LIBOR

Item ID:	65
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	[redacted] (b) (6)
Subject:	LIBOR
Sent:	June 29, 2012 8:16 AM
Received:	June 29, 2012 8:16 AM

What do you think the odds are that Bob Diamond is filing for unemployment by Labor Day? ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

RE: LIBOR

Item ID:	29
From:	[redacted] (b) (6)
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: LIBOR
Sent:	June 29, 2012 10:28 AM
Received:	June 29, 2012 10:29 AM

50-50
From: Lee, Timothy
[mailto:Timothy.Lee@fhfaoig.gov]
Sent: Friday, June 29, 2012 8:17 AM
To: [redacted] (b) (6) [redacted] (b) (6)
Subject: LIBOR
What do you think the odds are that Bob Diamond is filing
for unemployment by Labor Day?

Timothy Lee
Senior Policy Advisor
202-730-2821
timothy.lee@fhfaoig.gov

Re: Idle fantasies

Item ID:	111
From:	[redacted]>
To:	Timothy.Lee@fhfaoig.gov <Timothy.Lee@fhfaoig.gov>
Subject:	Re: Idle fantasies
Sent:	July 26, 2012 10:12 AM
Received:	July 26, 2012 10:14 AM

BO is barack obama? All these banks have billions in liabilities - mortgage putbacks, libor rigging, underwater assets due to mark to markets. SG (gle fp) look up our proce-to-book!

From : Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov]

Sent : Thursday, July 26, 2012 10:03 AM To : [redacted] [redacted] sa

Subject : Idle fantasies

Citigroup is trading at under half tangible book, according to reports. Equity market cap is about $70bn or so.

The largest LBO ever done was about $35 bn. If you think about it, you wouldn't even need an LBO for the TBTF banks, which are already levered to the gills. All you'd need is a BO. About $35 bn to get a controlling share of the company,

then strip out Citibank, Salomon Brothers etc and sell the parts.

Um, what am I missing here?

RE: Idle fantasies

Item ID:	112
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted]>
Subject:	RE: Idle fantasies
Sent:	July 26, 2012 10:25 AM
Received:	July 26, 2012 10:25 AM

Maybe too late. Stock rocketing up today. Make sure Draghi gets his cut. From: [redacted]] Sent: Thursday, July 26, 2012 10:13 AM To: Lee, Timothy Subject: Re: Idle fantasies BO is barack obama? All these banks have billions in liabilities - mortgage putbacks, libor rigging, underwater assets due to mark to markets. SG (gle fp) look up our proce-to-book! From : Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent : Thursday, July 26, 2012 10:03 AM To : [redacted] Subject : Idle fantasies Citigroup is trading at under half tangible book, according to reports. Equity market cap is about $70bn or so. The largest LBO ever done was about $35 bn. If you think about it, you wouldn't even need an LBO for the TBTF banks, which are already levered to the gills. All you'd need is a BO. About $35 bn to get a controlling share of the company, then strip out Citibank, Salomon Brothers etc and sell the parts. Um, what am I missing here?

LIBOR

Item ID:	113
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted]
Subject:	LIBOR
Sent:	August 29, 2012 9:03 AM
Received:	August 29, 2012 9:03 AM

Hi [redacted], Great to catch up. Per our conversation, here is the Schwab suit . As we discussed, it would be great to get color from business, legal or operations folks related to this case or other noteworthy issues. You are free to give out my name, position, and contact information at your discretion. The offer for lunch stands whenever you come to Washington again. Just let me know. Best, Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

FW: LIBOR: one more thing

Item ID:	116
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Millman, Phillip <Phillip.Millman@fhfa.gov>
Cc:	manoj.singh@fhfa.gov <manoj.singh@fhfa.gov>
Subject:	FW: LIBOR: one more thing
Sent:	September 7, 2012 10:21 AM
Received:	September 7, 2012 10:21 AM

Hi gentlemen, This falls into the "duh" category, but better late than never I suppose. Tim From: Lee, Timothy Sent: Friday, September 07, 2012 10:12 AM To: nina.nichols@fhfa.gov; Greenlee, Jon (Jon.Greenlee@fhfa.gov); Sciacca, Christie (Christie.Sciacca@fhfa.gov); stephen.cross@fhfa.gov Subject: LIBOR: one more thing Hi all, You know, in the shower this morning I realized that there is an obvious way to elaborate on the "other assets" mentioned yesterday. My experience in the markets suggests that the great majority of the Enterprises' PLMBS portfolio is in floating-rate format. A quick, unscientific Bloomberg "gut check" of five deals named in FHFA's PLMBS-related Bank of America lawsuit from last September resulted in two fixed-rate assets and three LIBOR-pegged assets. In light of the fact that the Enterprises' PLMBS holdings, though falling, remain very substantial (falling, according to the last OMM I saw, from $150 billion at end 2009 to $115 billion currently). Even if only half the Enterprises' PLMBS assets are floating rate, it is very, very easy to pencil in LIBOR suppression losses for a single year running into nine figures on that portfolio alone. This is over and above the figures indicated on yesterday's sheet, and of course for deals sold in many cases by the very banks accused of LIBOR-related misconduct. In light of this, as decisions are made on starting a closer analysis, the PLMBS portfolio may prove to be an additional rich vein to mine. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Out of Office: LIBOR

Item ID:	944
From:	Millman, Phillip <Phillip.Millman@fhfa.gov>
To:	Timothy Lee <Timothy.Lee@fhfaoig.gov>
Subject:	Out of Office: LIBOR
Sent:	June 29, 2012 8:15 AM
Received:	June 29, 2012 8:15 AM

I'm out of the office starting on 6/28/12 and returning to the office on 07/10/12. I will have limted access to email and voice mail. I will respond to messages when I can. If this an extremely urgent matter, please contact my supervisor, Steve Hart, at 202-649-3053.

Real Estate Update: Cities Consider Seizing Mortgages

Item ID:	701
From:	WSJ.com Editors <access@interactive.wsj.com>
To:	timothy.lee@fhfa.gov
Subject:	Real Estate Update: Cities Consider Seizing Mortgages
Sent:	July 5, 2012 11:00 AM
Received:	July 5, 2012 11:00 AM

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July 5, 2012 -- 11:00 a.m. EDT
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Cities Consider Seizing Mortgages Local officials in California who say the housing bust is a public blight on their cities may invoke their eminent-domain powers to restructure mortgages as a way to help some borrowers. * * * Scottish Eco Home This four-bedroom environmentally friendly house near Edinburgh was built by its current owners seven years ago on the site of the home they had lived in for more than 15 years. * * * Home, With Stairs Down to Dungeon In 1917, a New York businessman built a 32,000-square-foot mansion in Morris Township modeled after an old English castle complete with a 10-foot-high dungeon. It's now on sale for $5.7 million.
• Photos: New Jersey Castle
* * * Chinese Developers Face Pinch The suicide of a once-highflying real-estate executive may signal mounting financial distress among China's smaller developers. * * * Rents Increase as Vacancies Dry Up Landlords boosted apartment rents to record levels in the second quarter as demand from tenants sitting out the home-buying market pushed vacancy rates to their lowest point in more than a decade. * * * Hotels Provide Investment Comfort The search for investment havens has alighted on an unlikely asset class: hotels. * * * Dubai's New Boom Is Hotel Rooms Tourists are flocking to the glamorous emirate in the Persian Gulf, with hotel developers and investors close behind.
• Photos | Graphic
• Great Heights, Low Returns
• Abu Dhabi Closes Glitz Gap With Dubai
• Once 'Bold' Nakheel Tries a New Approach
* * * Manhattan Market Takes a Breather The Manhattan apartment market hit the pause button during the second quarter with sales and prices flattening out. * * * Office Sector Shows Sluggish Growth San Francisco saw office rents rise faster than any other U.S. market in the second quarter, but the pace of growth in occupied U.S. office space slowed slightly, according to a report from Reis. * * * A Mogul Amid the Moguls Jeffrey Katzenberg's Deer Valley ski house was designed to be the "perfect family trap."
• Photos: Tour the Home
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Nationstar
Ups Bid for ResCap, Reduces ALS Loan
By Paul Muolo
Nationstar says it is increasing by $125
million its bid on mortgage-related assets that it hopes to buy from the
bankrupt Residential Capital Corp.
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New
Jobs Report Shows Demand for Mortgage Brokers
By Brian Collins
Total employment in the mortgage
industry was flat in May, but the ground has been shifting over the past
few months with brokerage firms hiring while other lenders have been
cutting back.
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Fannie
and Freddie Targeting Regional Banks on Buybacks
By Brian Collins
Regional and midtier banks are seeing
rising repurchase demands from government-controlled secondary market
giants.
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Mortgage
Banking Profits: the Best Ever?
By Paul Muolo
If your mortgage banking employer isn't
making money hand-over-fist then there's something terribly wrong.
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Banks
Under Pressure to Lower Underwriting Standards?
By Rob Blackwell
In an effort to squeeze out profits in a
low-interest rate environment, banks are under increasing pressure to
lower underwriting standards, offer new, potentially dangerous products
and ignore operational risk.
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RE
Brokerage Says August Home Sales Better Than in 2011
By Brad Finkelstein
Redfin predicts U.S. home sales in
August to increase slightly on a year-over-year basis.
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GAO
Slams OCC, Fed Outreach Efforts to Troubled Mortgagors

By Kevin Wack
Federal banking regulators repeatedly
fell short in their efforts to alert foreclosed homeowners that they may
be eligible for monetary relief.
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SNL:
LIBOR Will Rise Again
By Lew Sichelman
While the scandal surrounding the
rigging of the London Interbank Offered Rate is expected to widen, the
index is "so ingrained in the financial system" that there's "little
threat to its status as a global interest rate benchmark.
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Clayton
Hires New General Counsel
Due diligence provider Clayton Holdings
LLC has hired Robert A. Harris as the firm's new general counsel.
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Fraudsters
Take Advantage of Foreclosure Myth
By Amilda Dymi
The number of fraudsters who charge fees
for securitization audits, which is easily accessible and free to all,
is increasing.
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Court Rules: LOs Are Entitled to Overtime Pay If Selling

Item ID: 631
From: Origination News and Broker Universe <nationalmortgage@e.nationalmortgagenews.com>
To: timothy.lee@fhfa.gov
Subject: Court Rules: LOs Are Entitled to Overtime Pay If Selling
Sent: July 6, 2012 3:08 PM
Received: July 6, 2012 3:12 PM

Court Rules: LOs Are Entitled to Overtime Pay If Selling : July
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Court Rules: LOs Are Entitled to Overtime Pay If Selling : July
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Court
Rules: LOs Are Entitled to Overtime Pay If Selling
By Brian Collins
Residential loan officers are entitled
to overtime pay if their primary duty involves selling mortgages,
according to the U.S. District Court in Washington.
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Brokers

All Over the County Are Hiring, But...
By Paul Muolo
It appears mortgage brokerage firms
across the nation are hiringâ€"so says Don Frommeyer, senior vice
president of Amtrust Mortgage Funding, Carmel, Ind.
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CFPB
Targets Reverse Mortgage Disclosures
By Herman Thordsen
The Consumer Financial Protection Bureau
is planning stronger disclosure requirements for reverse mortgages as
more evidence emerges that senior citizens are using the product without
fully understanding its main features and risks.
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The
Non-originating Branch Problem
By Ari Karen
From time to time non-originating
branches can be appropriate, however, they are not a "solution" to
paying profit to managers who truly want to continue originating loans.
Free
To
Your Health, Part VI
By Brad Finkelstein
While the U.S. Supreme Court decision on
"Obamacare" did not put the issue to rest, it has in many quarters
turned the debate around to the importance for everyone to be attuned to
his or her health. This is the latest in a series of items from a
contributor who wishes to remain anonymous. His point is that to be
successful in the mortgage business, you need to remain healthy.
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New
Jobs Report Shows Demand for Mortgage Brokers
By Brian Collins
Total employment in the mortgage
industry was flat in May, but the ground has been shifting over the past
few months with brokerage firms hiring while other lenders have been
cutting back.
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RE
Brokerage Says August Home Sales Better Than in 2011
By Brad Finkelstein
Redfin predicts U.S. home sales in
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SNL:
LIBOR Will Rise Again
By Lew Sichelman
While the scandal surrounding the

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index is "so ingrained in the financial system" that there's "little
threat to its status as a global interest rate benchmark.
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Banks
Under Pressure to Lower Underwriting Standards?
By Rob Blackwell
In an effort to squeeze out profits in a
low-interest rate environment, banks are under increasing pressure to
lower underwriting standards, offer new, potentially dangerous products
and ignore operational risk.
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Real Estate Update: A Prominent Place on Park Avenue

Item ID:	506
From:	WSJ.com Editors <access@interactive.wsj.com>
To:	timothy.lee@fhfa.gov
Subject:	Real Estate Update: A Prominent Place on Park Avenue
Sent:	July 10, 2012 11:00 AM
Received:	July 10, 2012 11:00 AM

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Online Journal E-Mail Center
July 10, 2012 -- 11:00 a.m. EDT
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Prominent Place on Park Avenue This three-bedroom, three-bathroom condo is located in the Griffon, the site of a famed brothel in the early 1930s. * * * Fannie Mae: Optimism on Homeownership Improves in June Americans' attitudes towards the housing market are continuing to improve, despite stalling optimism about the economy and personal finances, according to a monthly survey by Fannie Mae. * * * Toronto Condo Sales Fall Sharply The condominium market in Toronto—where a tower-raising blitz in recent years has triggered worry of overbuilding—recorded a steep year-over-year sales decline in June. * * * Chinese Developers Face Pinch The suicide of a once-highflying real-estate executive may signal mounting financial distress among China's smaller developers. * * * Next Bank Woe? Home-Equity Loans U.S. banks may be hit with a new round of mortgage losses over the next five years as borrowers who took out home-equity loans a decade earlier face increased monthly payments, the Office of the Comptroller of the Currency warned. * * * Cities Consider Seizing Mortgages Local officials in California who say the housing bust is a public blight on their cities may invoke their eminent-domain powers to restructure mortgages as a way to help some borrowers. * * * Home, With Stairs Down to Dungeon In 1917, a New York businessman built a 32,000-square-foot mansion in Morris Township modeled after an old English castle complete with a 10-foot-high dungeon. It's now on sale for $5.7 million.
• Photos: New Jersey Castle
* * * Larger Than Life in Martha's Vineyard Overcoming the ire of some residents, a trial lawyer constructs a five-building, 23,000-square-foot compound.
• Photos: Massachusetts Compound
* * * White House in the Hamptons Built by an Internet entrepreneur, this 6,000-square-foot modern home on Shinnecock Bay is asking $8.3 million. The custom-made stainless-steel pool table is negotiable.
• Photos: Modern Home on Shinnecock Bay
* * * Cisco's Chambers Lists in Los Altos Hills Cisco's John Chambers lists in Los Altos, Calif., for $14.8 million. Plus, a Beverly Hills mansion goes on the market for $58 million, and a Mexico City equestrian estate asks $12.4 million.
• Video: Chambers Lists Home for $4.8 Million
• Photos: Tour the Homes
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LIBOR Scandal Hurts More than Big Banks - Risks Increase in Offshore Swaps

Item ID:	502
From:	IMN's Title VII Derivatives Conference [redacted]
To:	TIMOTHY.LEE@FHFAOIG.GOV
Subject:	LIBOR Scandal Hurts More than Big Banks - Risks Increase in Offshore Swaps
Sent:	July 10, 2012 11:19 AM
Received:	July 10, 2012 11:20 AM

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The IMN Team

CFPB Proposes New Disclosures

Item ID:	490
From:	Origination News and Broker Universe <origination@e.originationnews.com>
To:	timothy.lee@fhfa.gov
Subject:	CFPB Proposes New Disclosures
Sent:	July 10, 2012 1:54 PM
Received:	July 10, 2012 1:57 PM

CFPB Proposes New Disclosures: July 10, 2012
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Story
Regs,
Secondary Constrain Growth
By Bonnie Sinnock
Recent delays in key secondary market
regulations are among hurdles holding back the long-awaited return of
the jumbo market, which some say is making some progress, but others
think is too constricted by the current limits of secondary market
outlets to reach a large scale.
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Banks
Just Love Their Jumbos
By Paul Muolo
If you're wondering why there haven't
been more jumbo MBS deals this year just look at the math. Wells Fargo,
for instance, has an average cost of funds of 50 basis points.
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A
Marketing Makeover
By Brad Finkelstein
While consistency in branding your
business and yourself is important, every so often that image could use
a makeover. Your image has become out of style or out of date and people
no longer respond.
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CFPB
Proposes New Loan Application and Closing Disclosure Forms
By Brian Collins
The Consumer Financial Protection Bureau
has released its Loan Estimate form, which will eventually replace the
good faith-estimate disclosure that borrowers receive three days after
applying for a mortgage.
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CitiMortgage
Has Exclusionary List, Too
By Paul Muolo
CitiMortgage, a top 10 ranked
correspondent buyer of mortgages, has an exclusionary list of lenders
that it will no longer conduct business with.
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Amalgamated
to Offer Condo, Co-op Loans
By Brad Finkelstein
Amalgamated Bank has started a
full-service home mortgage division that will originate loans, not only
on one-to-four family properties, but also condominiums and co-ops.
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Senators
Looking into Charges of Libor Manipulation
By Joe Adler
The scandal brewing over alleged rigging
of the London interbank offered rate has piqued the interest of the
Senate Banking Committee.
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Cordray
Defends Complaint Database
By Rob Blackwell
In an interview at his office in
Washington, CFPB director Richard Cordray discussed why the complaint database was so important, how he is trying to create a new culture for the agency and why the agency delayed the much-anticipated qualified mortgage proposal.
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A
Chief Complaint of the Regulated: CFPB Exams
By Rob Blackwell
While all camps praise the Consumer
Financial Protection Bureau's efforts to get off the ground in its inaugural year, there is one sore point: exams.
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Warehouse
Commitments at First Tennessee Hit All-Time High
By Paul Muolo
First Tennessee Bank, Memphis, ended
June with $2.7 billion of warehouse lending commitments on its books, an all-time high for the bank.
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Email: custserv@sourcemedia.com

Citi Has ‘Exclusionary’ List Too/Cordray Defends Complaint Database

Item ID:	489
From:	National Mortgage News <nationalmortgage@e.nationalmortgagenews.com>
To:	timothy.lee@fhfa.gov
Subject:	Citi Has ‘Exclusionary’ List Too/Cordray Defends Complaint Database
Sent:	July 10, 2012 2:15 PM
Received:	July 10, 2012 2:18 PM

Citi Has â€˜Exclusionaryâ€™ List Too/Cordray Defends
Complaint Database: July 10, 2012
Citi Has â€˜Exclusionaryâ€™ List Too/Cordray Defends
Complaint Database: July 10, 2012

July 10, 2012

Featured
Story
Cordray
Defends Complaint Database
By Rob Blackwell
In an interview at his office in
Washington, CFPB director Richard Cordray discussed why the complaint
database was so important, how he is trying to create a new culture for
the agency and why the agency delayed the much-anticipated qualified
mortgage proposal.
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CitiMortgage
Has â€˜Exclusionary' List, Too
By Paul Muolo
CitiMortgage, a top 10 ranked
correspondent buyer of mortgages, has an "exclusionary" list of lenders
that it will no longer conduct business with.
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Warehouse
Commitments at First Tennessee Hit All-Time High
By Paul Muolo
First Tennessee Bank, Memphis, ended
June with $2.7 billion of warehouse lending commitments on its books, an
all-time high for the bank.
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Fidelity's
ServiceLink Acquires Default Software Vendor DRI
By Austin Kilgore
Fidelity National Financial's
ServiceLink division acquired DRI Management Systems, while
simultaneously rebranding DRI's default servicing workflow platform.
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Clearing
House Warns QM Lawsuits Will Trigger Buyback Demands
By Brian Collins
Lenders facing legal challenges with
respect to possible violations of the "ability to repay" standards in
the qualified mortgage rule likely will face significant loan repurchase
requests from Fannie Mae and Freddie Mac, as well as rescissions in
coverage by mortgage insurers.
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Clarification
of Standards May Have Boosted Foreclosure Starts
By Bonnie Sinnock
The mortgage settlement between U.S.
state attorneys general and the five largest servicers, in clarifying
foreclosure standards for the industry, may be contributing to higher
foreclosure initiation rates.
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when
they are forced to take back real estate as REO? This special supplement will give readers an inside look at the new landscape of the mortgage servicing industry.
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Chief Complaint of the Regulated: CFPB Exams
By Rob Blackwell
While all camps praise the Consumer
Financial Protection Bureau's efforts to get off the ground in its inaugural year, there is one sore point: exams.
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Does
Wells Fargo's Mortgage Dominance Pose Excessive Risk?
By Clifford Rossi
With more than a third of mortgage
originations in the first quarter of 2012 and a strategy targeting 40% down the road, Wells Fargo has benefited from solid if not always stellar execution in mortgage production and servicing as well as from the stumbles of key competitors, leaving it well out in front of the pack.
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Amalgamated
to Offer Condo, Co-op Loans
By Brad Finkelstein
Amalgamated Bank has started a
full-service home mortgage division that will originate loans, not only on one-to-four family properties, but also condominiums and co-ops.
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Firm Acquires Mortgage Payment Coupon Provider
By Austin Kilgore
Printing and marketing materials
provider Taylor Corp. will enter the mortgage industry with its acquisition of servicing documentation provider Venture Encoding.
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CFPB
Proposes New Loan Application and Closing Disclosure Forms
By Brian Collins
The Consumer Financial Protection Bureau
has released its Loan Estimate form, which will eventually replace the good faith-estimate disclosure that borrowers receive three days after applying for a mortgage.
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Senators
Looking into Charges of Libor Manipulation
By Joe Adler

The scandal brewing over alleged rigging
of the London interbank offered rate has piqued the interest of the
Senate Banking Committee.
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MBA NewsLink Thursday, July 12, 2012

Item ID:	378
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MBA Newslink
NewslinkArticle
MBA Newslink
Volume 11 | Issue 134 | Thursday, July 12, 2012
The Lede
MBA Chair-Elect Urges Clear 'Safe Harbor' on QM
Mortgage Bankers Association Chair-Elect Debra Still, CMB , told a House subcommittee yesterday that without a clearly defined "safe harbor" for lenders in a proposed Qualified Mortgage rule, lenders might be reluctant to underwrite certain mortgages, which in turn could result in consumers having less access to credit.
Full Story
Top National News
Lawmakers Back Strong Lawsuit Protection for Mortgage Lenders
Effect of Libor on US Loans Examined
Fed Officials Are Worried About Economy, Divided Over What to Do About It
Survey Shows Americans Are Increasingly Confident About Homeownership
Report Finds Continuing Collusion Fraud Activity in Mortgage Banking
Residential Finance News
FinCEN: 'Thousands' of Fraud Reports Involving Title, Escrow Companies
Residential Briefs
Commercial/Multifamily News
Hotel Cap Rates Fall
Dealmaker of the Day
MBA News
MBA Risk Management & Quality Assurance Forum Sept. 9-11
CampusMBA Online Advanced REO Administration Series Continues Today
CampusMBA CMB Online Prep Course Begins Friday
Article Abstracts
Top National News
Lawmakers Back Strong Lawsuit Protection for Mortgage Lenders Bloomberg BusinessWeek (07/11/12) Dougherty, Carter Mortgage lenders that comply with key underwriting rules should enjoy the strongest possible legal protection, lawmakers urged in a comment letter on the so-called qualified mortgage rule that aims to deter risky lending. Reps. Shelley Moore Capito, R-W.Va ., and Brad Sherman, D-Calif ., said the letter would to be sent to the Consumer Financial Protection Bureau this week. They and industry groups say a "safe harbor" is needed to prevent a tightening of credit driven by fear of litigation. "If this rule is not finalized appropriately, the impact will likely be worse for the very borrowers we are trying to protect and hinder the availability of credit for far too many borrowers who are otherwise qualified," said Debra Still, CMB , chair-elect of the Mortgage Bankers Association . (More)
Effect of Libor on US Loans Examined Financial Times (07/11/12) Nasiripour, Shahien Allegations that up to 20 banks and inter-broker dealers manipulated the London Interbank Offered Rate between 2005 and 2009 have U.S. lawmakers worried about the potential impact on U.S. mortgage borrowers, who may have paid overly high interest rates on loans indexed to Libor. The Office of the Comptroller of the Currency estimates 900,000 such loans originated over that period are outstanding, with an unpaid principal balance of $275 billion. Sen. Jack Reed, D-R.I ., has called

for an immediate and "very thorough and exhaustive analysis . . . on a broad-based level by every regulator with jurisdiction" to determine the extent of harm to U.S. households. (More)

