Court Clerk a written response to any such appeal. The Potentially Eligible Claimant shall have the burden of proof in any appeal of the final rejection determination.

67. On or before the Claims Determination Date, the Distribution Agent shall mail by United States First Class Mail, a Determination Notice to each Potentially Eligible Claimant who has filed a valid Proof of Claim Form with the Distribution Agent, setting forth the Distribution Agent's conclusions concerning such claim.

68. All determinations made by the Distribution Agent in accordance with this Distribution Plan shall be final and not subject to appeal.

I. Payment of Approved Claims

69. The Distribution Agent shall distribute the Net Available Fund to all Eligible Claimants only after all timely submitted Proof of Claim Forms have been processed and all Potentially Eligible Claimants whose claims have been rejected or disallowed, whether in whole or in part, have been notified and provided the opportunity to cure pursuant to the procedures set forth above, and provided that the Distribution Payment to be made to an Eligible Claimant is equal to or exceeds the Distribution De Minimis Amount.

70. Approximately three hundred and sixty-five (365) Days after the Filing Deadline, following completion of processing of all Potentially Eligible Claimant disputes and Proof of Claim Forms, the Distribution Agent shall prepare a list of all claims of Potentially Eligible Claimants with final disposition. The Distribution Agent shall provide the final payee list to the Commission staff, and upon review, the Commission staff shall move the Court to transfer funds being held by the Court in the CRIS account under the case name designation “*SEC v. Federal Home Loan Mortgage Corporation, David W. Glenn, Vaughn A. Clarke, Robert C. Dean and Nazir G. Dossani*” to the Distribution Agent for distribution pursuant to the Distribution Plan. In conjunction with the motion seeking transfer of funds in the CRIS account to the Distribution Agent for distribution, the final payee list shall, upon request, be made available to the Court under seal.

71. Following the Court’s approval of the Commission’s motion for the transfer of funds to the Distribution Agent to distribute to the Eligible Claimants as provided for in this Distribution Plan, the Distribution Agent shall commence the distributions to all Eligible Claimants as promptly as possible following such transfer of the funds.

72. Upon receipt of the monies from the CRIS account in this matter, the Distribution Agent shall sign a receipt acknowledging the receipt of the funds and deposit these monies in a bank account as described below:

- a. The bank account will be maintained at a United States commercial bank (the “Bank”), to be proposed by the Distribution Agent and not unacceptable to the staff of the Commission.
- b. The Distribution Agent shall then file the signed receipt with the Court and supply a copy of the receipt to counsel for the Commission in this matter within ten (10) business Days of receipt of the monies.
- c. Pursuant to an escrow agreement (the “Escrow Agreement”) to be provided by the staff of the Commission, the Distribution Agent and the Bank shall establish an escrow account in the name of and bearing the Employer Identification Number (“EIN”) of the Qualified Settlement Fund (“QSF”), as custodian for the distributees of the Distribution Plan. The name of each account shall be in the following form: “*SEC v. Federal Home Loan Mortgage Corporation, et al*” as custodian for the benefit of investors allocated a distribution from the Distribution Plan in *SEC v Freddie Mac, et al* (the “Fair Fund Escrow Account” or “Escrow Account”). The Distribution Agent and the Bank shall also establish a separate deposit account (e.g. controlled distribution account, managed distribution account, linking checking and investment account) (the “Distribution Account”) titled as set forth above for the purpose of funding checks to be distributed to investors by the Distribution Agent pursuant to the Distribution Plan.
- d. All funds shall remain in the Escrow Account, separate from bank assets, pursuant to the Escrow Agreement, until needed to satisfy a presented check. Presented checks will be subject to “positive pay” controls before

they are honored by the bank, at which time funds will be transferred from the Escrow Account to the Distribution Account to pay the approved checks.

- e. During the term of the Escrow Agreement, if invested, the Fair Fund Escrow Account shall be invested and reinvested in short-term U.S. Treasury securities backed by the full faith and credit of the United States Government (“U.S. Government”) or an agency thereof, of a type and term necessary to meet the cash liquidity requirements for payments to Eligible Claimants, tax obligations and/or fees and expenses of the Tax Administrator and Distribution Agent, including investment or reinvestment in a bank account insured by the Federal Deposit Insurance Corporation (“FDIC”) up to the guaranteed FDIC limit, or in AAA-rated Money Market Mutual Funds registered under the Investment Company Act of 1940 that directly invest in short term U.S. Treasury securities and obligations, all backed by the full faith and credit of the U.S. Government; provided, however, that the AAA-rated Money Market Mutual Funds’ investments in short term U.S. Treasury securities will not be made through repurchase agreements or other derivative products.
- f. The Distribution Agent shall provide duplicate original bank and/or investment statements on any accounts established by the Distribution Agent to the Tax Administrator on a monthly basis and shall assist the Tax Administrator in obtaining mid-cycle statements, as necessary.
- g. In consultation with Commission staff, the Distribution Agent shall work with the Bank on an ongoing basis to determine an allocation of funds

between the escrow and the deposit accounts that will preserve earnings, if possible, without compromising safety and soundness by providing maximum protection for the Fair Fund under the full faith and credit of the U.S. Government and/or the maximum available FDIC deposit insurance and pass-through deposit insurance.