Fed Officials Are Worried About Economy, Divided Over What to Do About It Washington Post (07/12/12) P. A12 Goldfarb, Zachary A . Federal Reserve policymakers' assessment of economic expansion and job growth has dimmed, but they remain split over when and even whether to take introduce more stimuli. Many economists expect the central bank to launch a new bond-buying program before year-end. However, according to the minutes from the Fed's June policymaking meeting, there is not a great deal of support for such an effort. In all likelihood, the Fed probably will not consider any major new actions unless the economy deteriorates further. (More)

Survey Shows Americans Are Increasingly Confident About Homeownership RISMedia (07/11/12) The latest quarterly Prudential Real Estate Outlook Survey reveals that 69 percent of Americans believe real estate is a good investment, up 6 percentage points from the first three months of the year, and 72 percent expect improvements in the housing market and in property values over the next two years. Interest rates are at historic lows; and 96 percent of respondents at least "somewhat agree" that now is a great time to buy, unchanged from the previous survey. Also, 65 percent report that financing is more challenging than before the market crisis, up from 58 percent. (More)

Report Finds Continuing Collusion Fraud Activity in Mortgage Banking MortgageOrb.com (07/11/12) LexisNexis Risk Solutions' 14th Annual Mortgage Fraud Report uncovered proof of continued collusion by mortgage industry professionals. According to the research, 9.7 percent of loans originated in 2010 were reported with evidence of collusion -- a number that fell to 6.8 percent last year. Florida recorded the highest number of mortgage fraud investigations in 2011, followed by Nevada, Arizona and Michigan . (More)

Residential Finance News

FinCEN: 'Thousands' of Fraud Reports Involving Title, Escrow Companies A study by the Financial Crimes Enforcement Network , Vienna, Va., identified "thousands" of instances where financial institutions, particularly banks and money services businesses, filed suspicious activity reports involving title and escrow companies, often in connection with mortgage fraud. Full Story

Residential Briefs ServiceLink , Pittsburgh, acquired DRI Management Systems , Newport Beach, Calif. Terms were not disclosed. Full Story

Commercial/Multifamily News

Hotel Cap Rates Fall The hotel capitalization rate dipped 15 basis points year-over-year to 8.73 percent, the lowest in 15 years, reported PKF Hospitality Research , Atlanta. Full Story

Dealmaker of the Day Vornado Realty Trust , Paramus, N.J., agreed to acquire a Manhattan retail condominium portfolio for $707 million --$6,200 per square foot. Full Story

MBA News

MBA Risk Management & Quality Assurance Forum Sept. 9-11 In this economy, it's all about the Return on Investment. The Mortgage Bankers Association's new Risk Management and Quality Assurance Forum , Sept. 9-11 in Dallas , is designed to be a smart investment for you and your company. Full Story

CampusMBA Online Advanced REO Administration Series Continues Today CampusMBA , the education division of the Mortgage Bankers Association , presents the next in its online Advanced REO Administration Series today, Thursday, July 12 . Full Story

CampusMBA CMB Online Prep Course Begins Friday CampusMBA's Residential CMB Online Prep Course is a seven-week instructor-led web-based course designed to prepare Residential CMB candidates for the written exam. Full Story

Stat

Quote

"Setting overly tight credit parameters will hurt middle-class homebuyers. This is contrary to the spirit of Dodd-Frank and could also jeopardize the fragile housing recovery. For the rule to be effective, lenders must know how to comply. Clear and unambiguous standards and a strong legal safe harbor are essential for a vibrant mortgage market in the future." -- MBA Chair-Elect Debra Still, CMB , in testimony yesterday before a House subcommittee on a proposed Qualified Mortgage rulemaking.

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Publisher:

Barbara Van Allen, Senior Vice President - Membership, Marketing and Communications

Editor:
Mike Sorohan 202/557-2855
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Michael Tucker 202/557-2851
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DOJ: More Fair Lending Probes Pending

Item ID:	313
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By Paul Muolo
A day after Wells Fargo quit the
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Assistant
Manager Caught Diverting Mortgage Closing Funds
By Evan Nemeroff
Todd Bettin was sentenced to over four
years in prison for conspiracy to commit wire fraud in connection with a five-year scheme to divert mortgage payoff funds from clients' who were closing on 17 Maryland properties.
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Wells
Intentionally Cedes Mortgage Business to Others?
By Paul Muolo
A day after Wells Fargo dropped its
wholesale/broker bombshell, the smoke is starting to clear and some industry players are taking a proactive approach to what may lie ahead.
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Alabama
Man Gets 18 Months in Prison for Mortgage Fraud
By Herman Thordsen
A federal judge sentenced Scott Eric
Perry to 18 months in prison on false statement charges related to an almost $750,000 mortgage fraud scheme in the Birmingham area.
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To
Your Health, Part VII
By Brad Finkelstein
This is the latest in a series of items
from a contributor who wishes to remain anonymous. His point is that to be successful in the mortgage business, you need to remain healthy.
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DOJ:
More Fair Lending Probes Are Pending
By Kevin Wack
The $175 million fair-lending settlement
that federal authorities announced late this week with mortgage giant Wells Fargo offered both sides the chance to claim some measure of victory and move past a three-year-long investigation.
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Lender Impac Dives Into Reverses
By Brad Finkelstein
Impac Mortgage is entering the reverse
mortgage lending business on a retail basis in the Southwest with plans to expand it later on.
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CoreLogic
SVP on Spurring Mortgage Lending
By Sara Bovat
CoreLogic and FICO released the FICO
Mortgage Score Powered by CoreLogic, a new offering that evaluates the
traditional credit data from the national credit data repositories and
the supplemental consumer credit data in the CoreLogic CoreScore.
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Democratic
Senators Call for Libor Probe
By Joe Adler
Twelve Democratic senators have called
for a U.S. investigation into any role banks and regulators may have
played in the scandal over the London Interbank Offered Rate.
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Wells Will Slash Its Realtor-Mortgage JVs/Will Wells Re-Enter Wholesale?

Item ID:	312
From:	National Mortgage News <nationalmortgage@e.nationalmortgagenews.com>
To:	timothy.lee@fhfa.gov
Subject:	Wells Will Slash Its Realtor-Mortgage JVs/Will Wells Re-Enter Wholesale?
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Wells Will Slash Its Realtor-Mortgage JVs/Will Wells Re-Enter
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July 13, 2012

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Wells Re-Enter the Broker Space Eventually?
By Paul Muolo
A day after Wells Fargo quit the
wholesale channel, sending shock waves throughout the industry, at least
one trade group official believes that eventually the bank may
re-enter.
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Another
Wells Shocker: Realtor-Mortgage JVs Will Be Slashed
By Paul Muolo
Wells Fargo & Co. has completed a review
of its Realtor mortgage joint ventures and plans to slash the number of
these operations down to roughly 14 by early 2013.
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Top Reverse Mortgage Lender,
AAG, Says Growth Opportunity is Far From Over
The fastest growing, most trusted brand in the reverse mortgage industry is looking for the right people to join our team in both our Atlanta, GA and Orange, CA offices.
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Lender Impac Dives Into Reverses
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Impac Mortgage is entering the reverse mortgage lending business on a retail basis in the Southwest with plans to expand it later on.
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Day After Booting Wholesale, Wells Posts $2.3B Mortgage Profit
By Brian Collins
Higher repurchase demands trimmed Wells Fargo's take from its mortgage banking unit in the second quarter, but net profit gains from residential lending and loan sales rose a stunning 200% from the same period a year ago.
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Twist
on Fannie Multifamily REMIC Brings in More New Buyers
By Bonnie Sinnock
A recent Fannie Mae multifamily DUS REMIC that had two additional types of tranches not normally included in past deals brought in a slightly higher percentage of new investors than usual.
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JPM
Posts Strong Mortgage Earnings, Retail Fundings Set Record
By Paul Muolo
JPM's improved performance is tied to an increase in origination volumes and a decline in nonaccrual loans. In particular, the bank stressed that its retail/consumer mortgage volume hit a new record: $26.1 billion.
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The New Rules of Success - A
National Shift to Default Servicing has Changed All the Rules
Mortgage servicers working to succeed today are facing a two-fold problem.
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will give readers an inside look at the new landscape of the mortgage servicing industry.
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More Fair Lending Probes Are Pending
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The $175 million fair-lending settlement
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Delaware
AG Settlement Secures MERS Audit Reports, But Little Else
By Austin Kilgore
Merscorp Holdings will provide the state
of Delaware's Department of Justice Consumer Protection Unit a semi-annual report detailing results of its internal audits.
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Trade
Groups Strongly Oppose Mortgage Seizure Plan
By Sara Bovat
San Bernardino County and the cities of
Ontario and Fontana have formed a Joint Powers Authority to consider a plan from private company Mortgage Resolution Partners to use the state's authority to seize current but underwater home loans.
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Harbors Offers Stock, Plans More MBS Buys
By Karen Sibayan
Two Harbors Investment Corp. plans to
offer 35 million additional shares of its common stock in a public offering, using the proceeds to buy additional MBS.
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Senators Call for Libor Probe
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SVP on Spurring Mortgage Lending
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CoreLogic and FICO released the FICO
Mortgage Score Powered by CoreLogic, a new offering that evaluates the traditional credit data from the national credit data repositories and the supplemental consumer credit data in the CoreLogic CoreScore.
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Wells
Fargo Settles Subprime Lending Lawsuits
By Brian Collins
A settlement will provide $125 million
in compensation to nearly 34,000 borrowers harmed by Wells Fargo's
lending practices and another $50 million will be allotted to eight
cities to fund community improvements in neighborhoods hard-hit by
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Real Estate Update: A Suburban Retreat in Taipei

Item ID:	277
From:	WSJ.com Editors <access@interactive.wsj.com>
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A Suburban Retreat in Taipei Tucked away in a suburb of New Taipei City, Taiwan, is this three-story townhouse with a basement-level master bedroom that has direct access to the pool and plenty of light. * * * Mallorca Artist's House This four-bedroom hilltop villa with a separate one-bedroom cottage has been created by the South African artist Jeanette Finn. * * * Tax Liens Trigger More Foreclosures Although mortgage default is behind most home foreclosures in the U.S., the number of foreclosures tied to delinquent tax payments is climbing. * * * Insurance Deductibles Soar Changes in homeowner's and auto policies are making it harder to file a claim without triggering premium increases. Here's a guide to the new rules. * * * Deep Roots in Staten Island's West Brighton West Brighton, on the North Shore of Staten Island, "is an old-fashioned neighborhood," says Tony Whalen of Appleseed Homes. "It has everything you need: Bakeries, banks, drugstores, Irish pubs, Italian restaurants." * * * Malibu Wine Estate Asks $59.5 Million George I. Rosenthal is selling his 235-acre wine estate—furnishings included. Plus, former Rep. William Stuckey seeks $6.25 million for his Washington, D.C., home, and a home on 160 acres in Evergreen, Colo., is listed for $18.95 million.
• Photos: Private Properties
• Video: Malibu Wine Estate for $59.5 Million
* * * Reviving Old Charleston A meticulously restored Charleston, S.C., home built around 1800, with six bedrooms and 5½ bathrooms in about 10,000 square feet on 1¼ acres, is asking $13 million.
• Photos: Reviving Old Charleston
* * * Bringing the Museum Home Lovers of the Louis Kahn-designed Kimbell Art Museum echoed its space and light in their home near San Antonio.
• Photos: The Home Front
* * * Higher Rates for Blacks and Hispanics? The Department of Justice alleges African-Americans were four times more likely to be steered to subprime loans than white borrowers with similar credit. * * * My Space: Michael Huey Michael Huey's emergence as a visual artist over the past decade has coincided with the makeover of his apartment in Vienna's Sixth District, where he has brought order to an eclectic collection of objects.
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National Shift to Default Servicing has Changed All the Rules
Mortgage servicers working to succeed today are facing a two-fold problem.
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Remains Conservative on Reserves Due to Foreclosure Overhang
By Brian Collins
Citigroup executives remain very guarded
about the outlook for the housing market and they have no immediate plans to reduce their reserves for possible mortgage losses.
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Long-Term
Rate-Indicative Yield Returns to Its Record Low
By Bonnie Sinnock
The benchmark 10-year Treasury's yield
matched its all-time low of 1.44%, putting more downward pressure on long-term mortgage rates.
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Fitch
Outlook Mixed for JPM Mortgage Effort
By Brad Finkelstein
While Fitch believes that housing trends
may see some stabilization, further weakening could result in a reversal in mortgage reserve releases or provisioning.
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Libor
Manipulation Probed By Three State Legal Offices
By Bloomberg News
Attorneys general in at least three
states are conducting investigations tied to alleged manipulation of the London interbank offered rate, adding to probes by U.S. and U.K. authorities.
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Two
Key Orrstown Financial Executives Quit
By Andy Peters
A pair of Orrstown Financial Services
executives quit just two months after the company's chief financial officer resigned.
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Selling $58 Million Multifamily/Commercial Servicing
By Bonnie Sinnock
The Prestwick Mortgage Group is offering
$58 million in private investor multifamily/commercial servicing from an undisclosed private mortgage company.
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U.K.
Supreme Court Hears Case Over Law Forcing Property Sales
By Bloomberg News
Two property owners asked the U.K.
Supreme Court to overturn a ruling that a 1967 law enabling long-term leaseholders to forcibly buy their homes at market prices should apply to buildings used as businesses.
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Wolters
Kluwer Financial Services Acquires FinArch
By Bonnie Sinnock
Wolters Kluwer Financial Services has
acquired FinArch, a provider of financial measurement services that address the Basel III accounting standard.
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By Robert Slavin
A regulator will allow bond insurer MBIA
Inc. to make a payment on surplus notes issued in 2008.
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Lenders
Compliance Using Collateral Integrity Analysis
By Brad Finkelstein
Lenders Compliance Group is using Veros
Real Estate Solutions' collateral integrity analysis product for prefunding and post-closing audits, early payment defaults, high default due diligence, as well as warehouse bank and portfolio reviews.
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QM Safe Harbor Wins Some Support/Jobs Flat, Except Brokers

Item ID:	162
From:	National Mortgage News <nationalmortgage@e.nationalmortgagenews.com>
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Mortgage
Jobs Are Flat But Rise for Brokers
By Mark Fogarty
While the basic mortgage jobs picture
has been flat, there are variations within it. Mortgage banking firms
have lost 6,000 jobs, while mortgage brokerages have gained 6,000 jobs.
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Quarter
of House Members Support QM Rule with Legal Safe Harbor
By Brian Collins
In a letter, 106 House members urged the
Consumer Financial Protection Bureau to adopt a qualified mortgage rule
that provides lenders with a safe harbor from litigation.
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Mortgage servicers working to succeed today are facing a two-fold
problem.
First, they are driven to cure default as quickly as possible and
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will give readers an inside look at the new landscape of the mortgage
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Despite
Slow Sales, House Prices Rising Nationwide
By Brian Collins
Since the start of this year, house
prices have risen 2.5% through April 30.
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Ratings
Agency Rethinks View of Home Prices
By Brad Finkelstein
The average single-family new home price
should improve by 4.25% and the median should rise by 4.5% in 2012.
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Rising
Rates/Basel III Could Affect Wells' MSRs
By Brad Finkelstein
Wells Fargo's mortgage servicing rights
portfolio could have an impact on the bank's capital ratios under the
Basel III requirements in the not-so-distant future when interest rates
rise.
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Mortgages
Help Profits at Two Banks
By Brad Finkelstein
M&T Bank Corp. said the 13% increase in
the company's 2Q12 net income over 1Q12 reflects a 24% increase in
mortgage banking during the time frame.
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Flippers Admit to Multimillion-Dollar Mortgage Fraud Scheme
By Evan Nemeroff
A Utah man pleaded guilty in federal
court for his role in a multimillion-dollar mortgage fraud scheme that
resulted in the illegal flipping of six properties and huge lender
losses.
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Open Probe Into Libor Rigging Scandal
By Kevin Wack
Several banks are under investigation
for allegedly submitting false information meant to manipulate Libor, a
measure used to establish a wide range of interest rates.
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Prevention Center Launched for Freddie Mac Borrowers
By Evan Nemeroff
InCharge Debt Solutions has partnered up
with Freddie Mac to open a resource center that provides educational and
information assistance to struggling homeowners with Freddie Mac-owned
mortgages to help them stay in their homes.
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Stonegate
Hires New TPO Executive
By Bonnie Sinnock
Stonegate Mortgage has named Paul Wyner
senior vice president of third-party origination.
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Members Mortgage Adds 22 Credit Union Clients
By Credit Union Journal
CU Members Mortgage said it signed 22
new credit union clients in the second quarter.
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Serious Flaws With Foreclosure Reviews?

Item ID:	157
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Flaws in Foreclosure Reviews?
By Amilda Dymi
Drawing the line between regulatory
failures and regulatory implementation failures is not an easy task.
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Plans To Acquire More Ocwen Assets
By Amilda Dymi
Home Loan Servicing Solutions acquired
certain non-agency mortgage servicing assets with unpaid principal
balances from Ocwen earlier this year.The impact has picked up its
second quarter results.
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Open Probe Into Libor Rigging Scandal
By Kevin Wack
Several banks are under investigation
for allegedly submitting false information meant to manipulate Libor, a
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Think
Housing prices are stabilizing?
By Eric Lichtenheld
There is much discussion about how
housing prices have stabilized lately, implying the housing market is
progressing forward into recovery mode. Econ 101 says differently.
By Eric Lichtenheld
There is much discussion about how housing prices have stabilized
lately, implying the housing market is progressing forward into recovery
mode. Econ 101 says differently. Instead, the industry is amidst a
"false bottom," propped up by a lack of inventory.
Macroeconomics says supply and demand determine prices. An increase in
demand with a constant supply will increase prices, and a decrease in
supply with a constant demand will also increase prices.â€¦
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The average single-family new home price
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By Brian Collins
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Real Estate Update: La Vue From the Top

Item ID:	135
From:	WSJ.com Editors <access@interactive.wsj.com>
To:	timothy.lee@fhfa.gov
Subject:	Real Estate Update: La Vue From the Top
Sent:	July 18, 2012 11:00 AM
Received:	July 18, 2012 11:00 AM

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La Vue From the Top The French are reaching new heights in Chicago. * * * UDR Says Goodbye to Phoenix Apartment developer UDR Inc. is pushing forward with its plan to build up its portfolio in places like New York and Washington, D.C., while jettisoning properties in markets where it doesn't want to grow, despite a lack of enthusiasm from some investors regarding the strategy. * * * L.A. Hotelier Taps New York Los Angeles nightclub operator and hotelier Sam Nazarian is planning to open his first New York hotel in Midtown South, a trendy area that is popular among the city's media and technology businesses. * * * Tourists Wary, but Investors Eye Greece Greece's top hoteliers are facing choppy waters, but some private-equity investors see value in the sector because prices are depressed and hotels are largely supported by revenue from foreigners. * * * Home Builder Confidence Takes Biggest Jump in Nearly 10 Years U.S. home builders' confidence took the biggest monthly jump in nearly a decade this month, another sign that a troubled part of the economy has become a source of strength. * * * Alec Baldwin Tilts at Windmill Alec Baldwin's past efforts to preserve the charm of his beloved East Hampton may end up endangering his plan to build a 120-foot-tall wind turbine on his property. * * * 'Underwater' Refis Grow; Critics Not Satisfied The number of homeowners refinancing their mortgages under a revamped federal program grew in May, but critics are still pressing a federal regulator to do more. * * * Tax Liens Trigger More Foreclosures Although mortgage default is behind most home foreclosures in the U.S., the number of foreclosures tied to delinquent tax payments is climbing. * * * Insurance Deductibles Soar Changes in homeowner's and auto policies are making it harder to file a claim without triggering premium increases. Here's a guide to the new rules. * * * Deep Roots in Staten Island's West Brighton West Brighton, on the North Shore of Staten Island, "is an old-fashioned neighborhood," says Tony Whalen of Appleseed Homes. "It has everything you need: Bakeries, banks, drugstores, Irish pubs, Italian restaurants."
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Real Estate Update: Parkland Mansion

Item ID:	23553
From:	WSJ.com Editors <access@interactive.wsj.com>
To:	timothy.lee@fhfa.gov
Subject:	Real Estate Update: Parkland Mansion
Sent:	July 24, 2012 11:00 AM
Received:	July 24, 2012 11:01 AM

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Parkland Mansion This restored 10-bedroom house with two cottages in Warwickshire, England, was originally built in 1759 and was later the home of the 5th, 6th and 7th Earls of Clonmel. * * * U.S. Home Prices Reflect Rebound U.S. home prices in the second quarter rose from the year-ago period for the first time since 2007, according to a closely watched index, the latest indication that the housing market is starting to recover.
• Interactive: Where Housing Is Headed
• Government Home-Price Index Shows Gain
* * * U.S. Home Prices Reflect Rebound U.S. home prices in the second quarter rose from the year-ago period for the first time since 2007, according to a closely watched index, the latest indication that the housing market is starting to recover.
• Interactive: Where Housing Is Headed
• Government Home-Price Index Shows Gain
* * * Fannie Mae Cuts 2012 GDP Growth Forecast Fannie Mae has cut its U.S. gross domestic product growth projection for the year, citing an uncertain job market and weak consumer spending. * * * Goldman Sachs Picks Builders Worth Buying Goldman Sachs has gone bullish on home builders. * * * Never a Dull Moment at Colts Neck Home Linda Harris jokingly describes her home in Colts Neck, N.J., as a "resort." She's not really kidding. On the premises are horses, riding ring and alpacas or the poolside cabana, water slide, indoor basketball court, theater, three game rooms and a facility that houses an ice-skating rink.
• Video: Ice Rink, Alpacas and Pool | Photos
* * * As Homes Go, So Do Pickups A key indicator of U.S. pickup-truck sales—home construction—is gaining steam and giving new hope to American auto makers facing sales declines in Europe and South America. * * * Older Homeowners Still Underwater * * * Property Investments Get Pricier Real-estate investment trusts have soared in recent months—but there are still pockets of opportunity. * * * Snowmass Estate Asks $75 Million A Snowmass, Colo., estate goes on the market for $75 million; the founder of Yankee Candle lists his Jupiter Island, Fla., home for $22.5 million; a Wyoming ranch originally listed for $22 million goes to auction.
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Real Estate Update: How Forgiveness Fits in Housing-Fix Toolkit

Item ID:	23771
From:	WSJ.com Editors <access@interactive.wsj.com>
To:	timothy.lee@fhfa.gov
Subject:	Real Estate Update: How Forgiveness Fits in Housing-Fix Toolkit
Sent:	July 30, 2012 11:00 AM
Received:	July 30, 2012 11:00 AM