73. All Distribution Payments to Eligible Claimants shall be preceded or accompanied by a communication that includes, as appropriate: (a) a statement characterizing the distribution; (b) a statement that checks will be void after one hundred twenty (120) Days; and (c) contact information for the Distribution Agent, to be used in the event of any questions regarding the distribution. Any such information letter or other mailing to recipients characterizing their distributions shall be submitted to the Commission staff for review and approval. Distribution checks, on their face, or in the accompanying mailing will clearly indicate that the money is being distributed from a Fair Fund established by the Commission.

74. The Distribution Agent will conduct a distribution of the net Freddie Mac Fair Fund (“Initial Distribution”) in which it will calculate award amounts to all Eligible Claimants by calculating their *pro rata* share of the funds in accordance with the Plan of Allocation.

75. Under no circumstances shall the Distribution Agent, its employees, or its agents incur any liability to any Person in connection with a distribution made in accordance with the list of all Eligible Claimants and their Recognized Loss as approved by the Court, and all Persons are enjoined from taking any action in contravention of this provision. Upon receipt and acceptance by an Eligible Claimant of a distribution from the Freddie Mac Fair Fund, such Eligible Claimant shall be deemed to have released all claims that such Eligible Claimant may have against the Distribution Agent, its employees, agents, and attorneys in connection with the

Distribution Plan and the administration of the Freddie Mac Fair Fund, and shall be deemed enjoined from prosecuting or asserting any such claims.

76. The submission of the Proof of Claim Form and the receipt and acceptance of a distribution by an Eligible Claimant shall not affect an Eligible Claimant's rights and claims against any party (other than the Distribution Agent), including, but not limited to, past or present directors, officers, employees, promoters, agents, advisers, Affiliates, nominees, assigns, creditors, or controlled entities.

77. All checks will bear a stale date of one hundred twenty (120) Days from the date of the check. Checks that are not negotiated within the stale date shall be voided and the issuing financial institution shall be instructed to stop payment on those checks.

78. Checks returned as undeliverable by the USPS, and for which a new address has been provided by the USPS, will be repackaged and sent to the new address. For checks returned as undeliverable by the USPS, and for which no new address is provided, the Distribution Agent shall direct an address update search be undertaken by a firm that specializes in such service. Additional efforts to identify new addresses for returned checks will be conducted, as necessary and economically reasonable, after consultation with Commission staff. Where new address information becomes available, the Distribution Agent shall repackage the distribution check and send it to the new address. Where new address information is not available after a diligent search (and in no event later than one hundred twenty (120) Days after the initial mailing of the original check), the check shall be voided and the Distribution Agent shall instruct the issuing financial institution to stop payment on such check.

79. Where an Eligible Claimant's check has not been negotiated within one hundred twenty (120) Days from the date of issue and has been voided by the Distribution Agent, that

Eligible Claimant's claim shall be extinguished. All such funds will be returned to the Net Available Fund.

J. Tax Compliance

80. The Net Available Fund is a "Qualified Settlement Fund" within the meaning of the regulations issued under Section 468B(g) of the Internal Revenue Code of 1986, as amended. The Tax Administrator is the administrator of such Qualified Settlement Fund, for purposes of Treas. Reg. § 1.468B-2(k)(3)(I), and shall satisfy the tax related administrative requirements imposed by Treas. Reg. § 1.468B-2, including, but not limited to:

- a. obtaining a taxpayer identification number;
- b. timely requests for funds necessary for the timely paying of all applicable taxes, the timely payment of taxes for which the Tax Administrator has received funds, and the filing of applicable returns;
- c. fulfilling any information reporting or withholding requirements required for distributions from the Net Available Fund; and,
- d. cooperation between the Distribution Agent and the Tax Administrator in providing any information necessary to ensure income tax compliance.

K. Fair Fund Reporting and Accounting

81. The Distribution Agent shall provide Commission staff, who shall file with the Court, a progress report, pursuant to and in a format to be provided by Commission staff, within forty-five (45) Days of Court approval of this Distribution Plan, and shall provide additional reports within twenty (20) Days after the end of every quarter thereafter, and a final report when its duties are completed.

82. The progress reports shall inform the Court and Commission staff of the activities and status of the Fair Fund during the requested reporting period, and shall:

- a. specify, at a minimum, the location of the account(s) comprising the Fair Fund; and
- b. include, among other things, an interim accounting of all monies in the Fair Fund as of the most recent month-end, including the value of those accounts, all monies earned or received into these accounts, monies expended from the Fair Fund to satisfy any fees, costs, taxes, and other expenses incurred in the implementation of this Distribution Plan, and funds distributed to Eligible Claimants under this Distribution Plan.