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How Forgiveness Fits in Housing-Fix Toolkit Policy makers are wrestling with a dilemma about the overhang of mortgage debt from the housing bust: to forgive or not to forgive? * * * Retail Rush Downtown Almost a million square feet of new Financial District retail space—essentially the size of a suburban mall—is being developed in what many see as a long-awaited turnaround for Lower Manhattan shopping. * * * A Penthouse Fit for a King Venture capitalist Tom Perkins puts his bold stamp on his 5,500-square-foot San Francisco penthouse.
• Photos: On Millennium Tower's 60th Floor | Video
• Interactive: A Big and Bold Penthouse
* * * Joel Schumacher Lists Estate Joel Schumacher lists his California estate for $9.5 million; a Miami home ups its asking price 15% to $19 million; a Hamptons home lists for $30 million.
• Photos: Tour the homes | Video
* * * A Contemporary Aspen Home This home was built with an emphasis on natural materials and has views of Buttermilk Mountain and the Aspen Highlands. It's asking $6 million.
• Photos: Tour the home
* * * Casting a Wide Net in Real-Estate Search Credit Suisse is throwing wide open a competition to lead one of the largest real-estate searches in town. * * * Pricey Purchase on the Promenade: Nearly $60 Million for Apple Store How valuable is an Apple store in one of the premier shopping venues in the U.S.? In Santa Monica, Calif., the answer is nearly $60 million. * * * China Invests $500 Million in Blackstone Fund China's currency-reserves manager has committed $500 million to a real-estate private-equity fund managed by Blackstone Group * * * Manhattan Rents Beckon Brooklynites Rents in several Brooklyn neighborhoods have increased so much that some residents are making the reverse move to Manhattan in search of lower prices. * * * Is This What a Housing Bottom Looks Like? Another housing report shows that market activity is up considerably from one year ago but easing off of the levels set by a surge of transactions earlier this year.
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FW: BofA contests Fannie on buybacks

Item ID:	23945
From:	[redacted]>
To:	!OIG-OPOR <!OIG-OPOR@fhfaoig.gov>
Subject:	FW: BofA contests Fannie on buybacks
Sent:	August 3, 2012 10:38 AM
Received:	August 3, 2012 10:38 AM

From: [redacted] Sent: Thursday, August 02, 2012 5:51 PM To: !OIG-OE; !OIG-OI Subject: BofA contests Fannie on buybacks 1-BofA in talks with Fannie Mae on mortgage dispute-sources Reuters News Thu, 2 Aug 2012 20:01:02 GMT English 1009 words (c) 2012 Reuters Limited * Talks constructive, but settlement not imminent * Bank, Fannie fighting over requests to buy back soured mortgages * Bank's total claims increased by more than 40 percent in second quarter (Adds details from BofA filing on Fannie, Libor) By Rick Rothacker Aug 2 (Reuters) - Bank of America Corp is in talks with Fannie Mae to resolve a dispute over bad mortgages that the government-controlled entity wants the No. 2 U.S. bank to buy back, sources familiar with the matter said on T hur sday. The two sides have been in discussions for some time, but the talks have become more constructive recently, the sources said, although they cautioned a resolution is not imminent. At issue are billions of dollars of mortgages that Bank of America and its Countrywide Financial subsidiary sold to Fannie Mae from 2004 to 2008, during the U.S. housing boom. As the loans go bad, Fannie wants Bank of America to buy them back. Bank of America has balked at buying back some of the loans. In recent quarters, it has said that Fannie Mae is increasingly asking it to purchase loans in which borrowers made payments for more than two years or that went bad more than a year-and-a-half earlier . The bank contends the loans soured due to economic conditions and other reasons rather than poor underwriting or lack of proper documentation, which are common causes for repurchase requests. In a quarterly securities filing on Thursday, Bank of America said it is in dialogue with Fannie Mae to "address our ongoing differences." Of its $10.1 billion in unresolved claims with Fannie, it said $7.3 billion related to loans in which the borrowers have been paying for more than two years. "We continue to believe that our interpretation of the governing contracts is consistent with past practices between the parties and our contractual obligations," the filing said. The dispute has become so tense that at the end of January, Fannie did not renew a contract with Bank of America to buy some of its home loans. The bank still sells mortgages to Freddie Mac and keeps loans in its own portfolio. Bank of America and Fannie Mae declined to comment. In its most recent quarterly filing, in May, Fannie Mae said it continued to work with Bank of America to resolve the issue but had not changed its estimates of the amounts it ultimately expected to collect from the bank. During the bank's earnings conference call last month, Chief Financial Officer Bruce Thompson said the spat would either end in a settlement or legal action. Other banks have said that Fannie Mae and Freddie Mac have been asking them to buy back more loans, but the problem is most acute for Bank of America. That is because in 2008 it bought subprime lender Countrywide, which produced some of the most toxic loans during the housing bubble. Bank of America last month said total repurchase requests outstanding increased more than 40 percent to $22.7 billion in the second quarter from the first quarter, spurring investor concern that the bank will be on the hook for more mortgage-related losses. Claims from Fannie Mae and Freddie Mac represented a little less than half of the total. Claims from private investors that bought loans from the bank also jumped. Bank of America has about $16 billion in reserves set aside for these claims, which include money to cover an $8.5 billion settlement reached in 2011 with private investors that bought securities backed by Countrywide loans. That agreement still needs court approval. The bank's executives have cautioned that the $22.7 billion in claims does not represent potential losses for the bank but simply the unpaid balances of the loans in question. Those loans are backed by collateral, and in settlement agreements the bank has typically paid pennies on the dollar of actual losses. The bank, however, has said more claims could still come in from the government-controlled entities and private investors. In a report this week, Bernstein analyst John McDonald estimated that Bank of America has worked through about two-thirds of its potential repurchase requests and that it may eventually pay another $5 billion above its existing reserves. The bank has also estimated that it could pay an additional $5 billion above its reserves. In the report, McDonald also said he assumed that one of the private investors that has requested the bank buy back mortgages is actually Fannie Mae or Freddie Mac. That is because the government-controlled entities also bought so-called private-label mortgage-backed securities for their own portfolios. Fannie Mae and Freddie Mac said they are looking out for U.S. taxpayers in making repurchase requests. That's because the two entities were placed into government conservatorship in 2008 as their losses ballooned. Fannie has said in a securities filing that it may need more funds from the U.S. Treasury if it collects less than expected from Bank of America. Bank of America has far more Fannie Mae mortgage repurchase requests than any other bank. As of March 31, it accounted for 58 percent of the entity's total, according to Fannie's most recent quarterly securities filing. The bank with the second most requests, JPMorgan Chase & Co, accounted for 10 percent of the total. In Thursday's filing, Bank of America also said it has received subpoenas and requests for information from the U.S. Justice Department, the U.S. Commodity Futures Trading Commission and the United Kingdom Financial Services Authority regarding an investigation of the setting of the Libor interest rate benchmark. The bank had previously said it, like other banks, had received inquiries from U.S. and foreign regulators. The filing said the bank is cooperating. (b) (6) [redacted] Senior Investigative Evaluator Office of Evaluations, OIG, FHFA (b) (6) [redacted] -office (b) (6) [redacted] -cell (b) (6) [redacted] -private cell

Re: Are you in the office today?

Item ID:	24144
From:	Friedman, Timothy <Timothy.Friedman@fhfa.gov>
To:	Timothy Lee <Timothy.Lee@fhfaoig.gov>
Subject:	Re: Are you in the office today?
Sent:	August 8, 2012 9:12 AM
Received:	August 8, 2012 9:13 AM

Yes, I will be in tomorrow. Let me know what time works for you. Tim
From : Timothy Lee
Sent : Wednesday, August 08, 2012 08:43 AM To : Friedman, Timothy
Subject : RE: Are you in the office today?
Folks here have asked about the LIBOR thing, and I suggested the smart thing to do would be for me to touch base with you and Jamie. Will you be in the office tomorrow?
From: Friedman, Timothy [mailto:Timothy.Friedman@fhfa.gov]
Sent: Wednesday, August 08, 2012 8:42 AM
To: Lee, Timothy
Subject: Re: Are you in the office today?
Hi, Tim.
I'm at FNM today on an exam.
What can I help you with?
From : Timothy Lee
Sent : Wednesday, August 08, 2012 08:35 AM
To : Friedman, Timothy
Subject : Are you in the office today?
If so, could I swing by for a moment?
Thanks,
Tim

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LIBOR/Barclays Call

Item ID:	24232
From:	[redacted] >
To:	Timothy.Lee@fhfaoig.gov <Timothy.Lee@fhfaoig.gov>
Cc:	[redacted] >
Subject:	LIBOR/Barclays Call
Sent:	August 8, 2012 3:03 PM
Received:	August 8, 2012 3:04 PM

Hello.

Does 4pm tomorrow work for you?

Please advise when you get a moment.

Thank you!

-[redacted]

Accepted: LIBOR

Item ID:	24238
Sent:	August 8, 2012 3:49 PM
Received:	August 8, 2012 3:49 PM
Type:	Calendar Entry

Re: Are you in the office today?

Item ID:	24240
From:	Friedman, Timothy <Timothy.Friedman@fhfa.gov>
To:	Timothy Lee <Timothy.Lee@fhfaoig.gov>
Subject:	Re: Are you in the office today?
Sent:	August 9, 2012 7:35 AM
Received:	August 9, 2012 7:35 AM

Tim: I get in at 830 but have to meet with the helpdesk to resolve a file problem How's 930 this morning? Tim
From : Timothy Lee
Sent : Wednesday, August 08, 2012 09:23 AM To : Friedman, Timothy
Subject : RE: Are you in the office today?
Bright and early is my preference. When are you normally in the office?
From: Friedman, Timothy [mailto:Timothy.Friedman@fhfa.gov]
Sent: Wednesday, August 08, 2012 9:13 AM
To: Lee, Timothy
Subject: Re: Are you in the office today?
Yes, I will be in tomorrow.
Let me know what time works for you.
Tim
From : Timothy Lee
Sent : Wednesday, August 08, 2012 08:43 AM
To : Friedman, Timothy
Subject : RE: Are you in the office today?
Folks here have asked about the LIBOR thing, and I suggested the smart thing to do would be for me to touch base with you and Jamie. Will you be in the office tomorrow?
From: Friedman, Timothy
[mailto:Timothy.Friedman@fhfa.gov]
Sent: Wednesday, August 08, 2012 8:42 AM
To: Lee, Timothy
Subject: Re: Are you in the office today?
Hi, Tim.
I'm at FNM today on an exam.
What can I help you with?
From : Timothy Lee
Sent : Wednesday, August 08, 2012 08:35 AM
To : Friedman, Timothy
Subject : Are you in the office today?
If so, could I swing by for a moment?
Thanks,
Tim

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RE: Voice Mail from [redacted] (31 seconds)

Item ID: 24255
From: Stephens, Michael [redacted]>
To: Saddler, Bryan [redacted], Linick, Steve [redacted]
Cc: Emerzian, Peter [redacted], DiSanto, Emilia [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Seide, David [redacted]>
Subject: RE: Voice Mail from [redacted] (31 seconds)
Sent: August 9, 2012 9:28 AM
Received: August 9, 2012 9:28 AM

[redacted]. We have initiated some preliminary work having Tim Lee contacting the agency to determine if they have looked into the matter. I emailed Pollard but have not received a reply. Peter, see the email string below. Bryan, I think it is appropriate to call [redacted] back and give him Peter's number since it will probably in up in OI if anything comes of it. Understanding the connection to Fannie/Freddie besides the obvious interest rate is what I am after. Thanks. From: Saddler, Bryan Sent: Wednesday, August 08, 2012 9:50 PM To: Stephens, Michael; Linick, Steve Subject: RE: Voice Mail from [redacted] (31 seconds) Cool. Thanks. Sent from my Windows Phone From: Stephens, Michael Sent: 8/8/2012 8:22 PM To: Linick, Steve; Saddler, Bryan Subject: RE: Voice Mail from [redacted] (31 seconds) Yes.have made progress on this issue. Will inform doj Sent from my Windows Phone From: Linick, Steve Sent: 8/8/2012 7:45 PM To: Saddler, Bryan Cc: Stephens, Michael Subject: RE: Voice Mail from [redacted] (31 seconds) Tx for reminding me. I think Mike and Peter should reach out to [redacted]. I know Mike has been asked about this issue by rmbs task force. Mike, can you run with this Sent from my Windows Phone From: Saddler, Bryan Sent: 8/8/2012 11:13 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steven: It dawned on me that I have not gotten back to [redacted] about his inquiry. Have you given any more thought about how you want me to respond to him (e.g., schedule a meeting with OA, OE, and/or OI to discuss how we can assist, or refer him to Pollard)? Thanks, B From: Saddler, Bryan Sent: Thursday, July 26, 2012 8:49 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steve: Attached is an voicemail from [redacted] in DOJ Civil; you remember him, yes? [redacted]. Based upon the plain language of his message, I don't think [redacted]. He is looking for a contact. [redacted] Thanks, Bryan From: Microsoft Outlook On Behalf Of [redacted] Sent: Wednesday, July 25, 2012 4:29 PM To: Saddler, Bryan Subject: Voice Mail from [redacted] (31 seconds) Voice Mail Preview: Bryan go ahead cougher from the department justice [redacted] we have a moment would you give me a call at [redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye. Created by Microsoft Speech Technology. Learn More... You received a voice mail from [redacted] Caller-Id: [redacted]

RE: Voice Mail from [redacted] (31 seconds)

Item ID:	24271
From:	Saddler, Bryan [redacted]>
To:	Stephens, Michael [redacted], Linick, Steve [redacted]
Cc:	Emerzian, Peter [redacted], DiSanto, Emilia [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Seide, David [redacted]>
Subject:	RE: Voice Mail from [redacted] (31 seconds)
Sent:	August 9, 2012 10:41 AM
Received:	August 9, 2012 10:41 AM

Done From: Stephens, Michael Sent: Thursday, August 09, 2012 9:28 AM To: Saddler, Bryan; Linick, Steve Cc: Emerzian, Peter; DiSanto, Emilia; Lee, Timothy; Seide, David Subject: RE: Voice Mail from [redacted] (31 seconds) [redacted]. We have initiated some preliminary work having Tim Lee contacting the agency to determine if they have looked into the matter. I emailed Pollard but have not received a reply. Peter, see the email string below. Bryan, I think it is appropriate to call [redacted] back and give him Peter's number since it will probably in up in OI if anything comes of it. Understanding the connection to Fannie/Freddie besides the obvious interest rate is what I am after. Thanks. From: Saddler, Bryan Sent: Wednesday, August 08, 2012 9:50 PM To: Stephens, Michael; Linick, Steve Subject: RE: Voice Mail from [redacted] (31 seconds) Cool. Thanks. Sent from my Windows Phone From: Stephens, Michael Sent: 8/8/2012 8:22 PM To: Linick, Steve; Saddler, Bryan Subject: RE: Voice Mail from [redacted] (31 seconds) Yes.have made progress on this issue. Will inform doj Sent from my Windows Phone From: Linick, Steve Sent: 8/8/2012 7:45 PM To: Saddler, Bryan Cc: Stephens, Michael Subject: RE: Voice Mail from [redacted] (31 seconds) Tx for reminding me. I think Mike and Peter should reach out to [redacted]. I know Mike has been asked about this issue by rmbs task force. Mike, can you run with this Sent from my Windows Phone From: Saddler, Bryan Sent: 8/8/2012 11:13 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steven: It dawned on me that I have not gotten back to [redacted] about his inquiry. Have you given any more thought about how you want me to respond to him (e.g., schedule a meeting with OA, OE, and/or OI to discuss how we can assist, or refer him to Pollard)? Thanks, B From: Saddler, Bryan Sent: Thursday, July 26, 2012 8:49 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steve: Attached is an voicemail from [redacted] in DOJ Civil; you remember him, yes? [redacted]. Based upon the plain language of his message, I don't think [redacted] He is looking for a contact. [redacted] Thanks, Bryan From: Microsoft Outlook On Behalf Of [redacted] Sent: Wednesday, July 25, 2012 4:29 PM To: Saddler, Bryan Subject: Voice Mail from [redacted] (31 seconds) Voice Mail Preview: Bryan go ahead cougher from the department justice [redacted] we have a moment would you give me a call at [redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye. Created by Microsoft Speech Technology. Learn More... You received a voice mail from [redacted] Caller-Id: [redacted]

RE: Voice Mail from [redacted] (31 seconds)

Item ID:	24320
From:	DiSanto, Emilia [redacted]
To:	Stephens, Michael [redacted]>, Saddler, Bryan [redacted]>, Linick, Steve [redacted], Seide, David [redacted]>, Emerzian, Peter [redacted]
Cc:	DiSanto, Emilia [redacted]>, Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Parker, Richard [redacted]
Subject:	RE: Voice Mail from [redacted] (31 seconds)
Sent:	August 9, 2012 5:11 PM
Received:	August 9, 2012 5:11 PM

Tim had a conversation with Fannie today on LIBOR. The short answer according to Tim [redacted] The conversation with Freddie is likely to happen next week. em From: Stephens, Michael Sent: Thursday, August 09, 2012 9:28 AM To: Saddler, Bryan; Linick, Steve Cc: Emerzian, Peter; DiSanto, Emilia; Lee, Timothy; Seide, David Subject: RE: Voice Mail from [redacted] (31 seconds) [redacted] We have initiated some preliminary work having Tim Lee [redacted]. I emailed Pollard but have not received a reply. Peter, see the email string below. Bryan, I think it is appropriate to cal [redacted] back and give him Peter's number since it will probably in up in OI if anything comes of it. Understanding the connection to Fannie/Freddie besides the obvious interest rate is what I am after. Thanks. From: Saddler, Bryan Sent: Wednesday, August 08, 2012 9:50 PM To: Stephens, Michael; Linick, Steve Subject: RE: Voice Mail from [redacted] (31 seconds) Cool. Thanks. Sent from my Windows Phone From: Stephens, Michael Sent: 8/8/2012 8:22 PM To: Linick, Steve; Saddler, Bryan Subject: RE: Voice Mail from [redacted] (31 seconds) Yes.have made progress on this issue. Will inform doj Sent from my Windows Phone From: Linick, Steve Sent: 8/8/2012 7:45 PM To: Saddler, Bryan Cc: Stephens, Michael Subject: RE: Voice Mail from [redacted] (31 seconds) Tx for reminding me. I think Mike and Peter should reach out to Bill. I know Mike has been asked about this issue by rmbs task force. Mike, can you run with this Sent from my Windows Phone From: Saddler, Bryan Sent: 8/8/2012 11:13 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steven: It dawned on me that I have not gotten back to [redacted] about his inquiry. Have you given any more thought about how you want me to respond to him (e.g., schedule a meeting with OA, OE, and/or OI to discuss how we can assist, or refer him to Pollard)? Thanks, B From: Saddler, Bryan Sent: Thursday, July 26, 2012 8:49 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steve: Attached is an voicemail from [redacted] in DOJ Civil; you remember him, yes? [redacted] He is looking for a contact. [redacted] Thanks, Bryan From: Microsoft Outlook On Behalf Of [redacted] Sent: Wednesday, July 25, 2012 4:29 PM To: Saddler, Bryan Subject: Voice Mail from [redacted] (31 seconds) Voice Mail Preview: Bryan go ahead cougher from the department justice [redacted] we have a moment would you give me a call at [redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye. Created by Microsoft Speech Technology. Learn More... You received a voice mail from [redacted] Caller-Id: [redacted]

RE: Voice Mail from [redacted] (31 seconds)

Item ID: 24311
From: Stephens, Michael [redacted]
To: DiSanto, Emilia [redacted], Saddler, Bryan [redacted], Linick, Steve [redacted], Seide, David [redacted], Emerzian, Peter [redacted]
Cc: Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Parker, Richard [redacted]
Subject: RE: Voice Mail from [redacted] (31 seconds)
Sent: August 9, 2012 8:01 PM
Received: August 9, 2012 8:01 PM

I need better than this. What is the cause and affect. Thanks
Sent from my Windows Phone
From:
DiSanto, Emilia
Sent:
8/9/2012 5:11 PM
To:
Stephens, Michael; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter
Cc:
Lee, Timothy; Parker, Richard; DiSanto, Emilia
Subject:
RE: Voice Mail from [redacted] (31 seconds)
Tim had a conversation with Fannie today on LIBOR. [redacted].
The conversation with Freddie is likely to happen next week.
em
From: Stephens, Michael
Sent: Thursday, August 09, 2012 9:28 AM
To: Saddler, Bryan; Linick, Steve
Cc: Emerzian, Peter; DiSanto, Emilia; Lee, Timothy; Seide, David
Subject: RE: Voice Mail from [redacted] (31 seconds)
[redacted]. We have initiated some preliminary work having Tim Lee contacting the agency to
determine if they have looked into the matter. I emailed Pollard but have not received a reply. Peter, see the email string below. Bryan, I think it is appropriate to call [redacted] back and give him Peterâ€™s number since it will probably in up in OI if anything
comes of it. Understanding the connection to Fannie/Freddie besides the obvious interest rate is what I am after.
Thanks.
From: Saddler, Bryan
Sent: Wednesday, August 08, 2012 9:50 PM
To: Stephens, Michael; Linick, Steve
Subject: RE: Voice Mail from [redacted] (31 seconds)
Cool. Thanks.
Sent from my Windows Phone
From:
Stephens, Michael

Sent:
8/8/2012 8:22 PM
To: Linick, Steve; Saddler, Bryan
Subject:
RE: Voice Mail from [redacted] (31 seconds)
Yes.have made progress on this issue. Will inform doj
Sent from my Windows Phone
From:
Linick, Steve
Sent:
8/8/2012 7:45 PM
To: Saddler, Bryan
Cc: Stephens, Michael
Subject:
RE: Voice Mail from [redacted] (31 seconds)
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Sent from my Windows Phone
From:
Saddler, Bryan
Sent:
8/8/2012 11:13 AM
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Subject:
FW: Voice Mail from [redacted] (31 seconds)
Steven: It dawned on me that I have not gotten back to [redacted] about his inquiry. Have you given any more thought about how you want me to respond to
him (e.g., schedule a meeting with OA, OE, and/or OI to discuss how we can assist, or refer him to Pollard)? Thanks,
B
From: Saddler, Bryan
Sent: Thursday, July 26, 2012 8:49 AM
To: Linick, Steve
Cc: Stephens, Michael
Subject: FW: Voice Mail from [redacted] (31 seconds)
Steve: Attached is an voicemail from [redacted] in DOJ Civil; you remember him, yes? He says [redacted] He is looking for a contact. [redacted] Thanks, Bryan
From: Microsoft Outlook
On Behalf Of [redacted]
Sent: Wednesday, July 25, 2012 4:29 PM
To: Saddler, Bryan
Subject: Voice Mail from [redacted] (31 seconds)
Voice Mail Preview:
Bryan go ahead cougher from the department justice [redacted] we have a moment would you give me a call at

[redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye.
Created by Microsoft Speech Technology.
Learn More...
You received a voice mail from [redacted]
Caller-Id:
[redacted]

RE: Voice Mail from [redacted] (31 seconds)

Item ID: 24325
From: Parker, Richard <Richard.Parker@fhfaoig.gov>
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Voice Mail from [redacted] (31 seconds)
Sent: August 10, 2012 9:22 AM
Received: August 10, 2012 9:22 AM

I saw that.. I think you're got a handle on the business aspect of this. Em was the addressee. She has to answer tbd mail. I will flip her your message to help bar do that. Tx Skipper.
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
8/10/2012 8:09 AM
To:
Parker, Richard
Subject:
FW: Voice Mail from [redacted] (31 seconds)
Hi Old Salt,
Heads up that this came across the tape. I have to confess that itâ€™s unclear to me what â€œcause and affect[sic]â€ refer to in this context. With respect to
â€œneed[ing] better than thisâ€, my frank view is that nobody I have spoken to has been unreasonable about the matter. Itâ€™s on the radar at FHFA and the Enterprises, as it should be, but they all think itâ€™s early days yet with respect to the Enterprises â€“ and
I agree with that.
There are two components of making our case, from a business standpoint:
1.
[redacted].
2.
[redacted]
Tim
From: Stephens, Michael
Sent: Thursday, August 09, 2012 8:02 PM
To: DiSanto, Emilia; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter
Cc: Lee, Timothy; Parker, Richard