83. The final report shall include, among other things, a final accounting of all monies received, earned, spent, and distributed in connection with the administration of the Distribution Plan, and a request for approval of any unpaid taxes.

84. The Clerk of the Court shall provide the Distribution Agent with any and all account information relating to funds held in the CRIS that may be required for the progress and final reports, including providing copies of any account statements that the Distribution Agent may request.

L. Termination of the Fair Fund and Final Accounting

85. Approximately one (1) year following Initial Distribution, after all taxes and expenses of the Fair Fund have been satisfied, if there are remaining funds, the staff of the Commission in consultation with the Distribution Agent, may recommend that such funds also be distributed to those Eligible Claimants, if any, who filed claims with the Distribution Agent after the Filing Deadline or were late in curing a previously rejected claim. The Eligible Claimants will receive a Distribution Payment equal to their Initial Distribution dependent on available funds.

86. The Distribution Agent shall provide the Commission staff with interim invoices for payment of all professional services fees and case-specific expenses incurred by the Distribution Agent in the performance of its duties under this Distribution Plan.

87. The Distribution Agent will retain all claims materials in paper and electronic form for a period of six (6) years after approval of the final report and final accounting and thereafter will transfer the documents to the Commission, pursuant to the Commission staff's direction. In addition, the Distribution Agent will shut down the website and customer service telephone lines established specifically for the administration of the Fair Fund six (6) months after the transfer of any remaining funds to the Commission, or at such earlier time as the Distribution Agent determines with the concurrence of the Commission staff.

88. No further claims shall be made against the Fair Fund beyond the amount allocated to Eligible Claimants. Once the funds, if any, are returned to the Commission, no additional payments shall be made whatsoever.

89. Upon final distribution of the funds, the Distribution Agent shall make arrangement for the final payment of taxes and shall submit a final accounting to the Court in a standard accounting format provided by the staff of the Commission. The Freddie Mac Fair Fund shall be eligible for termination and the Distribution Agent eligible for discharge, after all of the following have occurred: (a) the final accounting has been submitted and approved by the Court, (b) all taxes have been paid, and (c) any remaining, undistributed funds have been disposed of in accordance with further Motion by the Commission.

90. If, after the Distribution Agent makes all distributions to Eligible Claimants and has exhausted good faith efforts to locate Eligible Claimants who have not cashed their checks, and all taxes of the Freddie Mac Fair Fund have been satisfied and there are remaining funds in

the Freddie Mac Fair Fund, those funds shall be returned to the Commission to be remitted to the U.S. Treasury.

91. Once the funds, if any, are returned to the Commission, no additional payments shall be made whatsoever and, in order to allow the full and final distribution of the Net Available Fund, no further claims shall be made against the Net Available Fund beyond the amount allocated to Eligible Claimants. Accordingly, this Distribution Plan, as approved by the Court, bars any further claims against the Net Available Fund beyond the amount allocated to Eligible Claimants.

92. The Court reserves the right to amend this Distribution Plan from time to time.

M. Miscellaneous

93. The Distribution Agent is entitled to rely on all outstanding rules of law and court orders, and shall not be liable to anyone for any action taken or omitted by it in connection with this Distribution Plan, except upon a finding by this Court of misfeasance, gross negligence, or reckless disregard of duty under this Distribution Plan.

94. The Distribution Agent is authorized to enter into agreements with financial institutions (“Institutions”) as may be appropriate or necessary in the administration of the Freddie Mac Fair Fund, provided that such Institutions are not excluded pursuant to other provisions of this Distribution Plan. In connection with such agreements, the Institutions shall be deemed to be agents of the Distribution Agent under this Distribution Plan.

95. The Distribution Agent will take reasonable and appropriate steps to distribute the Freddie Mac Fair Fund according to this Distribution Plan. If there are any changes to the Distribution Plan that are determined to be material, Court approval is required prior to implementation by amending this Distribution Plan, which may be done upon the motion of any party, or upon the Commission’s own motion. Immaterial changes may be made by the

Distribution Agent in consultation with and with the express approval of Commission staff. For good cause, the Distribution Agent, upon the approval of the Commission staff, may extend any of the procedural dates set forth in this Distribution Plan. If any such extensions are made, the Court must be kept apprised of the status of the distribution in the progress reports to the Court pursuant to paragraphs 78-80 of this Distribution Plan.

96. All proceedings with respect to the administration, processing, and determination of claims and the determination of all related controversies, shall be subject to the exclusive jurisdiction of this Court.

97. The Court reserves the right to amend this Distribution Plan from time to time, and retains jurisdiction over this matter for this purpose and for any and all other matters that may arise under or relate to this Distribution Plan.