Subject: RE: Voice Mail from [redacted] (b) (6) (31 seconds)
I need better than this. What is the cause and affect. Thanks
Sent from my Windows Phone
From:
DiSanto, Emilia
Sent:
8/9/2012 5:11 PM
To: Stephens, Michael; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter
Cc: Lee, Timothy; Parker, Richard; DiSanto, Emilia
Subject:
RE: Voice Mail from [redacted] (b) (6) (31 seconds)
Tim had a conversation with Fannie today on LIBOR. [redacted] (b) (5)
The conversation with Freddie is likely to happen next week.
em
From: Stephens, Michael
Sent: Thursday, August 09, 2012 9:28 AM
To: Saddler, Bryan; Linick, Steve
Cc: Emerzian, Peter; DiSanto, Emilia; Lee, Timothy; Seide, David
Subject: RE: Voice Mail from [redacted] (b) (6) (31 seconds)
No doubt that the Libor issue is heating up and DOJ is looking for cases. We have initiated some preliminary work having Tim Lee contacting the agency to
determine if they have looked into the matter. I emailed Pollard but have not received a reply. Peter, see the email string below. Bryan, I think it is appropriate to call [redacted] (b) (6) back and give him Peterâ€™s number since it will probably in up in OI if anything
comes of it. Understanding the connection to Fannie/Freddie besides the obvious interest rate is what I am after. Thanks.
From: Saddler, Bryan
Sent: Wednesday, August 08, 2012 9:50 PM
To: Stephens, Michael; Linick, Steve
Subject: RE: Voice Mail from [redacted] (b) (6) (31 seconds)
Cool. Thanks.
Sent from my Windows Phone
From:
Stephens, Michael
Sent:
8/8/2012 8:22 PM
To: Linick, Steve; Saddler, Bryan
Subject:
RE: Voice Mail from [redacted] (b) (6) (31 seconds)
Yes.have made progress on this issue. Will inform doj
Sent from my Windows Phone
From:
Linick, Steve
Sent:
8/8/2012 7:45 PM
To: Saddler, Bryan
Cc: Stephens, Michael

Subject:
RE: Voice Mail from [redacted] (31 seconds)
Tx for reminding me. I think Mike and Peter should reach out to [redacted]. I know Mike has been asked about this issue by rmbs task force. Mike, can you run with this
Sent from my Windows Phone
From:
Saddler, Bryan
Sent:
8/8/2012 11:13 AM
To: Linick, Steve
Cc: Stephens, Michael
Subject:
FW: Voice Mail from [redacted] (31 seconds)
Steven: It dawned on me that I have not gotten back to [redacted] about his inquiry. Have you given any more thought about how you want me to respond to him [redacted])? Thanks,
B
From: Saddler, Bryan
Sent: Thursday, July 26, 2012 8:49 AM
To: Linick, Steve
Cc: Stephens, Michael
Subject: FW: Voice Mail from [redacted] (31 seconds)
Steve: Attached is an voicemail from [redacted] in DOJ Civil; you remember him, yes? He says that [redacted]. Based upon the plain language of his message, [redacted] He is looking for a contact. [redacted] Thanks, Bryan
From: Microsoft Outlook
On Behalf Of [redacted]
Sent: Wednesday, July 25, 2012 4:29 PM
To: Saddler, Bryan
Subject: Voice Mail from [redacted] (31 seconds)
Voice Mail Preview:
Bryan go ahead cougher from the department justice [redacted] we have a moment would you give me a call at [redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye.
Created by Microsoft Speech Technology.
Learn More...
You received a voice mail from [redacted]
Caller-Id:
[redacted]

Non Responsive

Item ID: 24327
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Next week's schedule
Sent: August 10, 2012 9:47 AM
Received: August 10, 2012 9:47 AM

Great – thanks! From: Lee, Timothy Sent: Friday, August 10, 2012 9:44 AM To: [redacted] Subject: Next week's schedule Derivatives white paper 40% Sampling 30% LIBOR 10% SAR 20% Please note that I have shore leave scheduled for the week of the 20 th . ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: Voice Mail from [redacted] (31 seconds)

Item ID: 24332
From: Bloch, David [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Voice Mail from [redacted] (31 seconds)
Sent: August 10, 2012 10:15 AM
Received: August 10, 2012 10:15 AM

Very moving experience at Am Cemetery.
From:
Lee, Timothy
Sent:
8/10/2012 1:54 PM
To:
Bloch, David
Subject:
FW: Voice Mail from [redacted] (31 seconds)
Iâ€™ll fill you in on this upon your return.
From: Stephens, Michael
Sent: Thursday, August 09, 2012 8:02 PM
To: DiSanto, Emilia; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter
Cc: Lee, Timothy; Parker, Richard
Subject: RE: Voice Mail from [redacted] (31 seconds)
I need better than this. What is the cause and affect. Thanks
Sent from my Windows Phone
From:
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Sent:
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To: Stephens, Michael; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter
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Subject:
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The conversation with Freddie is likely to happen next week.
em
From: Stephens, Michael
Sent: Thursday, August 09, 2012 9:28 AM
To: Saddler, Bryan; Linick, Steve
Cc: Emerzian, Peter; DiSanto, Emilia; Lee, Timothy; Seide, David
Subject: RE: Voice Mail from [redacted] (31 seconds)
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comes of it. Understanding the connection to Fannie/Freddie besides the obvious interest rate is what I am after.
Thanks.
From: Saddler, Bryan
Sent: Wednesday, August 08, 2012 9:50 PM
To: Stephens, Michael; Linick, Steve
Subject: RE: Voice Mail from [redacted] (31 seconds)
Cool. Thanks.
Sent from my Windows Phone
From:
Stephens, Michael
Sent:
8/8/2012 8:22 PM
To: Linick, Steve; Saddler, Bryan
Subject:
RE: Voice Mail from [redacted] (31 seconds)
Yes.have made progress on this issue. Will inform doj
Sent from my Windows Phone
From:
Linick, Steve
Sent:
8/8/2012 7:45 PM
To: Saddler, Bryan
Cc: Stephens, Michael
Subject:
RE: Voice Mail from [redacted] (31 seconds)
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Sent from my Windows Phone
From:
Saddler, Bryan
Sent:
8/8/2012 11:13 AM
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Subject:
FW: Voice Mail from [redacted] (31 seconds)
Steven: It dawned on me that I have not gotten back to [redacted] about his inquiry. Have you given any more thought about how you want me to respond to
him (e.g., schedule a meeting with OA, OE, and/or OI to discuss how we can assist, or refer him to Pollard)? Thanks,
B
From: Saddler, Bryan
Sent: Thursday, July 26, 2012 8:49 AM
To: Linick, Steve
Cc: Stephens, Michael
Subject: FW: Voice Mail from [redacted] (31 seconds)
Steve: Attached is an voicemail from [redacted] in DOJ Civil; you remember him, yes? [redacted]. Based upon the plain language of his message, [redacted]

[redacted] He is looking for a contact. [redacted] Thanks, Bryan

From: Microsoft Outlook

On Behalf Of [redacted]

Sent: Wednesday, July 25, 2012 4:29 PM

To: Saddler, Bryan

Subject: Voice Mail from [redacted] (31 seconds)

Voice Mail Preview:

Bryan go ahead cougher from the department justice [redacted] we have a moment would you give me a call at [redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye.

Created by Microsoft Speech Technology.

Learn More...

You received a voice mail from [redacted]

Caller-Id:

[redacted]

Automatic reply: LIBOR conversation with DOJ

Item ID:	24360
From:	Acevedo, Olga [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	Automatic reply: LIBOR conversation with DOJ
Sent:	August 10, 2012 11:43 AM
Received:	August 10, 2012 11:43 AM

I will be out of the office beginning Wednesday 8/1/12 through Friday 8/10/12, returning Monday 8/13/12. Please contact me at [redacted].

FW: Derivatives white paper data request

Item ID:	24361
From:	Wu, Simon [redacted]
To:	[redacted]
Cc:	[redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	FW: [redacted]
Sent:	August 10, 2012 11:52 AM
Received:	August 10, 2012 11:52 AM

[redacted], Per our discussion this morning, see Tim's email request below. We appreciate your help, as always. Simon Z. Wu, Ph.D. Chief Economist Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 Voice: [redacted] From: Lee, Timothy Sent: Friday, August 10, 2012 11:39 AM To: Wu, Simon Subject: Derivatives white paper data request Hi Simon, Could you forward this to Freddie? I don't think I have email addresses for anyone we spoke with today. Thanks, Tim Following up on today's conversation, we would like portfolio valuation data centering on a rapid change in LIBOR, and showing how the derivatives Freddie Mac had in place alongside its mortgage assets contributed a relatively stable overall valuation. The data would help to clarify how derivatives work for the Enterprises as risk management tools. I mentioned the major (30 bp or so) spike in LIBOR on 24 or 25 Sep 2008, but am not wedded to that particular date. ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Re: FW: Derivatives white paper data request

Item ID:	24392
From:	[redacted]
To:	Wu, Simon [redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	[redacted]
Subject:	Re: FW: Derivatives white paper data request
Sent:	August 10, 2012 12:18 PM
Received:	August 10, 2012 12:19 PM

Hi Simon and Tim -
This is to confirm your request for the
following:
portfolio valuation data centering on a
rapid change in LIBOR, and showing how the derivatives Freddie Mac had
in place alongside its mortgage assets contributed a relatively stable
overall valuation. The data would help to clarify how derivatives
work for the Enterprises as risk management tools. FHFA-OIG mentioned
the major (30 bp or so) spike in LIBOR on 24 or 25 Sep 2008, but are open
to different dates.
Based on our conversation on the phone,
for purposes of this exercise, I believe Tim indicated he was more
interested in economic and fair value, versus GAAP. Is that correct?
If a different date to demonstrate a major
LIBOR spike is more readily accessible than September 24th or 25th, 2008,
would you like us to come back to you with the date we recommending before
we pull the data?
Thanks,
[redacted]
[redacted]
Freddie Mac
[redacted]
[redacted] (Office)
[redacted] (Cell)
"Wu,
Simon" [redacted]
08/10/2012 11:52 AM
To
[redacted]
cc
[redacted] "Lee, Timothy" <Timothy.Lee@fhfaoig.gov>
Subject
FW: Derivatives white paper data request
[redacted],
Per our discussion this morning,

see Tim's email request below. We appreciate your help, as always.
Simon Z. Wu, Ph.D.
Chief Economist
Office of Inspector General
Federal Housing Finance
Agency
400 7 th Street,
SW
Washington, DC 20024
Voice [redacted]
From: Lee, Timothy
Sent: Friday, August 10, 2012 11:39 AM
To: Wu, Simon
Subject: Derivatives white paper data request
Hi Simon,
Could you forward this to Freddie? I
don't think I have email addresses for anyone we spoke with today.
Thanks,
Tim
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we would like portfolio valuation data centering on a rapid change in LIBOR,
and showing how the derivatives Freddie Mac had in place alongside its
mortgage assets contributed a relatively stable overall valuation. The
data would help to clarify how derivatives work for the Enterprises as
risk management tools. I mentioned the major (30 bp or so) spike
in LIBOR on 24 or 25 Sep 2008, but am not wedded to that particular date.

Timothy
Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

Attachment #1

ATT00001.gif

Image

Freddie Mac

We make home possible ®

Attachment #2

ATT00002.gif

Image

RE: FW: Derivatives white paper data request

Item ID: 24384
From: Wu, Simon [redacted]
To: [redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: [redacted]
Subject: RE: FW: Derivatives white paper data request
Sent: August 10, 2012 1:19 PM
Received: August 10, 2012 1:19 PM

[redacted], Yes to all of these. Please let us know if a different date is more easily accessible. Thanks! Simon Z. Wu, Ph.D. Chief Economist Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 Voice: [redacted] Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error: permanently delete the e-mail and any attachments, and do not save, copy, disclose, or rely on any part of the information contained in this e-mail or its attachments. Please call the OIG at 202-730-4949 if you have any questions or are not an intended recipient of this email. From: [redacted] Sent: Friday, August 10, 2012 12:19 PM To: Wu, Simon; Lee, Timothy Cc: [redacted] Subject: Re: FW: Derivatives white paper data request Hi Simon and Tim - This is to confirm your request for the following: portfolio valuation data centering on a rapid change in LIBOR, and showing how the derivatives Freddie Mac had in place alongside its mortgage assets contributed a relatively stable overall valuation. The data would help to clarify how derivatives work for the Enterprises as risk management tools. FHFA-OIG mentioned the major (30 bp or so) spike in LIBOR on 24 or 25 Sep 2008, but are open to different dates. Based on our conversation on the phone, for purposes of this exercise, I believe Tim indicated he was more interested in economic and fair value, versus GAAP. Is that correct? If a different date to demonstrate a major LIBOR spike is more readily accessible than September 24th or 25th, 2008, would you like us to come back to you with the date we recommending before we pull the data? Thanks, [redacted] (Office) [redacted] (Cell) "Wu, Simon" [redacted] 08/10/2012 11:52 AM To [redacted], "Lee, Timothy" < Timothy.Lee@fhfaoig.gov > Subject FW: Derivatives white paper data request [redacted], Per our discussion this morning, see Tim's email request below. We appreciate your help, as always. Simon Z. Wu, Ph.D. Chief Economist Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 Voice: [redacted] From: Lee, Timothy Sent: Friday, August 10, 2012 11:39 AM To: Wu, Simon Subject: Derivatives white paper data request Hi Simon, Could you forward this to Freddie? I don't think I have email addresses for anyone we spoke with today. Thanks, Tim Following up on today's conversation, we would like portfolio valuation data centering on a rapid change in LIBOR, and showing how the derivatives Freddie Mac had in place alongside its mortgage assets contributed a relatively stable overall valuation. The data would help to clarify how derivatives work for the Enterprises as risk management tools. I mentioned the major (30 bp or so) spike in LIBOR on 24 or 25 Sep 2008, but am not wedded to that particular date. ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821 Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

Attachment #1

image001.gif

Image

Freddie Mac

We make home possible ®

Attachment #2

image002.png

Image

RE: FW: Derivatives white paper data request

Item ID: 24369
From: [redacted]
To: Wu, Simon [redacted]
Cc: [redacted]
Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: FW: Derivatives white paper data request
Sent: August 10, 2012 2:10 PM
Received: August 10, 2012 2:10 PM

Thanks Simon!
[redacted] we can discuss next
week when we have a better sense of the level of effort for requests 1)
and 2).
Thank you, [redacted]
[redacted]
Freddie Mac
[redacted]
[redacted] (Office)
[redacted] (Cell)
"Wu,
Simon" [redacted]
08/10/2012 01:19 PM
To
[redacted]
"Lee, Timothy" <Timothy.Lee@fhfaoig.gov>
cc
[redacted]
Subject
RE: FW: Derivatives white paper data
request
[redacted]
Yes to all of these. Please
let us know if a different date is more easily accessible. Thanks!
Simon Z. Wu, Ph.D.
Chief Economist
Office of Inspector General
Federal Housing Finance
Agency
400 7 th Street,
SW
Washington, DC 20024
Voice [redacted]

From: [redacted]
Sent: Friday, August 10, 2012 12:19 PM
To: Wu, Simon; Lee, Timothy
Cc: [redacted]
Subject: Re: FW: Derivatives white paper data request
Hi Simon and Tim -
This is to confirm your request for the following:
portfolio valuation data centering on a
rapid change in LIBOR, and showing how the derivatives Freddie Mac had
in place alongside its mortgage assets contributed a relatively stable
overall valuation. The data would help to clarify how derivatives
work for the Enterprises as risk management tools. FHFA-OIG mentioned
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Thanks,
[redacted]
Freddie Mac
[redacted]
[redacted] (Office)
[redacted] (Cell)
"Wu, Simon"
[redacted]
08/10/2012 11:52 AM
To
[redacted]
cc
[redacted]
"Lee, Timothy" < Timothy.Lee@fhfaoig.gov >
Subject

FW: [redacted]
[redacted],
Per our discussion this morning, see Tim’s email request below. We
appreciate your help, as always.
Simon Z. Wu, Ph.D.
Chief Economist
Office of Inspector General
Federal Housing Finance Agency
400 7 th Street, SW
Washington, DC 20024
Voice: [redacted]
From: Lee, Timothy
Sent: Friday, August 10, 2012 11:39 AM
To: Wu, Simon
Subject: Derivatives white paper data request
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work for the Enterprises as risk management tools. I mentioned the
major (30 bp or so) spike in LIBOR on 24 or 25 Sep 2008, but am not wedded
to that particular date.

Timothy
Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

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Attachment #1

ATT00001.gif

Image

Attachment #2

ATT00002.gif

Image

Attachment #3

ATT00003.gif

Image

Freddie Mac

We make home possible ®

Attachment #4
ATT00004.png
Image

RE: Follow-up on numbers

Item ID: 24540
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>, [redacted]
Cc: Parker, Richard [redacted], Acevedo, Olga [redacted]
Subject: RE: Follow-up on numbers
Sent: August 15, 2012 3:30 PM
Received: August 15, 2012 3:30 PM

Tim, Thanks for getting back to us so quickly. [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Wednesday, August 15, 2012 3:23 PM To: [redacted] Cc: Parker, Richard; Acevedo, Olga Subject: Follow-up on numbers Gentlemen, By way of addressing one question that arose yesterday, I gave a little further thought to estimating the possible losses to Fannie Mae and Freddie Mac resulting from any suppression of LIBOR that may have taken place. After taking a look at their financial statements since conservatorship, [redacted]. [redacted] Hope this helps. Let me know if questions arise. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

timothy.lee.wg98@wharton.upenn.edu has sent you a message

Item ID:	24556
From:	The Financial Times <sharedftarticles@t.ft.com>
To:	timothy.lee@fhfaoig.gov
Sender:	sharedftarticles@t.ft.com
Subject:	timothy.lee.wg98@wharton.upenn.edu has sent you a message
Sent:	August 16, 2012 7:32 AM
Received:	August 16, 2012 7:32 AM

Seven banks in New York Libor probe
Seven banks in New York Libor probe
Email article
The following email has been sent to you by: timothy.lee.wg98@wharton.upenn.edu
August 15, 2012 10:55 pm
Seven banks in New York Libor probe
By Shahien Nasiripour in Washington and Tracy Alloway in New York
Seven of the world's largest banks are facing fresh scrutiny from a powerful US state prosecutor over their role in the alleged rigging of...
The full article can be found at:
http://www.ft.com/cms/s/0/33e7e4d6-e713-11e1-8a74-00144feab49a.html

Out of Office: LIBOR

Item ID:	24557
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	Out of Office: LIBOR
Sent:	August 16, 2012 7:37 AM
Received:	August 16, 2012 7:37 AM

I will be out of the office from Wed., August 8th to Wed., August 15th. I will be returning on Thursday, August 16th. If you have any questions or need information, please contact [redacted]. Thank You.

RE: Voice Mail from [redacted] (1 minute and 39 seconds)

Item ID: 24608
From: Parker, Richard [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Voice Mail from [redacted] (1 minute and 39 seconds)
Sent: August 16, 2012 2:56 PM
Received: August 16, 2012 2:56 PM

[redacted]. [redacted]. Tx, - R From: Lee, Timothy Sent: Thursday, August 16, 2012 1:59 PM To: Parker, Richard Subject: FW: Voice Mail from [redacted] (1 minute and 39 seconds) Hi Old Salt, Just to let you know that DOJ called [redacted] Tim From: Microsoft Outlook On Behalf Of [redacted] Sent: Thursday, August 16, 2012 10:38 AM To: Lee, Timothy Subject: Voice Mail from [redacted] (1 minute and 39 seconds) Voice Mail Preview isn't available for this message. The message is too long. You received a voice mail from [redacted] Caller-Id: [redacted]

RE: Voice Mail from [redacted] (1 minute and 39 seconds)

Item ID: 24647
From: Parker, Richard [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Voice Mail from [redacted] (1 minute and 39 seconds)
Sent: August 17, 2012 10:16 AM
Received: August 17, 2012 10:16 AM

Roger. Stand by, pls.
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
8/17/2012 10:11 AM
To:
Parker, Richard
Subject:
RE: Voice Mail from [redacted] (1 minute and 39 seconds)
Hi Old Salt,
Given our conversation, my suggested course of action is:
1.
[redacted].
2.
[redacted] Please let me know if you agree.
Tim
From: Parker, Richard
Sent: Thursday, August 16, 2012 2:57 PM
To: Lee, Timothy
Subject: RE: Voice Mail from [redacted] (1 minute and 39 seconds)
[redacted]. Tx, - R
From: Lee, Timothy
Sent: Thursday, August 16, 2012 1:59 PM
To: Parker, Richard
Subject: FW: Voice Mail from [redacted] (1 minute and 39 seconds)
Hi Old Salt,
Just to let you know that DOJ called [redacted].
Tim
From: Microsoft Outlook
On Behalf Of [redacted]
Sent: Thursday, August 16, 2012 10:38 AM
To: Lee, Timothy
Subject: Voice Mail from [redacted] (1 minute and 39 seconds)

Voice Mail Preview isn't available for this message.
The message is too long.
You received a voice mail from [redacted]
Caller-Id:
[redacted]

FW: A Scorecard For This Summer’s Bank Scandals

Item ID:	24808
From:	DiSanto, Emilia [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Parker, Richard [redacted], Stephens, Michael [redacted]
Cc:	DiSanto, Emilia [redacted]
Subject:	FW: A Scorecard For This Summer’s Bank Scandals
Sent:	August 21, 2012 7:49 PM
Received:	August 21, 2012 7:50 PM

ProPublica DIGEST NO LEAD E-Mail Template

ProPublica DIGEST NO LEAD E-Mail Template See the first articleâ€¦libor is discussed among other things From: ProPublica [mailto:donotreply@lists.propublica.net] Sent: Tuesday, August 21, 2012 5:05 PM To: [redacted] Subject: A Scorecard For This Summerâ€™s Bank Scandals Tuesday, August 21, 2012 A Scorecard For This Summer's Bank Scandals by Cora Currier and Lena Groeger | @coracurrier and @lenagroeger | Libor, credit card overcharges, money-laundering - it can be hard to keep track of it all. So we've laid out the details on some of the most notable bank scandals of the summer. Missouri Congressman's Disavowed Remarks Torment Republicans by Suevon Lee | @suevlee | Todd Akin clings to Senate nomination, as his party scrambles to limit damage. More coverage: Campaign 2012 Ask Kim Barker Anything About Campaign Finance (a Reddit Chat) by Amanda Zamora | @amzam | ProPublica reporter Kim Barker will be your guide to all things campaign finance this Thursday on Reddit from 11 a.m. to 5 p.m. ET. #MuckReads Reader-recommended collection of watchdog reporting elsewhere. Submit stories via Twitter using the hashtag #MuckReads or e-mail muckreads@propublica.org . Pyramid Insurance Harper's Magazine Congress Pushes for Weapons Pentagon Didn't Want Dayton Daily News Official Says Plant Workers 'In Dangerous Territory' The Indianapolis Star See all of today's #MuckReads Forward to a Friend Get More ProPublica Facebook Twitter Podcast YouTube Tumblr iPhone app RSS You received this e-mail because you subscribe to ProPublicaâ€™s daily newsletter. Update Profile . Unsubscribe . Was this email forwarded from a friend? Subscribe . ProPublica, One Exchange Plaza, 55 Broadway, 23rd floor New York, NY, 10006,

RE: Additional data request: derivatives white paper

Item ID: 24691
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: [redacted] Wu, Simon [redacted]>, Rhinesmith, Alan [redacted] , [redacted]
Subject: RE: Additional data request: derivatives white paper
Sent: August 24, 2012 1:40 PM
Received: August 24, 2012 1:40 PM

Hello .
Attached is a
document in response to your request on August 10 th, 2012.
While we have
attempted to be responsive to your request,
we may not have anticipated all the areas that you believe
your request address ed . I f this is the case,
please contact me
with any additional questions .
Thank
you, [redacted]
[redacted]
Fannie Mae - Regulatory
Affairs
[redacted]
Direct: [redacted]
This e-mail
and its attachments are confidential and solely for the intended addressee(s).
Do not share or use them without Fannie Maeâ€™s approval. If received in error,
delete them and contact the
sender.
From: Lee, Timothy
[mailto:Timothy.Lee@fhfaoig.gov] Sent: Friday, August 10, 2012 8:24
AM To: [redacted] Cc: Wu, Simon; [redacted];
Rhinesmith, Alan Subject: Additional data request: derivatives white
paper
Hi [redacted],
Following up on yesterdayâ€™s conversation, we would like
portfolio valuation data centering on a rapid change in LIBOR, and showing how
the derivatives Fannie Mae had in place alongside its mortgage assets
contributed a relatively stable overall valuation. The data would help to
clarify how derivatives work for the Enterprises as risk management tools.
I mentioned the major (30 bp or so) spike in LIBOR on 24 or 25 Sep 2008, but am
not wedded to that particular date.
Also, here is the referenced Economist
article . The paragraph underneath the header â€œclean in principleâ€
contains the figure I referenced. Happy to hear from you if you need
anything else.
Best,

Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
(202) 730-2821

Attachment #1

port-TIME.SERIES.pdf

Original view

28 pages (displayed on pages 4 to 31)

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE
[redacted]								

(b) (4)

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE
[redacted]								

(b) (4)

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

(b) (4)

[redacted]

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

Level 1	Asset		Debt		Derivatives			Net
Portfolio Date	UPB	5YE	UPB	5YE	UPB	5YE		5YE

RE: LIBOR`

Item ID:	24910
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: LIBOR`
Sent:	August 27, 2012 8:33 AM
Received:	August 27, 2012 8:33 AM

Lets plan on doing that tomorrow. I am off today. Hope you had a nice vacation
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
8/27/2012 8:32 AM
To:
[redacted]
Subject:
LIBOR`
Hi [redacted]
Just back in from leave. Let me know if we should catch up about your G-man friend.
Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

RE: Weekly Assignments

Item ID:	24914
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Weekly Assignments
Sent:	August 27, 2012 9:22 AM
Received:	August 27, 2012 9:22 AM

Thanks, Tim. From: Lee, Timothy Sent: Monday, August 27, 2012 9:21 AM To: [redacted] Subject: RE: [redacted] LIBOR 20% Derivatives white paper 20% Counterparty 20% SAR 40% From: [redacted] Sent: Monday, August 27, 2012 9:20 AM To: [redacted]; Lee, Timothy; Rhinesmith, Alan; Wu, Simon Subject: Weekly Assignments Hi all, If possible, could you please send me your assignments for this week before 10:00 AM? Thanks, [redacted] [redacted] Office of Inspector General Federal Housing Finance Agency [redacted]

LIbor info from Freddie

Item ID:	25061
From:	Wu, Simon [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	LIbor info from Freddie
Sent:	August 29, 2012 5:11 PM
Received:	August 29, 2012 5:11 PM

Here are some Libor information from 9/08 which you've requested…see the bottom half. Simon Z. Wu, Ph.D. Chief Economist Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 Voice: [redacted] Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error: permanently delete the e-mail and any attachments, and do not save, copy, disclose, or rely on any part of the information contained in this e-mail or its attachments. Please call the OIG at 202-730-4949 if you have any questions or are not an intended recipient of this email.

Attachment #1

Confidential - MWAN-8XMMBG04_Attach C_ Rate Shock_Freddie Mac.xls

Original view

2 pages (displayed on pages 3 to 4)

(b) (4)

(b) (4)

[redacted]

Accepted: LIBOR

Item ID:	25107
Sent:	August 30, 2012 5:10 PM
Received:	August 30, 2012 5:10 PM
Type:	Calendar Entry

RE: Weekly Assignments DUE

Item ID:	25112
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	[redacted]
Sent:	August 31, 2012 9:17 AM
Received:	August 31, 2012 9:17 AM

Are you working the holiday? From: Lee, Timothy Sent: Friday, August 31, 2012 8:48 AM To: [redacted] Subject: RE: Weekly Assignments DUE SAR 25% Derivatives white paper 25% Sampling study 25% LIBOR 25% From: [redacted] Sent: Friday, August 31, 2012 8:19 AM To: [redacted]; [redacted]; Lee, Timothy; [redacted]; Parker, Richard; Phillips, Wesley; Rhinesmith, Alan; Wu, Simon Subject: Weekly Assignments DUE Please turn in your weekly assignments today. [redacted] Federal Housing Finance Agency | Office of the Inspector General Desk [redacted] | Main 202.725.0881 | Cell [redacted] Fax 202.318.8619 [redacted] Notary Public for the District of Columbia

RE: Weekly Assignments DUE

Item ID:	25113
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Weekly Assignments DUE
Sent:	August 31, 2012 9:19 AM
Received:	August 31, 2012 9:19 AM

[redacted] Rich will enjoy the weekend!! Have a GREAT weekend yourself!! [redacted] From: Lee, Timothy Sent: Friday, August 31, 2012 9:18 AM To: [redacted] Subject: RE: Weekly Assignments DUE Absolutely not. And please remind Rich [redacted]. From: [redacted] Sent: Friday, August 31, 2012 9:17 AM To: Lee, Timothy Subject: RE: Weekly Assignments DUE Are you working the holiday? From: Lee, Timothy Sent: Friday, August 31, 2012 8:48 AM To: [redacted] Subject: RE: Weekly Assignments DUE SAR 25% Derivatives white paper 25% Sampling study 25% LIBOR 25% From: Jernigan, Tina Sent: Friday, August 31, 2012 8:19 AM To: [redacted]; Lee, Timothy; [redacted]; Parker, Richard; Phillips, Wesley; Rhinesmith, Alan; Wu, Simon Subject: Weekly Assignments DUE Please turn in your weekly assignments today. [redacted] Federal Housing Finance Agency | Office of the Inspector General Desk [redacted] | Main 202.725.0881 | Cell [redacted] Fax 202.318.8619 [redacted] Notary Public for the District of Columbia

RE: Tim's laundry list

Item ID: 25194
From: Parker, Richard [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Tim's laundry list
Sent: September 4, 2012 1:20 PM
Received: September 4, 2012 1:20 PM

Skipper,
what is the OIG's role in the meeting on Thursday?
Rich
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
9/4/2012 1:16 PM
To:
Parker, Richard
Subject:
Tim's laundry list
Hi Old Salt,
I return from Labor Day to find quite a bit on my plate. I will try to itemize them individually for you.
Â·
Semiannual Report Itâ€™s that time of the year again. The first draft is due in our office on Monday, and I am likely to spend a healthy portion of this week zeroed in on getting that polished up. Items on the to-do list include:
o
Incorporating an initial draft of the tutorial, which Wes is running, into the SAR
o
The Message from the IG and Executive Summary, for which David is responsible, remains for the most part in an early-draft form
Â·
Derivatives White Paper After our meeting a couple of weeks ago, Wes and I sat down to discuss how to proceed. He has produced an outline with the goal of providing clear, explicit guidance on how to structure the paper from its current magazine article/research report/textbook style to MILSPEC standard. After reviewing, I plan to rearrange the paper to conform; this is readily feasible but will take some time to do. For now, I plan to take this up in earnest just after I get the
SAR draft into the best possible shape for Monday.
Â·
Fee Misapplication You will be receiving a draft request to the loan servicers shortly for review. I request that you make review of this a priority, as it is essential to the progress of this project. Our goal is to release this
to the servicers by weekâ€™s end. There may be a reaction on their part to this request; I am happy to discuss that further with you and/or George in person when you like.
Â·
LIBOR As you know, I have a meeting set up with the Agency folks on Thursday [redacted]. For proper context, you should know that the request has gotten senior-level FHFA attention; it had to be rescheduled [redacted] that
Jon Greenlee and Stephen Cross could attend. [redacted]. When you like, I am happy to discuss a bit more of this with you in person. The

short conclusion is that, [redacted].

Â·

Counterparty Risk Iâ€™ve shared an initial set of notes with David Bloch on the proposed counterparty topic, which remains a matter of continuing public interest for a number of reasons, which include, appropriately enough, the prospect of bank liability for the LIBOR scandal. David has pulled in a couple of OE colleagues, and we have begun to consider how to structure the document and the due diligence process. A meeting is scheduled for 1400 tomorrow.

Those are the major items before me at the moment. I have an appointment on Friday afternoon, but plan to stay a bit later a couple nights this week to even up the hours.

Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

RE: Tim's laundry list

Item ID:	25195
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Tim's laundry list
Sent:	September 4, 2012 1:34 PM
Received:	September 4, 2012 1:34 PM

[redacted]?

Sent from my Windows Phone

From:

Lee, Timothy

Sent:

9/4/2012 1:31 PM

To:

Parker, Richard

Subject:

RE: Tim's laundry list

As I see it (and plan to run the meeting), the OIG role is as follows:

Â·

[redacted];

Â·

[redacted]

Â·

[redacted]

In [redacted]s absence, Paul Conlon will accompany me.

From: Parker, Richard

Sent: Tuesday, September 04, 2012 1:21 PM

To: Lee, Timothy

Subject: RE: Tim's laundry list

Skipper,

what is the OIG's role in the meeting on Thursday?

Rich

Sent from my Windows Phone

From:

Lee, Timothy

Sent:

9/4/2012 1:16 PM

To:

Parker, Richard

Subject:

Tim's laundry list

Hi Old Salt,

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o

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Â·

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Â·

LIBOR As you know, I have a meeting set up with the Agency folks on Thursday [redacted] (b) (5). For proper context, you should know that the request has gotten senior-level FHFA attention; it had to be rescheduled so that Jon Greenlee
and Stephen Cross could attend. [redacted] (b) (5). When you like, I am happy to discuss a bit more of this with you in person. The short conclusion
is that, [redacted] (b) (5).

Â·

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Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

Re: LIBOR and the GSEs

Item ID:	25389
From:	Millman, Phillip <Phillip.Millman@fhfa.gov>
To:	Timothy Lee <Timothy.Lee@fhfaoig.gov>
Subject:	Re: LIBOR and the GSEs
Sent:	September 7, 2012 9:12 AM
Received:	September 7, 2012 9:12 AM

Secure Email by Voltage Security
Out sick today. Can we chat on Monday?
From : Timothy Lee
Sent : Friday, September 07, 2012 09:09 AM To : Millman, Phillip; Singh, Manoj
Subject : FW: LIBOR and the GSEs

-----BEGIN VOLTAGE SECURE BLOCK V3-----
MIIa9gYJKoZIhvcNAQcDoIIa5zCCGuMCAQAxggJ6MIIBOQIBADCBvDCBtjGBszCB
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-----END VOLTAGE SECURE BLOCK V3-----

RE: Friendly reminder of weekly assignments

Item ID:	25393
From:	[redacted] (b) (6)
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	[redacted] Non Responsive
Sent:	September 7, 2012 9:29 AM
Received:	September 7, 2012 9:29 AM

Too funny!!! I'll remember that in the future!! J From: Lee, Timothy Sent: Friday, September 07, 2012 9:17 AM To: [redacted] (b) (6) Subject: RE: Friendly reminder of weekly assignments Thanks. I would have hated to get the hostile reminder. SAR 30% Derivatives white paper 40% Counterparty 10% Fee misapplication sampling 10% LIBOR 10% From: [redacted] (b) (6) Sent: Friday, September 07, 2012 9:15 AM To: [redacted] (b) (6); Lee, Timothy; Wu, Simon Subject: Friendly reminder of weekly assignments [redacted] (b) (6) Federal Housing Finance Agency | Office of the Inspector General Desk [redacted] (b) (6) | Main 202.725.0881 | Cell [redacted] (b) (6) Fax 202.318.8619 [redacted] (b) (6) Notary Public for the District of Columbia

RE: Next up...RBS

Item ID:	25478
From:	Millman, Phillip <Phillip.Millman@fhfa.gov>
To:	Timothy Lee <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Next up...RBS
Sent:	September 10, 2012 8:07 AM
Received:	September 10, 2012 8:07 AM

Let me know when you are around and we'll grab a cup of coffee. From: Timothy Lee Sent: Saturday, September 08, 2012 11:32 AM To: Millman, Phillip Subject: Next up...RBS http://www.nytimes.com/reuters/2012/09/08/business/08reuters-rbs-libor.html?_r=1&hp Hi Phillip, Do you happen to know anyone at the Fed who would be amenable to a conversation? Would [redacted] (b) (6), perhaps? Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: Next up...RBS

Item ID: 25522
From: Millman, Phillip <Phillip.Millman@fhfa.gov>
To: Timothy Lee <Timothy.Lee@fhfaoig.gov>
Subject: RE: Next up...RBS
Sent: September 10, 2012 9:55 AM
Received: September 10, 2012 9:55 AM

Let's meet for lunch in the cafeteria. 12:15 work? P From: Timothy Lee Sent: Monday, September 10, 2012 9:50 AM To: Millman, Phillip Subject: RE: Next up...RBS I am in the office today. Brought my lunch with me, though if you want to go offsite, we can do that too. From: Millman, Phillip [mailto:Phillip.Millman@fhfa.gov] Sent: Monday, September 10, 2012 8:07 AM To: Lee, Timothy Subject: RE: Next up...RBS Let me know when you are around and we'll grab a cup of coffee. From: Timothy Lee Sent: Saturday, September 08, 2012 11:32 AM To: Millman, Phillip Subject: Next up...RBS http://www.nytimes.com/reuters/2012/09/08/business/08reuters-rbs-libor.html?_r=1&hp Hi Phillip, Do you happen to know anyone at the Fed who would be amenable to a conversation? Would [redacted] (b) (6), perhaps? Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821 Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

WashPost: Trickle of Libor lawsuits from rate-fixing scandal likely to become deluge

Item ID:	25578
From:	noreply@washingtonpost.com
To:	timothy.lee@fhfaoig.gov
Subject:	WashPost: Trickle of Libor lawsuits from rate-fixing scandal likely to become deluge
Sent:	September 10, 2012 2:08 PM
Received:	September 10, 2012 2:08 PM

Trickle of Libor lawsuits from rate-fixing scandal likely to become deluge
Trickle of Libor lawsuits from rate-fixing scandal likely to become deluge
E-mail
This page was sent to you by:
timothy.lee@fhfaoig.gov
Message from sender:
Trickle of Libor lawsuits from rate-fixing scandal likely to become deluge
By Danielle Douglas
Lawsuits are mounting against some of the world’s biggest banks over the ma-nipu-la-tion of the global interest rate known as Libor as smaller lenders, municipalities and investors take stock of losses tied to the widening scandal.

Real Estate Update: Duplex Penthouse in Hong Kong

Item ID:	25631
From:	WSJ.com Editors <access@interactive.wsj.com>
To:	timothy.lee@fhfa.gov
Subject:	Real Estate Update: Duplex Penthouse in Hong Kong
Sent:	September 11, 2012 11:00 AM
Received:	September 11, 2012 11:00 AM

WSJ.com - Real Estate Mail HTML
WSJ.com - Real Estate Mail HTML
Online Journal E-Mail Center
September 11, 2012 -- 11:00 a.m. EDT
New! Join WSJ Real Estate on Facebook Keep up to date with the latest real-estate news, analysis and advice from the Wall Street Journal.
Duplex Penthouse in Hong Kong This two-story home in Hong Kong has a two kitchens for Western-style and Chinese cooking, and a master bedroom that takes up an entire floor. * * * Regulator Vows Rules to Fix Mortgage Markets Fannie Mae and Freddie Mac said Monday the mortgage giants would address a big controversy of the housing bust: who gets stuck with bad loans. * * * Housing on Mend, but Full Recovery Is Far Off Home prices during the first half of 2012 posted their strongest gains in six years, but a full-on recovery looks a ways off. * * * Homes and Cars Point the Way for U.S. The U.S. economy has been rather dreary this year, but automobile sales and the housing market have been two brighter spots. * * * When Big Projects Stall Construction crews are putting the finishing touches on the country's most expensive professional sports arena, but the surrounding Brooklyn neighborhood is still waiting for promised benefits.
• Video: Big Real-Estate Projects Face Hurdles
* * * Why the Candidates Aren't Talking About Housing Housing’s absence from the presidential campaign has led to lots of head-scratching among pundits, though there is an obvious explanation for why it has taken a back seat: housing is a political loser. * * * The New New-Home Market The market for newly built homes is heating up, and steep bargains are vanishing fast. Here's how to get a good deal. * * * Mixing Young Kids With a Collection An NFL Network host and his wife mix African art with the raising of two boys in Beverly Hills.
• Photos: Marrying Young Kids With a Collection
• Video: NFL Anchor Touches Down in Beverly Hills
* * * Manhattan Apartment on Central Park Lists for $44 Million A Manhattan apartment lists for $44 million; Paramount's Brad Grey relists a Los Angeles property for nearly $20 million; a British Columbia ranch co-owned by Tom Brokaw asks $1.8 million.
• Photos; Private Properties
• Video: $44 Million New York Apartment
* * * Historic Estate, Huge Price Tag The Silicon Valley estate of Elizabeth Dresser Flood, whose husband was the grandson of Comstock legend James Clair Flood, goes on the market asking $85 million.
• Photos: Historic Silicon Valley Estate Hits the Market for $85 Million
Follow WSJ on Facebook and Twitter .
Real Estate Videos Malls Struggle From Demise of Borders The collapse of Borders Group is not just bad news for bookworms, it is also an... See All Real Estate Videos Available to WSJ.com Subscribers Before Scandal, Clash Over Control of Libor In a 2008 meeting with Bank of England officials, the head of the British... Strike Spotlights Teacher Evaluation, Pay The Chicago teacher strike casts an election-season spotlight on a growing... New iPhone: Cash Cow for Carriers? Apple's expected release of a new iPhone sets up a critical test of wireless... Treasury Sells Big Chunk of AIG Stock The Treasury Department sold a massive chunk of American International Group Inc. stock on Monday, ending the government's majority ownership of a company that in 2008 nearly toppled the financial system. REAL ESTATE TOOLS Search Global Listings Advertise Your Property
TODAY'S MOST EMAILED 1. How Not to Blow It With Financial Aid 2. Opting Out of the 'Rug Rat Race' 3. Opinion:

Charles G. Koch: Corporate Cronyism Harms America 4. Study: Letting Babies Cry a Bit Is OK 5. Sun Peeks Through in Solar
MORE

RE: Fee misapplication sampling

Item ID:	25666
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Fee misapplication sampling
Sent:	September 11, 2012 4:34 PM
Received:	September 11, 2012 4:34 PM

No. but that's my project for tomorrow. Along with sexual harassment training. I'll keep it on the radar, skip. From: Lee, Timothy Sent: Tuesday, September 11, 2012 4:32 PM To: [redacted] Subject: Fee misapplication sampling Hi [redacted] Have you had a chance to look at the original contractor work plan? I'm buried under LIBOR and the SAR at the moment, but wanted to make certain our project doesn't fall off the radar. If you are buried too and we need to split up the work, let's find time to talk. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

FW: Daily Market Indicators, September 14, 2012

Item ID:	25783
From:	Parker, Richard [redacted]
To:	Phillips, Wesley [redacted], Wu, Simon [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Rhinesmith, Alan [redacted]
Cc:	Seide, David [redacted], [redacted]
Subject:	FW: Daily Market Indicators, September 14, 2012
Sent:	September 14, 2012 8:48 AM
Received:	September 14, 2012 8:48 AM

FYI – R From: Alex, Peter [mailto:Peter.Alex@fhfa.gov] Sent: Friday, September 14, 2012 6:58 AM To: !FHFA Executives; !OPAR; !Division of Enterprise Regulation; !OCA Subject: Daily Market Indicators, September 14, 2012 Equity Indices The S&P Financials index led the market yesterday, rising over 2 ½ percent while the broader S&P 500 index rose almost 1 ¾ percent and the Dow Jones Industrial Average rose over 1 ½ percent. In foreign markets, the German DAX fell almost ½ of a percent and London's FTSE rose almost ¾ of a percent. Debt Yields Yields fell yesterday for the 3-, 6- and 12-month LIBOR. Yields fell for all other tracked debt instruments (Treasuries, interest rate swaps and Enterprise senior debt of all tracked maturities as well as Enterprise subordinated debt and current coupon MBS for both Enterprises and Ginnie Mae). Debt Spreads Enterprise senior debt spreads to Treasuries were unchanged for Fannie Mae's 2-year maturity, moved favorably for Freddie Mac's 2-year and both Enterprises' 10-year maturities and moved adversely for both Enterprises' 5-year maturities. Enterprise senior debt spreads to interest rate swaps moved adversely for both Enterprises across all tracked maturities with the exception of Freddie Mac's 10-year swaps spreads, which moved favorably. Enterprise subordinated debt spreads to both senior debt and Treasuries widened for both Enterprises. Spreads between current coupon MBS and the 7-year Treasury narrowed for both Enterprises and Ginnie Mae. Note: Enterprise senior debt spreads to both Treasuries and interest rate swaps can be either positive or negative and the signs of these spreads often change. A narrowing or widening spread that is negative has a different meaning than a narrowing or widening spread that is positive. Consequently, this write-up eschews talk of narrowing or widening senior debt spreads and instead refers to senior debt spreads moving either favorably or adversely. We say that spreads which become less positive (or more negative) are moving favorably because it reflects a market opinion that the Enterprise in question has become less risky. Similarly, we say that spreads which become more positive (or less negative) are moving adversely because it reflects a market opinion that the Enterprise in question has become more risky. Peter J. Alex Research Associate Office of Policy Analysis and Research Housing Finance Research and Analysis Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 peter.alex@fhfa.gov 202.649.3195 Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error: permanently delete the e-mail and any attachments, and do not save, copy, disclose, or rely on any part of the information contained in this e-mail or its attachments. Please call 202-649-3800 if you have questions.

Attachment #1

Daily Market Indicators 14 September 2012.pdf

Original view

3 pages (displayed on pages 3 to 5)

Daily Market Indicators Update

	Latest Value	Previous Day	Previous Week	Previous Year	Percent Change Previous Day	Percent Change Previous Week	Percent Change Previous Year
	9/13/2012	9/12/2012	9/6/2012	9/15/2011	9/12/2012	9/6/2012	9/15/2011
Stock:							
Fannie Mae Share Price Close	0.27	0.25	0.25	0.27	7.77%	10.12%	0.37%
Freddie Mac Share Price Close	0.26	0.24	0.23	0.29	7.14%	9.44%	-12.37%
Fannie Mae Volume	9,528,112	3,647,850	1,249,620	2,223,197	161.20%	662.48%	328.58%
Freddie Mac Volume	3,959,486	1,490,749	1,099,362	937,315	165.60%	260.16%	322.43%
S&P 500 Close	1,460	1,437	1,432	1,209	1.63%	1.95%	20.75%
S&P Financials Close	217	212	209	174	2.58%	4.07%	24.95%
Dow Jones Close	13,540	13,333	13,292	11,433	1.55%	1.86%	18.43%
DAX Close	7,310	7,344	7,167	5,508	-0.45%	2.00%	32.72%
FTSE 100 Close	5,820	5,782	5,777	5,338	0.65%	0.74%	9.04%
Interest Rates:	(%)	(%)	(%)	(%)			
3-Month LIBOR	0.39	0.39	0.41	0.35	-1.40%	-4.80%	11.00%
6-Month LIBOR	0.68	0.68	0.70	0.52	-0.59%	-2.69%	30.08%
12-Month LIBOR	1.00	1.01	1.02	0.84	-0.40%	-2.00%	20.17%
2 Year Interest Rate Swap*	0.37	0.40	0.43	0.51	-6.03%	-12.00%	-26.67%
2 Year Treasury (CMT)	0.24	0.25	0.27	0.21	-4.00%	-11.11%	14.29%
5 Year Interest Rate Swap*	0.80	0.85	0.85	1.23	-6.23%	-6.23%	-35.10%
5 Year Treasury (CMT)	0.65	0.70	0.68	0.95	-7.14%	-4.41%	-31.58%
10 Year Interest Rate Swap*	1.79	1.85	1.78	2.26	-3.00%	0.56%	-20.78%
10 Year Treasury (CMT)	1.75	1.77	1.68	2.09	-1.13%	4.17%	-16.27%

***Fixed Leg, Average Quote**

	Latest Value	Previous Day	Previous Week	Previous Year	Previous Day	Previous Week	Previous Year
	9/13/2012	9/12/2012	9/6/2012	9/15/2011	9/12/2012	9/6/2012	9/15/2011
Enterprise Senior Debt:							
2-Year Yields	(%)	(%)	(%)	(%)			
Fannie Mae 2 Year Benchmark Note	0.30	0.31	0.32	0.36	**-3.27%**	**-8.36%**	**-16.62%**
Freddie Mac 2 Year Reference Note	0.30	0.31	0.33	0.29	**-4.52%**	**-9.76%**	**1.02%**
2-Year Spreads	(BPs)	(BPs)	(BPs)	(BPs)			
Fannie Mae Less Treasury (2yr)	5.60	5.60	5.30	14.50			
Freddie Mac Less Treasury (2yr)	5.60	6.00	5.80	8.30			
Fannie Mae Less Swap (2yr)	-0.08	-0.09	-0.10	-0.16			
Freddie Mac Less Swap (2yr)	-0.08	-0.09	-0.10	-0.22			
Fannie Mae Less Freddie Mac (2yr)	0.00	-0.40	-0.50	6.20	-100.00%	-100.00%	-100.00%
5-Year Yields	(%)	(%)	(%)	(%)			
Fannie Mae 5 Year Benchmark Note	0.67	0.72	0.72	1.23	**-6.82%**	**-6.82%**	**-45.70%**
Freddie Mac 5 Year Reference Note	0.83	0.88	0.87	1.20	**-5.47%**	**-5.15%**	**-31.15%**
5-Year Spreads	(BPs)	(BPs)	(BPs)	(BPs)			
Fannie Mae Less Treasury (5yr)	1.90	1.80	3.80	28.20			
Freddie Mac Less Treasury (5yr)	17.90	17.70	19.40	25.40			
Fannie Mae Less Swap (5yr)	-0.13	-0.13	-0.13	0.00			
Freddie Mac Less Swap (5yr)	0.03	0.03	0.02	-0.03			
Fannie Mae Less Freddie Mac (5yr)	-16.00	-15.90	-15.60	2.80	0.63%	2.56%	-671.43%
10-Year Yields	(%)	(%)	(%)	(%)			
Fannie Mae 10 Year Benchmark Note	0.80	0.85	0.84	1.51	**-5.75%**	**-4.86%**	**-46.64%**
Freddie Mac 10 Year Reference Note	1.92	1.98	1.90	1.94	**-3.03%**	**1.05%**	**-1.03%**
10-Year Spreads	(BPs)	(BPs)	(BPs)	(BPs)			
Fannie Mae Less Treasury (10yr)	-94.70	-91.80	-83.60	-58.50			
Freddie Mac Less Treasury (10yr)	16.90	20.90	21.90	-15.10			
Fannie Mae Less Swap (10 yr)	-0.99	-1.00	-0.94	-0.76			
Freddie Mac Less Swap (10 yr)	0.13	0.13	0.12	-0.33			
Fannie Mae Less Freddie Mac (10 yr)	-111.60	-112.70	-105.50	-43.40	-0.98%	5.78%	157.14%

	Latest Value	Previous Day	Previous Week	Previous Year	Previous Day	Previous Week	Previous Year
	9/13/2012	9/12/2012	9/6/2012	9/15/2011	9/12/2012	9/6/2012	9/15/2011
Enterprise Subordinated Debt:							
Yields	(%)	(%)	(%)	(%)			
Fannie Mae 8/01/2012 Yield	0.30	0.34	0.36	0.82	-11.11%	-14.37%	-62.88%
Freddie Mac 6/27/2016 Yield	1.34	1.35	1.24	2.52	-0.96%	7.56%	-46.97%
Spreads	(BPs)	(BPs)	(BPs)	(BPs)			
Fannie Mae 8/01/2012 Spread to Senior	-38.40	-38.50	-36.60	-56.40			
Freddie Mac 6/27/2016 Spread to Senior	77.60	76.90	65.20	135.40			
Fannie Mae 8/01/2012 Spread to Treasury	-39.80	-40.10	-36.60	-43.70			
Freddie Mac 6/27/2016 Spread to Treasury	63.60	60.80	52.30	126.70			
Agency MBS:							
Yields	(%)	(%)	(%)	(%)			
Fannie Mae Current Coupon	2.12	2.36	2.38	3.29	-10.34%	-11.20%	-35.70%
Freddie Mac Current Coupon	2.22	2.45	2.48	3.34	-9.58%	-10.56%	-33.65%
Ginnie Mae Current Coupon	2.05	2.26	2.34	2.90	-9.33%	-12.31%	-29.30%
Spreads to Treasury*	(BPs)	(BPs)	(BPs)	(BPs)			
Fannie Mae Current Coupon	99.60	119.00	126.30	178.10			
Freddie Mac Current Coupon	109.80	128.30	136.00	183.30			
Ginnie Mae Current Coupon	93.10	109.20	121.90	139.10			

***Beginning 8/2/2010, Spreads to Treasury will be based on the 7-year note.**

RE: Daily Market Indicators, September 14, 2012

Item ID:	25803
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Daily Market Indicators, September 14, 2012
Sent:	September 14, 2012 9:27 AM
Received:	September 14, 2012 9:27 AM

No. Can you arrange that for the OPOR crew?
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
9/14/2012 9:23 AM
To:
Parker, Richard
Subject:
RE: Daily Market Indicators, September 14, 2012
A bit redundant given [redacted]€™ updates, if you ask me. Do you get [redacted]
From: Parker, Richard
Sent: Friday, September 14, 2012 8:49 AM
To: Phillips, Wesley; Wu, Simon; Lee, Timothy; Rhinesmith, Alan; [redacted]
Cc: Seide, David; [redacted]
Subject: FW: Daily Market Indicators, September 14, 2012
FYI â€“ R
From: Alex, Peter
[mailto:Peter.Alex@fhfa.gov]
Sent: Friday, September 14, 2012 6:58 AM
To: !FHFA Executives; !OPAR; !Division of Enterprise Regulation; !OCA
Subject: Daily Market Indicators, September 14, 2012
Equity Indices
The S&P Financials index led the market yesterday, rising over 2 Â½ percent while the broader S&P 500 index rose almost 1 Â¾ percent and the Dow Jones Industrial
Average rose over 1 Â½ percent. In foreign markets, the German DAX fell almost Â½ of a percent and Londonâ€™s FTSE rose almost Â¾ of a percent.
Debt Yields
Yields fell yesterday for the 3-, 6- and 12-month LIBOR. Yields fell for all other tracked debt instruments (Treasuries, interest rate swaps and Enterprise
senior debt of all tracked maturities as well as Enterprise subordinated debt and current coupon MBS for both Enterprises and Ginnie Mae).
Debt Spreads
Enterprise senior debt spreads to Treasuries were unchanged for Fannie Maeâ€™s 2-year maturity, moved favorably for Freddie Macâ€™s 2-year and both Enterprisesâ€™
10-year maturities and moved adversely for both Enterprisesâ€™ 5-year maturities. Enterprise senior debt spreads to interest rate swaps moved adversely for both Enterprises across all tracked maturities with the exception of Freddie Macâ€™s 10-year swaps spreads,
which moved favorably. Enterprise subordinated debt spreads to both senior debt and Treasuries widened for both Enterprises. Spreads between current coupon MBS and the 7-year Treasury narrowed for both Enterprises and Ginnie Mae.

Note: Enterprise senior debt spreads to both Treasuries and interest rate swaps can be either positive or negative and the signs of these spreads often change.
A narrowing or widening spread that is negative has a different meaning than a narrowing or widening spread that is positive. Consequently, this write-up eschews talk of narrowing or widening senior debt spreads and instead refers to senior debt spreads moving
either favorably or adversely. We say that spreads which become less positive (or more negative) are moving favorably because it reflects a market opinion that the Enterprise in question has become less risky. Similarly, we say that spreads which become more
positive (or less negative) are moving adversely because it reflects a market opinion that the Enterprise in question has become more risky.

Peter J. Alex
Research Associate
Office of Policy Analysis and Research
Housing Finance Research and Analysis
Federal Housing Finance Agency
400 7 th Street, SW
Washington, DC 20024
peter.alex@fhfa.gov
(b) (6)

RE: Weekly assignment

Item ID:	25808
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Weekly assignment
Sent:	September 14, 2012 9:49 AM
Received:	September 14, 2012 9:49 AM

Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Friday, September 14, 2012 9:49 AM To: [redacted] Subject: Weekly assignment SAR 40% LIBOR 20% Derivatives white paper 20% Sampling 10% Counterparty 10% ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Attachment #1

image001.png

Image

(b) (6)
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: (b) (6)
Mobile:

RE: REMIC

Item ID:	26036
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: REMIC
Sent:	September 19, 2012 9:15 AM
Received:	September 19, 2012 9:15 AM

Thanks Tim. I'll try to get to it today. [redacted] From: Lee, Timothy Sent: Wednesday, September 19, 2012 9:14 AM To: [redacted] Cc: Parker, Richard Subject: REMIC Hi [redacted], Just skimmed it over and am settling in for a closer reading, but would love your take on the attached paper. First buybacks, then the PLMBS lawsuits, then LIBOR, and now perhaps this. A Wharton classmate of mine had been an Air Force pilot during the first Persian Gulf War. Once he described his feelings at cresting a ridge and seeing an entire Iraqi tank company arrayed on the hill below him, "like lobsters in tin pots. I felt pretty bad." Why? Because of what was about to happen to some of them? "No, honestly, that came later. In the moment, I felt bad because there were all these targets, and I only had half a dozen antitank missiles loaded out." ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: Blackrock

Item ID:	26051
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Blackrock
Sent:	September 19, 2012 11:36 AM
Received:	September 19, 2012 11:36 AM

Stand-by on the appointment with [redacted]. - R From: Lee, Timothy Sent: Wednesday, September 19, 2012 10:23 AM To: Parker, Richard Subject: RE: Blackrock To follow up, [redacted] at the New York State Attorney General's office is free to see me/us at 1630 on the 26 th . They are doing a lot of work on mortgage finance themselves, as you know, and the opportunity to trade notes and discover what civilians call "synergies" would be valuable as long as we are traveling to New York anyways. I have a few specific topics in mind which I can discuss if you like. From: Parker, Richard Sent: Tuesday, September 18, 2012 7:57 PM To: Lee, Timothy Subject: RE: Blackrock So . . . you want to go up on the nite of the 26 th ? Who/what is [redacted] in the LIBOR saga, or is he someone you are dealing with in your work with OI? From: Lee, Timothy Sent: Tuesday, September 18, 2012 7:54 PM To: Parker, Richard Subject: RE: Blackrock I will sign up the date. Likely will stay in NYC and meet you there; they are at 55 East 52 St. Let me see if we can swing by NYSAG too and say hi to [redacted]. Sent from my Windows Phone From: Parker, Richard Sent: 9/18/2012 19:47 To: Lee, Timothy Subject: RE: Blackrock That means a beaucoup early AmTrak, dude, but I'll go for it if you are. From: Lee, Timothy Sent: Tuesday, September 18, 2012 7:18 PM To: Parker, Richard Subject: Blackrock They want to set up for 0900 in NYC on the 27th. Is that OK for you? Sent from my Windows Phone

RE: REMIC

Item ID: 26080
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Choy, Angela [redacted]
Cc: [redacted]
Subject: RE: REMIC
Sent: September 19, 2012 3:30 PM
Received: September 19, 2012 3:30 PM

Hi Tim, I read the paper and it is very interesting. As you know, tax law is a very specialized area and tax decisions are fact-specific. Therefore courts could reach different results depending on the state and other factors. I do not know of any tax lawyers that we can speak with. [redacted] From: Lee, Timothy Sent: Wednesday, September 19, 2012 10:32 AM To: [redacted]; Choy, Angela Cc: [redacted] Subject: FW [redacted] Hi Angela and [redacted], When you have a moment, could you take a glance at this? The implications for our study seem obvious to me: with just a little more information, there could be substantial additional impact in our findings. All the tax lawyers I know are at the New York corporate firms; any ideas on how we could solicit commentary from tax talent? Tim From: Lee, Timothy Sent: Wednesday, September 19, 2012 9:13 AM To: [redacted] Cc: Parker, Richard Subject: REMIC Hi [redacted], Just skimmed it over and am settling in for a closer reading, but would love your take on the attached paper. First buybacks, then the PLMBS lawsuits, then LIBOR, and now perhaps this. A Wharton classmate of mine had been an Air Force pilot during the first Persian Gulf War. Once he described his feelings at cresting a ridge and seeing an entire Iraqi tank company arrayed on the hill below him, “like lobsters in tin pots. I felt pretty bad.” Why? Because of what was about to happen to some of them? “No, honestly, that came later. In the moment, I felt bad because there were all these targets, and I only had half a dozen antitank missiles loaded out.” ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

[redacted]

Item ID: 26083
From: Choy, Angela [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>, [redacted]
Cc: [redacted]
Subject: RE: REMIC
Sent: September 19, 2012 3:59 PM
Received: September 19, 2012 3:59 PM

We had an IRS detailee on Finance who's now on Senator Hatch's staff. Emilia and I both keep in touch with him. Happy to reach out to him. He may be able to direct us to other folks if this is not his area of expertise. Lol…Ferengi…at least you know what motivates their actions. From: Lee, Timothy Sent: Wednesday, September 19, 2012 3:56 PM To [redacted] Cc: Choy, Angela; [redacted] Subject: RE: REMIC Hi [redacted], This "smells" right to me: in CLO land we typically use Cayman Islands SPVs for what I believe is the same purpose: to wit, not being deemed "engaged in US trade or business" under Section 864 of the tax code. Tax counsel for my deals was always very sensitive about meeting the standards set forth, so I can only imagine that the requirements needed to qualify for the (presumed) REMIC carveout would be equally stringent. I think that collecting a bit of additional data on when the relevant requirements in the indenture/PSA may produce some interesting additional findings, and the extra effort is marginal in our context. Do you agree? At the very least, I think we should bring this up to [redacted] when we reach out to her. Any tax lawyer I know will expect to be snapped up by the defenders if this story gains any traction, and I can't offer the prospect of future fees. (You laughed when I said that civilians see the world as a bunch of revenue streams, but believe me, it is true. Civilian life revolves mostly around money; it's like living among the Ferengi of Star Trek .) So let me give the matter a bit of thought. Assistance on this topic is heartily welcomed. Tim From: [redacted] Sent: Wednesday, September 19, 2012 3:30 PM To: Lee, Timothy; Choy, Angela Cc [redacted] Subject: RE: [redacted] Hi Tim, I read the paper and it is very interesting. As you know, tax law is a very specialized area and tax decisions are fact-specific. Therefore courts could reach different results depending on the state and other factors. I do not know of any tax lawyers that we can speak with. [redacted] From: Lee, Timothy Sent: Wednesday, September 19, 2012 10:32 AM To: [redacted]; Choy, Angela Cc: [redacted] Subject: FW: [redacted] Hi Angela and [redacted], When you have a moment, could you take a glance at this? The implications for our study seem obvious to me: with just a little more information, there could be substantial additional impact in our findings. All the tax lawyers I know are at the New York corporate firms; any ideas on how we could solicit commentary from tax talent? Tim From: Lee, Timothy Sent: Wednesday, September 19, 2012 9:13 AM To: [redacted] Cc: Parker, Richard Subject: REMIC Hi [redacted], Just skimmed it over and am settling in for a closer reading, but would love your take on the attached paper. First buybacks, then the PLMBS lawsuits, then LIBOR, and now perhaps this. A Wharton classmate of mine had been an Air Force pilot during the first Persian Gulf War. Once he described his feelings at cresting a ridge and seeing an entire Iraqi tank company arrayed on the hill below him, "like lobsters in tin pots. I felt pretty bad." Why? Because of what was about to happen to some of them? "No, honestly, that came later. In the moment, I felt bad because there were all these targets, and I only had half a dozen antitank missiles loaded out." ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

[redacted]

Item ID: 26084
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: Choy, Angela [redacted]
Subject: [redacted]
Sent: September 19, 2012 4:00 PM
Received: September 19, 2012 4:00 PM

Hi Tim, I agree that we should try to get the indenture/PSA as they contain a wealth of information. Additionally, I think we should ask [redacted] to discuss this. As a side note, I laughed because it is a true statement J [redacted] From: Lee, Timothy Sent: Wednesday, September 19, 2012 3:56 PM To: [redacted] Cc: Choy, Angela; [redacted] Subject: RE: REMIC Hi [redacted], This “smells” right to me: in CLO land we typically use Cayman Islands SPVs for what I believe is the same purpose: to wit, not being deemed “engaged in US trade or business” under Section 864 of the tax code. Tax counsel for my deals was always very sensitive about meeting the standards set forth, so I can only imagine that the requirements needed to qualify for the (presumed) REMIC carveout would be equally stringent. I think that collecting a bit of additional data on when the relevant requirements in the indenture/PSA may produce some interesting additional findings, and the extra effort is marginal in our context. Do you agree? At the very least, I think we should bring this up to [redacted] when we reach out to her. Any tax lawyer I know will expect to be snapped up by the defenders if this story gains any traction, and I can’t offer the prospect of future fees. (You laughed when I said that civilians see the world as a bunch of revenue streams, but believe me, it is true. Civilian life revolves mostly around money; it’s like living among the Ferengi of Star Trek .) So let me give the matter a bit of thought. Assistance on this topic is heartily welcomed. Tim From: [redacted] Sent: Wednesday, September 19, 2012 3:30 PM To: Lee, Timothy; Choy, Angela Cc: [redacted] Subject: RE: REMIC Hi Tim, I read the paper and it is very interesting. As you know, tax law is a very specialized area and tax decisions are fact-specific. Therefore courts could reach different results depending on the state and other factors. I do not know of any tax lawyers that we can speak with. [redacted] From: Lee, Timothy Sent: Wednesday, September 19, 2012 10:32 AM To [redacted]; Choy, Angela Cc: [redacted] Subject: FW: REMIC Hi Angela and [redacted] When you have a moment, could you take a glance at this? The implications for our study seem obvious to me: with just a little more information, there could be substantial additional impact in our findings. All the tax lawyers I know are at the New York corporate firms; any ideas on how we could solicit commentary from tax talent? Tim From: Lee, Timothy Sent: Wednesday, September 19, 2012 9:13 AM To: [redacted] Cc: Parker, Richard Subject: REMIC Hi [redacted], Just skimmed it over and am settling in for a closer reading, but would love your take on the attached paper. First buybacks, then the PLMBS lawsuits, then LIBOR, and now perhaps this. A Wharton classmate of mine had been an Air Force pilot during the first Persian Gulf War. Once he described his feelings at cresting a ridge and seeing an entire Iraqi tank company arrayed on the hill below him, “like lobsters in tin pots. I felt pretty bad.” Why? Because of what was about to happen to some of them? “No, honestly, that came later. In the moment, I felt bad because there were all these targets, and I only had half a dozen antitank missiles loaded out.” ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: REMIC

Item ID:	26099
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: REMIC
Sent:	September 19, 2012 5:28 PM
Received:	September 19, 2012 5:28 PM

I don't think we need tax counsel. The article is basically correct. This issue has been around for a few years now. The IRS has decided not to prosecute/pursue saying they don't use enforcement to pursue policy (whatever that means). From: Lee, Timothy Sent: Wednesday, September 19, 2012 9:17 AM To: [redacted] Subject: RE: REMIC Any tax counsel we could talk to? All the ones I know, perhaps unsurprisingly, are at the Manhattan law firms and probably not available to comment. From: [redacted] Sent: Wednesday, September 19, 2012 9:15 AM To: Lee, Timothy Subject: RE: REMIC Thanks Tim. I'll try to get to it today. [redacted] From: Lee, Timothy Sent: Wednesday, September 19, 2012 9:14 AM To: [redacted] Cc: Parker, Richard Subject: REMIC Hi [redacted], Just skimmed it over and am settling in for a closer reading, but would love your take on the attached paper. First buybacks, then the PLMBS lawsuits, then LIBOR, and now perhaps this. A Wharton classmate of mine had been an Air Force pilot during the first Persian Gulf War. Once he described his feelings at cresting a ridge and seeing an entire Iraqi tank company arrayed on the hill below him, "like lobsters in tin pots. I felt pretty bad." Why? Because of what was about to happen to some of them? "No, honestly, that came later. In the moment, I felt bad because there were all these targets, and I only had half a dozen antitank missiles loaded out." ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

[redacted]

Item ID:	26136
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Choy, Angela [redacted]
Cc:	[redacted]
Subject:	RE: REMIC
Sent:	September 20, 2012 11:45 AM
Received:	September 20, 2012 11:46 AM

Hi Tim, I have been researching the case discussed in the REMIC paper, In re Kemp. I found that the legal community has been more focused on the court's interpretation of the UCC's requirement to "possess" the note. The issue of "possession" under the UCC must first be addressed before there can be a determination that a trust has violated IRS REMIC requirements. I have attached one paper that discusses the court's decision in In re Kemp and the flaws in the court's reasoning as it relates to the UCC. The issue of possession has come up in several court cases involving securitized trusts. The courts seem to be grappling with the requirements of the UCC and the requirements of the PSAs. Courts' interpretation of the UCC's requirement to possess notes will ultimately impact the REMIC status. Please let me know your thoughts on possibly including this in your memo. Thanks, [redacted] From: Lee, Timothy Sent: Thursday, September 20, 2012 11:31 AM To: Choy, Angela; [redacted] Cc: [redacted] Subject: RE: REMIC Hi all, After a bit of thought, I drafted up a memo on the topic for our review. Comments are welcome. Tim From: Choy, Angela Sent: Wednesday, September 19, 2012 3:59 PM To: Lee, Timothy; [redacted] Cc: [redacted] Subject: RE: REMIC We had an IRS detailee on Finance who's now on Senator Hatch's staff. Emilia and I both keep in touch with him. Happy to reach out to him. He may be able to direct us to other folks if this is not his area of expertise. Lol…Ferengi…at least you know what motivates their actions. From: Lee, Timothy Sent: Wednesday, September 19, 2012 3:56 PM To: [redacted] Cc: Choy, Angela; [redacted] Subject: RE: REMIC Hi [redacted], This "smells" right to me: in CLO land we typically use Cayman Islands SPVs for what I believe is the same purpose: to wit, not being deemed "engaged in US trade or business" under Section 864 of the tax code. Tax counsel for my deals was always very sensitive about meeting the standards set forth, so I can only imagine that the requirements needed to qualify for the (presumed) REMIC carveout would be equally stringent. I think that collecting a bit of additional data on when the relevant requirements in the indenture/PSA may produce some interesting additional findings, and the extra effort is marginal in our context. Do you agree? At the very least, I think we should bring this up to [redacted] when we reach out to her. Any tax lawyer I know will expect to be snapped up by the defenders if this story gains any traction, and I can't offer the prospect of future fees. (You laughed when I said that civilians see the world as a bunch of revenue streams, but believe me, it is true. Civilian life revolves mostly around money; it's like living among the Ferengi of Star Trek .) So let me give the matter a bit of thought. Assistance on this topic is heartily welcomed. Tim From: [redacted] Sent: Wednesday, September 19, 2012 3:30 PM To: Lee, Timothy; Choy, Angela Cc: [redacted] Subject: RE: REMIC Hi Tim, I read the paper and it is very interesting. As you know, tax law is a very specialized area and tax decisions are fact-specific. Therefore courts could reach different results depending on the state and other factors. I do not know of any tax lawyers that we can speak with. Alexa From: Lee, Timothy Sent: Wednesday, September 19, 2012 10:32 AM To [redacted]; Choy, Angela Cc: [redacted] Subject: FW: REMIC Hi Angela and [redacted], When you have a moment, could you take a glance at this? The implications for our study seem obvious to me: with just a little more information, there could be substantial additional impact in our findings. All the tax lawyers I know are at the New York corporate firms; any ideas on how we could solicit commentary from tax talent? Tim From: Lee, Timothy Sent: Wednesday, September 19, 2012 9:13 AM To: [redacted] Cc: Parker, Richard Subject: REMIC Hi [redacted] Just skimmed it over and am settling in for a closer reading, but would love your take on the attached paper. First buybacks, then the PLMBS lawsuits, then LIBOR, and now perhaps this. A Wharton classmate of mine had been an Air Force pilot during the first Persian Gulf War. Once he described his feelings at cresting a ridge and seeing an entire Iraqi tank company arrayed on the hill below him, "like lobsters in tin pots. I felt pretty bad." Why? Because of what was about to happen to some of them? "No, honestly, that came later. In the moment, I felt bad because there were all these targets, and I only had half a dozen antitank missiles loaded out.” ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Attachment #1

KEMP v. COUNTRYWIDE_PROBLEM OF POSSESSION.pdf

Original view

6 pages (displayed on pages 4 to 9)

C

American Bankruptcy Institute Journal
April, 2011

Column

Lien on Me

***20** KEMP v. COUNTRYWIDE: PROBLEM OF POSSESSION

David A. Pisciotta [FNa1]

Oscar N. Pinkas [FNa1]

SNR Denton US LLP; New York

david.pisciotta@snrdenton.com

SNR Denton US LLP; New York

oscar.pinkas@snrdenton.com

On Nov. 16, 2010, the U.S. Bankruptcy Court for the District of New Jersey expunged a mortgagee's secured proof of claim--despite the fact that the debtor did not dispute executing the note and mortgage. [FN1] The court held that the claim was unenforceable under applicable law because the "underlying note ... was not properly [e]ndorsed to the transferee, and was never placed in the transferee's possession." [FN2]

While it is true that possession of a validly indorsed instrument generally entitles a party to enforce a note under the Uniform Commercial Code (UCC), ***Kemp*** appeared to impose a requirement that the "possession" required for a party to enforce a note under the UCC [FN3] is limited to actual, direct physical possession by the payee. [FN4] While much has already been written about the ability to challenge the enforceability of securitized mortgages, ***Kemp* 's** actual possession requirement, left unchallenged, would undermine the enforceability of properly transferred mortgages against mortgagors who become debtors in bankruptcy. Because it is standard practice for original notes and mortgages underlying securitized loans to be held on behalf of a trust by parties other than the trustee for the trust, a requirement that a payee have direct physical possession of the instrument has implications far beyond the facts of the proceeding underlying ***Kemp***.

Facts

On May 9, 2008, John T. Kemp (the debtor) filed a petition for relief under chapter 13. [FN5] On June 11, 2008, Countrywide Home Loans Inc., purportedly acting as servicer for the Bank of New York, as trustee of a securitization trust that owned the loan, filed a secured proof of claim on behalf of the trustee, listing the debtor's real property as collateral for a mortgage loan made to the debtor. [FN6] On Oct. 16, 2008, the debtor filed an adversary complaint against Countrywide seeking to expunge the proof of claim alleging that Bank of New York could not enforce the underlying obligation. [FN7]

The debtor did not dispute that he signed the original documents evidencing the mortgage loan. [FN8] The note, dated May 31, 2006, designated “Countrywide Home Loans Inc.” as the lender and was accompanied by an allonge of the same date, endorsed to the order of “Countrywide Home Loans Inc., d/b/a America's Wholesale Lender.” [FN9] The mortgagee designated Mortgage Electronic Registration Systems Inc. (MERS) as the mortgagee “solely as the nominee” for the lender and its successors and assigns. [FN10] The mortgage was recorded in the appropriate records office on July 13, 2006. [FN11]

Shortly after execution, the mortgage loan was pooled with other loans and deposited into a trust for which the Bank of New York was designated as trustee. [FN12] As part of the securitization transaction, the loans were sold into the trust. [FN13] On March 14, 2007, MERS assigned the mortgage to the Bank of New York as the trustee for the trust. [FN14]

The note and mortgage remained in possession of Countrywide, and the court found that the trustee never came into “physical possession” of the note, which was held fatal to its right to enforce the note or the mortgage. [FN15] In a footnote, the court addressed the defendant's argument that the trustee was in constructive possession of the note because the previous holder intended to transfer possession. [FN16] The court, without discussion, held that “[t]his proposition is not sustainable in light of the actual possession required under the ... UCC.” [FN17] The only authority cited by the court was § 1-201 of the UCC, which merely defined the term “holder” with reference to the term “possession.” [FN18]

UCC Permits Enforcement by One Who Constructively Possesses an Instrument

Section 3-301 of the UCC specified the persons entitled to enforce a negotiable instrument, which included “the holder of the instrument, [and] a nonholder in possession of the instrument who has the rights of a holder.” [FN19] In turn, to be the “holder” of an instrument, one must be in possession. [FN20] Thus, except for two limited exceptions, [FN21] a person must be in possession to enforce a negotiable promissory note.

Despite the essential role that the term “possession” plays, it is defined nowhere in the UCC. [FN22] However, there is nothing within the UCC that demonstrates hostility to the concept of constructive***99** possession. In fact, the comment to § 3-201, which defines “negotiation,” explicitly acknowledged that possession may be effected constructively through an agent. [FN23] Similarly, in Article 9, Comment 3 to § 9-313 explicitly equated possession by an agent with *actual* possession. [FN24]

Additionally, the UCC, by its very terms, incorporated “the principles of law and equity, including the law merchant,” unless contradicted by the UCC's specific provisions. [FN25] Thus, where the UCC is silent or ambiguous, other courts have looked beyond the text of the UCC to the common law of the applicable jurisdiction. [FN26] For example, in *Corporacion Venezolana de Fomento v. Vintero Sales*, the court interpreted the term “delivery,” which under the UCC is a voluntary transfer of possession. [FN27] Noting that the UCC did not specify whether delivery may be “actual” or “constructive,” the court held that the UCC's enactment did not displace prior New York law, which permitted constructive delivery. [FN28]

Accordingly, the court found that banks that held mere participating interests in negotiable promissory notes and never had physical possession of the notes were “holders” because the notes were held by a third party on behalf of the participants. [FN29] Similarly, in *Midfirst Bank v. C.W. Haynes & Co.*, one of the issues was whether the Government National Mortgage Association (GNMA) could be a holder of certain mortgage notes where the notes were in the physical possession of the servicer. [FN30]

Noting that the UCC does not specify whether possession may be constructive, the court referenced cases that "generally [held] that constructive possession exists when an authorized agent of the owner holds the note on behalf of the owner." [FN31] Accordingly, the court found that GNMA became a holder when the notes were transferred to a bank on its behalf and held for its benefit pursuant to a custodial agreement. [FN32] Furthermore, the court found no barrier to enforcement on GNMA's behalf where the notes were subsequently transferred to a servicer. [FN33]

Looking beyond the UCC would have provided ample support for the concept of constructive possession in New Jersey law. For example, the New Jersey Supreme Court stated that New Jersey law "recognizes [that] in addition to actual or possession in fact, there is constructive possession, which is possession implied in fact." [FN34] Thus, under New Jersey law--and in any jurisdiction that recognizes the concept of constructive possession--one can be in "possession" of an instrument although the instrument is physically held by another on one's behalf. As Oliver Wendell Holmes said in a lecture on the meaning of "possession," "[e]veryone agrees that it is not necessary to have always a present power over [a] thing, otherwise one could only possess what was under his hand." [FN35] To require actual, physical possession of a note in order for it to be enforceable by a trust imposes a burden that is contrary to the terms of the UCC and the common law.

Special Considerations

Kemp is illustrative of the peculiar issues that owners of mortgage loans face in bankruptcy. Outside of bankruptcy court, a secured lender may simply forbear from instituting a foreclosure action until any ministerial requirements under Article 3 are performed. Furthermore, where it is evident that a creditor is the owner of a mortgage loan but is presently unable to enforce the related promissory note under Article 3, a state court may dismiss the action without prejudice to filing a subsequent action once the defect is cured. [FN36] However, ***Kemp*** illustrated the unique danger in bankruptcy where there was a narrow window of time to file a proof of claim. As a result, any defects in the claim when filed may have resulted in ***100** the claim being expunged. Accordingly, creditors that paid valuable consideration for secured obligations may be left without recourse to the collateral supporting their loans. Although the remedies available to such creditors are beyond the scope of this article, the result is most certainly increased legal costs and a potential unjust benefit to debtors.

Conclusion

Although the UCC makes repeated references to possession by agents, in no instance does it actually define the term "possession." Both case law and the UCC itself are clear that it is to be read in harmony with existing law. Consequently, the principle that one may legally possess something through an authorized agent should be fully applicable to the possession of negotiable instruments. ***Kemp* 's** actual possession requirement, which is contrary to both statutory and common law, if left unchallenged could broadly undermine the enforceability of transferred mortgages against mortgagors who become debtors in bankruptcy.

[FNa1]. *David Pisciotta and Oscar Pinkas are attorneys in SNR Denton's Corporate Reorganization and Bank-*

ruptcy Practice Group in New York.

[FN1]. ***Kemp v. Countrywide Home Loans Inc. (In re Kemp)*, 440 B.R. 624 (Bankr. D.N.J. 2010)**.

[FN2]. ***Id.* at 626**.

[FN3]. For ease of comparison to the ***Kemp*** opinion, references and citations to the UCC discussion in this article shall be to the New Jersey codification, which is located in title 12A of the New Jersey Statutes.

[FN4]. Possession of a validly endorsed instrument--either in blank or to the order of the party in possession--entitles the party to become a "holder," which is only one of several alternative means for enforcing an instrument under Article 3 of the UCC. N.J. Stat. Ann. § 12A:1-201 (defining "holder"). In addition to a "holder," an instrument may also be enforced by "a nonholder in possession who has the rights of a holder, or a person not in possession of the instrument who is entitled to enforce the instrument [under two statutory conditions]." N.J. Stat. Ann. § 12A:3-301.

[FN5]. ***Kemp*, 440 B.R. at 626**.

[FN6]. ***Id.*** In 2008, Bank of America purchased the parent of Countrywide and its name was changed to BAC Home Loan Servicing LP. Both entities are referred to as Countrywide herein.

[FN7]. ***Id.***

[FN8]. ***Id.***

[FN9]. ***Id.* at 627**.

[FN10]. ***Id.***

[FN11]. ***Id.***

[FN12]. ***Id.***

[FN13]. ***Id.***

[FN14]. ***Id.***

[FN15]. ***Id.* at 631**. Also at issue was whether the note had been properly endorsed, which will not be addressed in this article.

[FN16]. ***Id.* at 631, n. 13**.

[FN17]. ***Id.***

[FN18]. ***Id.*** (citing N.J. Stat. Ann. § 12A:1-201(20)).

[FN19]. N.J. Stat. Ann. § 12A:3-301.

[FN20]. N.J. Stat. Ann. § 12A:1-201 ("'Holder,' with respect to a negotiable instrument, means the person in possession if the instrument is payable to bearer or, in the case of an instrument payable to an identified person, if the identified person is in possession.”).

[FN21]. A nonholder who is not in possession may also enforce a negotiable instrument if the nonholder meets the statutory exception specified in § 3-309 or 3-418(d).

[FN22]. *See, e.g., United Bank of Iowa v. Indep. Inputs (In re W. Iowa Limestone Inc.),* 538 F.3d 858, 863 (8th Cir. 2008); *Glinka v. Bank of Vt. (In re Kelton Motors Inc.),* 97 F.3d 22, 26 (2d Cir. 1996) (“The [UCC] nowhere defines ‘possession.”’).

[FN23]. N.J. Stat. Ann. § 12A:3-201, cmt. 1 (“Negotiation always requires a change in possession of the instrument because nobody can be a holder without possessing the instrument, *either directly or through an agent*.”) (emphasis added).

[FN24]. N.J. Stat. Ann. § 12A:9-313, cmt. 3 (“[I]f the collateral is in possession of an agent of the secured party for the purposes of possessing on behalf of the secured party, and if the agent is not also an agent of the debtor, the secured party has taken *actual* possession.”) (emphasis added).

[FN25]. N.J. Stat. Ann. § 12A:1-103.

[FN26]. *Nature Coast Collection Inc. v. Consortium Serv. Mgmt. Grp.*, No. 06-C-7195, 2009 U.S. Dist. LEXIS 13527, *16 (N.D. Ill. Feb. 23, 2009) (“Because ‘possession’ is not defined in the text of the UCC, the Court must look outside the UCC to shed light on what it means to be in ‘possession’ of a negotiable instrument.”); *Elizarraras v. Bank of El Paso,* 631 F.2d 366, 376 (5th Cir. 1980) (“Where the UCC does not address an issue, one should refer to the common law for guidance.”).

[FN27]. *Corporacion Venezolana de Fomento v. Vintero Sales,* 452 F.Supp. 1108, 1117 (S.D.N.Y. 1978) (construing UCC § 1-201(14) as it applied to UCC § 3-202(1)).

[FN28]. *Id.*

[FN29]. *Id.* at 1118.

[FN30]. *Midfirst Bank v. C.W. Haynes & Co.,* 893 F.Supp. 1304 (D. S.C. 1994)

[FN31]. *Id.* at 1314.

[FN32]. *Id.* at 1315.

[FN33]. *Id.* at 1310.

[FN34]. *Posey v. Bordentown Sewerage Auth.,* 171 N.J. 172, 184 (N.J. 2002); see Morris v. Azzi, 866 F.Supp. 149, 153 n.3 (D. N.J. 1994) (“We note, moreover, that ‘possession’ may be either actual or constructive.”).

[FN35]. Oliver Wendell Holmes, *The Common Law* (1881).

[FN36]. *Bank of N.Y. v. Raftogianis*, 417 N.J. Super. 467 (N.J. Super. Ct. Ch. 2010) (holding that where foreclosure plaintiff was owner of mortgage loan but not in possession of note when complaint was filed, proper remedy was dismissal without prejudice).
30-APR Am. Bankr. Inst. J. 20

END OF DOCUMENT

RE: REMIC

Item ID: 26142
From: Strear, Alexa <Alexa.Strear@fhfaoig.gov>
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Choy, Angela <Angela.choy@fhfaoig.gov>
Cc: McWilliams, Bruce <Bruce.McWilliams@fhfaoig.gov>, Anderson, Omolola <Omolola.Anderson@fhfaoig.gov>
Subject: RE: REMIC
Sent: September 20, 2012 12:21 PM
Received: September 20, 2012 12:21 PM

Hi Tim, In my opinion, I do not think our current servicer request would enable us to establish when and if the note came into the possession of the rightful holder. I think that this is beyond the scope of fee misapplications because we would be delving into the transactions between trusts and servicers outside of the PSAs. From the little I know about secured transactions, this may require us to make additional document requests, such as security agreements. Also, it may require us to make a legal determination as to whether the trust is a holder of the notes, which is currently the issue in several litigations. I do think that this is an important part of understanding the variety of servicer failures in servicing mortgages and fulfilling their obligations under the PSAs. These failures ultimately harm investors. (b) (6) From: Lee, Timothy Sent: Thursday, September 20, 2012 11:51 AM To: (b) (6) Choy, Angela Cc: (b) (6) [redacted] Subject: RE: REMIC Hi (b) (6), First question: am I right in guessing that, given our info and what is covered in the servicer requests, we could develop enough information to characterize relevant matters of fact, such as when the note came into the possession of its rightful holder under the terms of the documentation? Do you think there is enough potential value here to justify the added effort involved? Great initiative and nice work. Tim From: (b) (6) Sent: Thursday, September 20, 2012 11:46 AM To: Lee, Timothy; Choy, Angela Cc: (b) (6) [redacted] Subject: RE: REMIC Hi Tim, I have been researching the case discussed in the REMIC paper, In re Kemp. I found that the legal community has been more focused on the court's interpretation of the UCC's requirement to "possess" the note. 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I think that collecting a bit of additional data on when the relevant requirements in the indenture/PSA may produce some interesting additional findings, and the extra effort is marginal in our context. Do you agree? At the very least, I think we should bring this up to (b) (6) when we reach out to her. Any tax lawyer I know will expect to be snapped up by the defenders if this story gains any traction, and I can't offer the prospect of future fees. (You laughed when I said that civilians see the world as a bunch of revenue streams, but believe me, it is true. Civilian life revolves mostly around money; it's like living among the Ferengi of Star Trek .) So let me give the matter a bit of thought. Assistance on this topic is heartily welcomed. Tim From: (b) (6) Sent: Wednesday, September 19, 2012 3:30 PM To: Lee, Timothy; Choy, Angela Cc: (b) (6) [redacted] Subject: RE: REMIC Hi Tim, I read the paper and it is very interesting. 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RE: REMIC

Item ID:	26152
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: REMIC
Sent:	September 20, 2012 3:59 PM
Received:	September 20, 2012 3:59 PM

Hi Tim, I agree that we should definitely bring this topic up with [redacted]. My hesitation comes from the fact that the added work could be substantial. Perhaps we could speak with [redacted] or David as they are experienced attorneys and will have a better grasp on the scope of work involved in investigating this issue. What do you think? [redacted] From: Lee, Timothy Sent: Thursday, September 20, 2012 2:37 PM To: [redacted] Subject: RE: REMIC Hi Alexa, In your view, is potential benefit worth cost in terms of additional diligence and labor? If we spend another half hour with each loan file and end up with an algorithm we can duplicate for our contractors, that is one thing. If we double the time on each file on matters that boil down to judgment calls, that is quite another. We should definitely at least bring up the topic with [redacted] For now we can put off the decision whether to undertake the added work, but you probably have a better feel for the question than any of us. 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[redacted] From: Lee, Timothy Sent: Thursday, September 20, 2012 11:51 AM To: [redacted] Choy, Angela Cc: McWilliams, Bruce; [redacted] Subject: [redacted] Hi Alexa, First question: am I right in guessing that, given our info and what is covered in the servicer requests, we could develop enough information to characterize relevant matters of fact, such as when the note came into the possession of its rightful holder under the terms of the documentation? Do you think there is enough potential value here to justify the added effort involved? Great initiative and nice work. Tim From: Strear, Alexa Sent: Thursday, September 20, 2012 11:46 AM To: Lee, Timothy; Choy, Angela Cc: McWilliams, Bruce; Anderson, Omolola Subject: RE: REMIC Hi Tim, I have been researching the case discussed in the REMIC paper, In re Kemp. I found that the legal community has been more focused on the court's interpretation of the UCC's requirement to "possess" the note. 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[redacted]

Item ID: 26153
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: [redacted]
Sent: September 20, 2012 4:02 PM
Received: September 20, 2012 4:02 PM

Agreed. From: Lee, Timothy Sent: Thursday, September 20, 2012 4:02 PM To: [redacted] Subject: [redacted] For now, we don’t have to make a decision. Let’s keep the question “within the family” for now until more information emerges. We’ll plan on bringing it up with [redacted]. From: [redacted] Sent: Thursday, September 20, 2012 4:00 PM To: Lee, Timothy Subject: [redacted] Hi Tim, I agree that we should definitely bring this topic up with [redacted]. My hesitation comes from the fact that the added work could be substantial. Perhaps we could speak with [redacted] or David as they are experienced attorneys and will have a better grasp on the scope of work involved in investigating this issue. What do you think? [redacted] From: Lee, Timothy Sent: Thursday, September 20, 2012 2:37 PM To: [redacted] Subject: RE: REMIC Hi [redacted] In your view, is potential benefit worth cost in terms of additional diligence and labor? If we spend another half hour with each loan file and end up with an algorithm we can duplicate for our contractors, that is one thing. If we double the time on each file on matters that boil down to judgment calls, that is quite another. We should definitely at least bring up the topic with [redacted] For now we can put off the decision whether to undertake the added work, but you probably have a better feel for the question than any of us. Tim From: [redacted] Sent: Thursday, September 20, 2012 12:22 PM To: Lee, Timothy; Choy, Angela Cc: [redacted] Subject: RE: REMIC Hi Tim, In my opinion, I do not think our current servicer request would enable us to establish when and if the note came into the possession of the rightful holder. I think that this is beyond the scope of fee misapplications because we would be delving into the transactions between trusts and servicers outside of the PSAs. From the little I know about secured transactions, this may require us to make additional document requests, such as security agreements. Also, it may require us to make a legal determination as to whether the trust is a holder of the notes, which is currently the issue in several litigations. I do think that this is an important part of understanding the variety of servicer failures in servicing mortgages and fulfilling their obligations under the PSAs. These failures ultimately harm investors. [redacted] From: Lee, Timothy Sent: Thursday, September 20, 2012 11:51 AM To: [redacted] Choy, Angela Cc: [redacted] Subject: RE: REMIC Hi [redacted], First question: am I right in guessing that, given our info and what is covered in the servicer requests, we could develop enough information to characterize relevant matters of fact, such as when the note came into the possession of its rightful holder under the terms of the documentation? Do you think there is enough potential value here to justify the added effort involved? Great initiative and nice work. Tim From: [redacted] Sent: Thursday, September 20, 2012 11:46 AM To: Lee, Timothy; Choy, Angela Cc: [redacted] Subject: RE: REMIC Hi Tim, I have been researching the case discussed in the REMIC paper, In re Kemp. I found that the legal community has been more focused on the court’s interpretation of the UCC’s requirement to “possess” the note. The issue of “possession” under the UCC must first be addressed before there can be a determination that a trust has violated IRS REMIC requirements. I have attached one paper that discusses the court’s decision in In re Kemp and the flaws in the court’s reasoning as it relates to the UCC. The issue of possession has come up in several court cases involving securitized trusts. The courts seem to be grappling with the requirements of the UCC and the requirements of the PSAs. Courts’ interpretation of the UCC’s requirement to possess notes will ultimately impact the REMIC status. Please let me know your thoughts on possibly including this in your memo. Thanks, [redacted] From: Lee, Timothy Sent: Thursday, September 20, 2012 11:31 AM To: Choy, Angela; [redacted] Subject: RE: REMIC Hi all, After a bit of thought, I drafted up a memo on the topic for our review. Comments are welcome. Tim From: Choy, Angela Sent: Wednesday, September 19, 2012 3:59 PM To: Lee, Timothy; [redacted] Subject: RE: REMIC We had an IRS detailee on Finance who’s now on Senator Hatch’s staff. Emilia and I both keep in touch with him. Happy to reach out to him. He may be able to direct us to other folks if this is not his area of expertise. Lol…Ferengi…at least you know what motivates their actions. From: Lee, Timothy Sent:

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RE: New York AG visit

Item ID:	26192
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: New York AG visit
Sent:	September 21, 2012 1:18 PM
Received:	September 21, 2012 1:18 PM

Thanks, Tim. If we are cleared to meet with [redacted] then, yes, I'll go with you as office policy requires a duo at such meetings. Don't know if Steve transmitted the memo yet
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
9/21/2012 1:11 PM
To:
Parker, Richard
Subject:
New York AG visit
Hi Old Salt,
I had a quick word with [redacted] [redacted] in OI, who has been apprised of our LIBOR project and has met [redacted] and others at NYSAG [redacted]. [redacted]
Would you care to join the meeting?
Tim
PS. Has Steveâ€™s memo gone downrange?

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

RE: New York AG visit

Item ID:	26193
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: New York AG visit
Sent:	September 21, 2012 1:33 PM
Received:	September 21, 2012 1:33 PM

No. As I said, I am waiting for clearance from the IG. Pls stand down on this until we have that in hand. The specifics you have provided will enable him to make the call. Tx,
R
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
9/21/2012 1:29 PM
To:
Parker, Richard
Subject:
RE: New York AG visit
I spoke with both [redacted], and they were completely supportive. Iâ€™ll let [redacted] know he can look forward to seeing us.
From: Parker, Richard
Sent: Friday, September 21, 2012 1:18 PM
To: Lee, Timothy
Subject: RE: New York AG visit
Thanks, Tim. If we are cleared to meet with [redacted] then, yes, I'll go with you as office policy requires a duo at such meetings. Don't know if Steve transmitted the memo yet
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From:
Lee, Timothy
Sent:
9/21/2012 1:11 PM
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Parker, Richard
Subject:
New York AG visit
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Would you care to join the meeting?
Tim
PS. Has Steveâ€™s memo gone downrange?

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

Accepted: LIBOR

Item ID:	26286
Sent:	September 24, 2012 4:04 PM
Received:	September 24, 2012 4:04 PM
Type:	Calendar Entry

timothy.lee.wg98@wharton.upenn.edu has sent you a message

Item ID:	26296
From:	The Financial Times <sharedftarticles@t.ft.com>
To:	timothy.lee@fhfaoig.gov
Sender:	sharedftarticles@t.ft.com
Subject:	timothy.lee.wg98@wharton.upenn.edu has sent you a message
Sent:	September 24, 2012 4:36 PM
Received:	September 24, 2012 4:37 PM

US regulator casts doubt on Libor stability
US regulator casts doubt on Libor stability
Email
article
The following email has been sent to you by:
timothy.lee.wg98@wharton.upenn.edu
September 24, 2012
6:33 pm
US regulator casts doubt on
Libor stability
By Shahien Nasiripour in Washington
The senior US regulator overseeing the derivatives market has questioned why
there are so few changes to borrowing costs reported daily by...
The full article can be found at:
http://www.ft.com/cms/s/0/e617878a-065b-11e2-abdb-00144feabdc0.html

Accepted: LIBOR

Item ID:	26304
Sent:	September 24, 2012 8:01 PM
Received:	September 24, 2012 8:01 PM
Type:	Calendar Entry

FW: LIBOR

Item ID:	26330
Sent:	September 25, 2012 11:46 AM
Received:	September 25, 2012 11:46 AM
Type:	Calendar Entry

When: Wednesday, September 26, 2012 4:30 PM-5:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 120 Broadway, New York NY
~~*~*~*~*~*~*~*~*

Tim,

Left you a vm as well. I can't attend the meeting but will definitely stop by to see you and meet Richard. My last day in the office is this Friday. Looking forward to catching up.

[redacted]

From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov]
Sent: Monday, September 24, 2012 4:01 PM
To: Parker, Richard; [redacted]; Lee, Timothy
Subject: LIBOR
When: Wednesday, September 26, 2012 4:30 PM-5:30 PM (GMT-05:00) Eastern Time (US & Canada).
Where: 120 Broadway, New York NY

Bloomberg news: Watchdog Says Libor Should be Stopped in U.S. Bailouts

Item ID:	26341
From:	Linick, Steve [redacted] (b) (6)
To:	Stephens, Michael [redacted] (b) (6) [redacted] Lee@fhfaoig.gov>, [redacted] (b) (6) [redacted]
Subject:	Bloomberg news: Watchdog Says Libor Should be Stopped in U.S. Bailouts
Sent:	September 25, 2012 1:31 PM
Received:	September 25, 2012 1:31 PM

Interesting…. The watchdog for the U.S. financial crisis bailout program said the Treasury Department and Federal Reserve should stop using the London interbank offered rate for transactions tied to the Troubled Asset Relief Program. http://bloom.bg/S27bRa

the clip from national journal...could not get the entire article

Item ID:	26383
From:	DiSanto, Emilia [redacted]
To:	Parker, Richard [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Linick, Steve [redacted] Stephens, Michael [redacted]
Subject:	the clip from national journal...could not get the entire article
Sent:	September 26, 2012 7:57 AM
Received:	September 26, 2012 7:57 AM

1. BRITISH BANKERS' ASSOCIATION PREPARED TO GIVE UP LIBOR OVERSIGHT. The private trade association currently overseeing the London interbank offered rate, or Libor—a global benchmark rate that became notorious over the summer following allegations of widespread rigging—voted earlier this month to give up the rate's management, The Wall Street Journal reports. "The move clears the way for what is likely to be the biggest change in Libor's 26-year history, and introduces the possibility that British or international regulators could be in charge of overseeing the rate, which is tied to trillions of dollars of financial contracts," The Journal reported. Government officials, including U.S. Commodity Futures Trading Commission Chairman Gary Gensler, have called for an overhaul of the rate. Read more

link

Item ID:	26567
From:	Bloch, David [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Parker, Richard [redacted]
Subject:	link
Sent:	September 28, 2012 1:17 PM
Received:	September 28, 2012 1:17 PM

http://dealbook.nytimes.com/2012/09/25/british-bankers-group-seen-losing-control-over-libor/ David P. Bloch Director – Division of Mortgage, Investments and Risk Analysis Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Room 3-187 Washington, DC 20024 [redacted] (telephone) [redacted]

Tasks

Item ID: 26624
From: Timothy Lee [redacted]
To: Timothy Lee <timothy.lee@fhfaoig.gov>
Subject: Tasks
Sent: October 1, 2012 5:44 AM
Received: October 1, 2012 5:44 AM

Ask Ezra to leg down systemic stability article Research and drafting of LIBOR article
FRED: LIBOR, Fed ED, H.15 CP CDS spreads Find text of Gensler speech Get the sampling letters out the door ASAP Added items from Morgenson article
-- ----- Timothy Lee [redacted]

RE: Time splits

Item ID:	26623
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Time splits
Sent:	October 1, 2012 7:33 AM
Received:	October 1, 2012 7:33 AM

Good morning Tim, Is the Chase loan seller agreement for a particular project listed on the snapshot? Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Thursday, September 27, 2012 5:54 PM To: [redacted] Subject: Time splits Hi [redacted] 20% LIBOR 20% derivs white paper 20% counterparty paper 20% SAR 20% Chase loan seller agreement ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Attachment #1

image001.png

Image

[redacted]
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted]
Mobile: [redacted]

RE: Time splits

Item ID:	26632
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Time splits
Sent:	October 1, 2012 9:40 AM
Received:	October 1, 2012 9:40 AM

Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Monday, October 01, 2012 9:17 AM To: [redacted] Cc: Parker, Richard Subject: RE: Time splits Hi [redacted] It may not be on the A&E plan yet, but that should change soon. Tim From: [redacted] Sent: Monday, October 01, 2012 7:34 AM To: Lee, Timothy Subject: RE: Time splits Good morning Tim, Is the Chase loan seller agreement for a particular project listed on the snapshot? Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Thursday, September 27, 2012 5:54 PM To: [redacted] Subject: Time splits Hi [redacted], 20% LIBOR 20% derivs white paper 20% counterparty paper 20% SAR 20% Chase loan seller agreement ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Attachment #1

image001.png

Image

[redacted]
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted]
Mobile: [redacted]

RE: Quick question

Item ID: 26791
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Quick question
Sent: October 2, 2012 5:45 PM
Received: October 2, 2012 5:45 PM

[redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Tuesday, October 02, 2012 5:24 PM To: [redacted] Subject: Quick question Hi [redacted], [redacted] (besides me or [redacted]) [redacted] Thanks, Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821 Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

Bloomberg news: Fed's Eurodollar Rates Suggests Dollar Libor May Stabilize

Item ID:	26781
From:	Timothy Lee <timoth31@gmail.com>
To:	Timothy Lee <timothy.lee@fhfaoig.gov>
Subject:	Bloomberg news: Fed's Eurodollar Rates Suggests Dollar Libor May Stabilize
Sent:	October 2, 2012 8:39 PM
Received:	October 2, 2012 8:39 PM

Fed's Eurodollar Rates Suggests Dollar Libor May Stabilize
http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aT4TIeXBoyBo

spreadsheet

Item ID:	26799
From:	Wu, Simon [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	[redacted]
Subject:	spreadsheet
Sent:	October 3, 2012 1:26 PM
Received:	October 3, 2012 1:26 PM

Here is the spreadsheet file that has everything we have done so far. I have reversed the spread chart. Whoever the new auditor can work off this file to compile more data for us.
https://sharepoint.fhfaoig.gov/policy_oversight/LIBOR/07.%20Research%20and%20Analysis/Copy%20of%20LIBOR%20proposal_Lee%20and%20Wu.xlsx

RE: Sample for Changing Blue Callout Boxes to Footnotes

Item ID:	26864
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Sample for Changing Blue Callout Boxes to Footnotes
Sent:	October 4, 2012 1:46 PM
Received:	October 4, 2012 1:46 PM

Copy. No worries. Carry-on with your more substantive task: driving the ship on all things LIBOR. From: Lee, Timothy Sent: Thursday, October 04, 2012 1:44 PM To: Parker, Richard Subject: FW: Sample for Changing Blue Callout Boxes to Footnotes Hi Old Salt, Emilia and Bryan have taken the initiative to reach out to Reznick directly and instruct SAR processes, editorial changes, and reformatting without notifying me. This follows, of course, a broad-based failure by the entire front office to comply with previously agreed deadlines for the SAR process, which I had provided Emilia well in advance. It follows from the familiar principle that only one man can be officer of the deck at any given time that I have been relieved of responsibility for the SAR process. I hereby stand relieved of my watch, and my time splits going forward will reflect this fact. Tim From: [redacted]] Sent: Thursday, October 04, 2012 1:16 PM To: Saddler, Bryan Cc: Lee, Timothy; [redacted] Subject: Sample for Changing Blue Callout Boxes to Footnotes Hi Bryan, To follow up on our earlier discussion, I have attached a sample of what the SAR would look like if we changed the blue call out boxes to footnotes on the page in question. The attached sample is from Section 2 of the SAR. We think that the blue call out boxes draw attention to important detail and aid in the overall flow by representing a side thought of information. My concern would be on pages where there are several call outs and you may also have footnotes on the page, the layout could get busy and the length of the SAR will increase. Please review the attached when you get a moment and let us know how you all at OIG feel about changing the design. Thank you. With Kind Regards, [redacted] Reznick Government, [redacted] Reznick Group, P.C. 7501 Wisconsin Avenue Suite 400E Bethesda, Maryland 20814-6583 Direct [redacted] Main (301) 652-9100 Fax (301) 280-3091 Cell [redacted] www.reznickgovernment.com Please consider the environment before printing this e-mail.

Attachment #1

image001.gif

Image

[redacted] contact info

Item ID: 26984
From: Timothy Lee <timoth31@gmail.com>
To: Timothy Lee <timothy.lee@fhfaoig.gov>
Subject: [redacted] contact info
Sent: October 8, 2012 6:49 AM
Received: October 8, 2012 6:50 AM

I'd be happy to discuss the LIBOR with you. Please feel free to reach out by phone [redacted] or email ([redacted]

-- ----- Timothy Lee 646-359-3710 timoth31@gmail.com

RE: Weekly assignments and Snapshot update

Item ID:	27000
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Weekly assignments and Snapshot update
Sent:	October 9, 2012 9:30 AM
Received:	October 9, 2012 9:30 AM

Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Tuesday, October 09, 2012 9:29 AM To: [redacted] Subject: RE: Weekly assignments and Snapshot update LIBOR 50% Fee misapplication 25% Counterparty 25% From: [redacted] Sent: Tuesday, October 09, 2012 9:27 AM To: Lee, Timothy Subject: FW: Weekly assignments and Snapshot update Good morning Tim, Please provide me with your assignment breakdown for this week as soon as possible. Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: [redacted] Sent: Thursday, October 04, 2012 10:35 AM To: [redacted]; Rhinesmith, Alan [redacted] Wu, Simon ([redacted] Phillips, Wesley ([redacted] Lee, Timothy (Timothy.Lee@fhfaoig.gov) Cc: [redacted]; Parker, Richard [redacted] Subject: Weekly assignments and Snapshot update Good morning OPOR, Please email your assignments and percentages for next week by COB Friday, October 4, 2012. Also, please review the OPOR Snapshot and let me know if changes need to be made. Thank you! https://sharepoint.fhfaoig.gov/policy_oversight/Documents/OPOR%20Snapshot%20and%20Weekly%20Assignments/OPOR%20SNAPSHOT.xlsx Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

Attachment #1

image001.png

Image

[redacted]
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted]
Mobile:

RE: Time splits

Item ID:	27198
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Time splits
Sent:	October 12, 2012 11:59 AM
Received:	October 12, 2012 11:59 AM

Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Friday, October 12, 2012 10:29 AM To: [redacted] Subject: Time splits Hi [redacted] Here are my time splits for next week: 50% LIBOR 20% Fee misapplication 20% Counterparty 10% SAR ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Attachment #1

image001.png

Image

[redacted]
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted]
Mobile: [redacted]

Libor Homeowner CA

Item ID:	27274
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	Libor Homeowner CA
Sent:	October 15, 2012 10:31 AM
Received:	October 15, 2012 10:31 AM

You have probably already seen this but just in case.
http://newsandinsight.thomsonreuters.com/Legal/News/2012/10_-
_October/U_S__home_owners_file_class_action_suit_vs_banks_over_Libor_-_FT/

RE: Weekly Assignments and Snapshot

Item ID:	27496
From:	Wu, Simon [redacted] (b) (6)
To:	[redacted] (b) (6) Phillips, Wesley [redacted] (b) (6) Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Rhinesmith, Alan [redacted] (b) (6)
Subject:	[redacted] Non Responsive
Sent:	October 18, 2012 12:38 PM
Received:	October 18, 2012 12:39 PM

G-fees 60% Exec Comp 30% Libor 10% From: [redacted] (b) (6) Sent: Thursday, October 18, 2012 8:27 AM To: [redacted] (b) (6); Phillips, Wesley; Wu, Simon; Lee, Timothy; Rhinesmith, Alan; [redacted] (b) (6) Subject: Weekly Assignments and Snapshot Hi all, Please send me your weekly assignment breakdown by Monday morning. Thank you! Also, please glance at the snapshot on sharepoint to make sure it's accurate. https://sharepoint.fhfaoig.gov/policy_oversight/Documents/OPOR%20Snapshot%20and%20Weekly%20Assignments/OPOR%20SNAPSHOT.xlsx

Attachment #1

image001.png

Image

[redacted] (b) (6)
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted] (b) (6)
Mobile:

RE: Best T shirt at this year's Army Ten Miler

Item ID:	27659
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Best T shirt at this year's Army Ten Miler
Sent:	October 22, 2012 6:07 PM
Received:	October 22, 2012 6:08 PM

Good stuff. Yes, pls revise the appendix. Just killed ExecComp Part Duex, the wrath of exec comp. Took 7 hours but was worth it. Attached for your pleasure From: Lee, Timothy Sent: Monday, October 22, 2012 5:36 PM To: Parker, Richard Subject: RE: Best T shirt at this year's Army Ten Miler Many thanks for the kind words. [redacted] now knows that he will be showered with toys if he shows up at an Army function and tells them he is a sailor's boy. Army footballs, Army Frisbees… Say, I just realized the LIBOR technical appendix is written in the third person. Do you want it rewritten in first person plural to match the memo? And did the cover memo meet your needs? From: Parker, Richard Sent: Monday, October 22, 2012 7:43 AM To: Lee, Timothy Subject: RE: Best T shirt at this year's Army Ten Miler Coop at his best. A great movie. The only better one, IMHO, is "The Man Who Shot Liberty Valance.". The Duke and Jimmy Stewart. BREAK Hey - you finished. I know I'm damned proud of you. Sent from my Windows Phone From: Lee, Timothy Sent: 10/22/2012 6:19 AM To: Parker, Richard Subject: RE: Best T shirt at this year's Army Ten Miler Beat my half marathon splits, as well I should have, but not by much. I spent the last two miles of the race basically trying to stave off embarrassment. But thanks for asking. You will be happy to know that Amazon Instant Video works on government laptops. Have you ever seen High Noon ? Tim From: Parker, Richard Sent: Sunday, October 21, 2012 5:14 PM To: Lee, Timothy Subject: RE: Best T shirt at this year's Army Ten Miler How did you fare, Skipper? Sent from my Windows Phone From: Lee, Timothy Sent: 10/21/2012 3:51 PM To: Parker, Richard Subject: Best T shirt at this year's Army Ten Miler Army Explosive Ordnance Disposal I am a Bomb Technician If you see me running, Try to keep up! Sent from my Windows Phone

Attachment #1

Enterprise Compensation Draft Report 10-21-2012 (OPOR FNL FNL).docx

Original view

46 pages (displayed on pages 3 to 48)

FEDERAL HOUSING FINANCE AGENCY
OFFICE OF INSPECTOR GENERAL

FHFA's Oversight of the Enterprises' Compensation of their Executives and Senior Professionals

THIS DRAFT CONTAINS CONFIDENTIAL FHFA-OIG INFORMATION
INTERNAL AND PREDECISIONAL - FOR OFFICIAL USE ONLY

This document is a draft of a proposed report of the Office of Inspector General (FHFA-OIG). It was prepared by FHFA-OIG staff as a basis for obtaining advance review and comment by those having responsibilities concerning the subjects discussed in the draft. The draft is subject to revision.

Recipients of this draft must not, under any circumstances, show or release its contents for purposes other than official review and comment. At all times, the report must be safeguarded to prevent publication or other improper disclosure of the information contained herein. This draft and all copies thereof remain the property of, and must be returned on demand to, FHFA-OIG. This draft is not releasable outside the FHFA without the approval of the Inspector General.

EVALUATION REPORT: EVL-2012-XXX **Dated: November XX, 2012**

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RE: Best T shirt at this year's Army Ten Miler

Item ID:	27682
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Best T shirt at this year's Army Ten Miler
Sent:	October 23, 2012 6:58 AM
Received:	October 23, 2012 6:58 AM

Many thanks
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
10/22/2012 8:23 PM
To:
Parker, Richard
Subject:
RE: Best T shirt at this year's Army Ten Miler
Attached is the revised appendix. The SharePoint version is also revised.
From: Parker, Richard
Sent: Monday, October 22, 2012 6:08 PM
To: Lee, Timothy
Subject: RE: Best T shirt at this year's Army Ten Miler
Good stuff. Yes, pls revise the appendix. Just killed ExecComp Part Duex, the wrath of exec comp. Took 7 hours but was worth it. Attached for your pleasure
From: Lee, Timothy
Sent: Monday, October 22, 2012 5:36 PM
To: Parker, Richard
Subject: RE: Best T shirt at this year's Army Ten Miler
Many thanks for the kind words. [redacted] now knows that he will be showered with toys if he shows up at an Army function and tells them he is a sailorâ€™s
boy. Army footballs, Army Frisbeesâ€¦
Say, I just realized the LIBOR technical appendix is written in the third person. Do you want it rewritten in first person plural to match the memo? And
did the cover memo meet your needs?
From: Parker, Richard
Sent: Monday, October 22, 2012 7:43 AM
To: Lee, Timothy
Subject: RE: Best T shirt at this year's Army Ten Miler
Coop at his best. A great movie. The only better one, IMHO, is "The Man Who Shot Liberty Valance.". The Duke and Jimmy Stewart. BREAK Hey - you finished. I know I'm
damned proud of you.
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
10/22/2012 6:19 AM
To: Parker, Richard
Subject:

RE: Best T shirt at this year's Army Ten Miler
Beat my half marathon splits, as well I should have, but not by much. I spent the last two miles of the race basically trying to stave off embarrassment.
But thanks for asking.
You will be happy to know that Amazon Instant Video works on government laptops. Have you ever seen High Noon ?
Tim
From: Parker, Richard
Sent: Sunday, October 21, 2012 5:14 PM
To: Lee, Timothy
Subject: RE: Best T shirt at this year's Army Ten Miler
How did you fare, Skipper?
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
10/21/2012 3:51 PM
To: Parker, Richard
Subject:
Best T shirt at this year's Army Ten Miler
Army Explosive Ordnance Disposal
I am a Bomb Technician
If you see me running,
Try to keep up!
Sent from my Windows Phone

RE: Lunch?

Item ID: 27710
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Lunch?
Sent: October 24, 2012 1:55 PM
Received: October 24, 2012 1:55 PM

Hey Tim,
Sorry it took so long to respond, lunch would be great. Can we shoot for sometime next week? Wednesday or Thursday would work best for me.
Thanks,
[redacted]
From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov]
Sent: Monday, October 22, 2012 5:32 PM
To: [redacted]
Subject: Lunch?
Hi Scott,
Left you a voicemail earlier today â€“ if you have time, I would love to grab lunch with you in the near future. There are a couple of interesting topics it would be great to trade notes on â€“ LIBOR and the Dodd-Frank shift to clearing derivatives
in particular. Iâ€™m happy to hop the train over to Farragut West â€“ let me know when suits you.
Best,
Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

RE: Lunch?

Item ID:	27711
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Lunch?
Sent:	October 24, 2012 1:58 PM
Received:	October 24, 2012 1:58 PM

Letâ€™s say Nooshi on Wednesday. 12:30pm?
From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov]
Sent: Wednesday, October 24, 2012 1:57 PM
To [redacted]
Subject: RE: Lunch?
Take your pick of Wednesday or Thursday. Nooshi or G Street Food?
From: [redacted]
Sent: Wednesday, October 24, 2012 1:55 PM
To: Lee, Timothy
Subject: RE: Lunch?
Hey Tim,
Sorry it took so long to respond, lunch would be great. Can we shoot for sometime next week? Wednesday or Thursday would work best for me.
Thanks,
Scott
From: Lee, Timothy
[mailto:Timothy.Lee@fhfaoig.gov]
Sent: Monday, October 22, 2012 5:32 PM
To: [redacted]
Subject: Lunch?
Hi [redacted]
Left you a voicemail earlier today â€“ if you have time, I would love to grab lunch with you in the near future. There are a couple of interesting topics it would be great to trade notes on â€“ LIBOR and the Dodd-Frank shift to clearing derivatives
in particular. Iâ€™m happy to hop the train over to Farragut West â€“ let me know when suits you.
Best,
Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

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Nevada AG Settlement with RBS for $42 Million

Item ID: 27712

From: [redacted] (b) (6)

To: [redacted]

(b) (6)

(b) (6)

[redacted]

[redacted]

Subject: Nevada AG Settlement with RBS for $42 Million
Sent: October 24, 2012 1:59 PM
Received: October 24, 2012 2:00 PM

Hello RMBS Working Group members,
Please see attached press release from the Nevada AGâ€™s Office re it settlement with and filing against RBS, based on conduct that includes loan originations by Option One and Countrywide. Thank you to the SEC, Massachusetts AG, and
CFPB, for passing along this information.
Thanks,
[redacted]
FOR IMMEDIATE RELEASE CONTACT: Jennifer LÃ³pez
DATE: October 24, 2012 jlopez@ag.nv.gov / 702-486-3782
RBS Financial Products TO PAY $42 Million for Securitization Role in NEVADA SUBPRIME MORTGAGE MELTDOWN UNDER SETTLEMENT WITH ATTORNEY GENERAL
MASTOâ€™S OFFICE
More Than 2,000 Nevada Homeowners Will Directly Benefit From Settlement
Carson City, NV â€“ Nevada Attorney General Catherine Cortez Masto announced that RBS Financial Products (RBSFP) will pay a $42 million settlement to resolve an investigation into the firmâ€™s role in purchasing and securitizing subprime and payment option adjustable rate mortgages in Nevada.
The assurance of discontinuance, filed in Eighth Judicial District Court, requires RBSFP to commit to certain changes in its practices to the extent it securitizes Nevada mortgages and to pay the State $42 million to be used
for payments to affected borrowers, mortgage fraud enforcement, and foreclosure prevention, and attorneyâ€™s fees and costs.
â€œI remain committed to enforcing Nevadaâ€™s laws against the players â€“ including those on Wall Street â€“ that contributed to and profited from reckless and deceptive mortgage lending in Nevada,â€ said Masto. â€œThe payment from
RBS will alleviate some of the injury to the Silver State and its residents. The changes to its securitization process should help make sure that we do not go down this road again.â€
The nearly two year investigation centered upon potential misrepresentations by lenders, including Countrywide and Option One, to Nevada consumers who took out subprime loans and payment option ARMs that were bought and securitized
by RBS between 2004 and 2007. These include whether lenders deceived consumers about the actual interest rate and payments on their loans, the appraised value of their property, and the potential payment shock when the initial â€œteaserâ€ rate on their mortgages
expired.
In addition, the investigation examined whether lenders originated loans with multiple risk features that allowed them to lower borrowersâ€™ payments, but not their debt. These layered risks included loans that were adjustable
rate, stated income, 100 percent financed, had extended amortization periods, included prepayment penalties, and/or qualified borrowers at the initial teaser rate, not the adjusted rate that would be in effect for most of the loanâ€™s term.
The Attorney Generalâ€™s Office was concerned that many borrowers who took these loans did not understand the likelihood that they would not be able to repay their loans or that they would have to refinance the loan before
the payment increased.
AG Masto also examined the extent to which RBS was aware of the lendersâ€™ allegedly deceptive practices through its due diligence process when it bought the loans and whether RBS substantially assisted these lenders by financing and purchasing their loans. The Nevada Attorney General particularly examined RBSâ€™s role in making the market for payment option ARMs, which have had a particularly devastating effect on Nevada homeowners and communities.
RBS neither admits nor denies any wrongdoing.

The assurance includes the following elements:
Conduct Provisions
Going forward, RBS only will finance, purchase, or securitize Nevada subprime mortgage loans if it has engaged in a â€œreasonable reviewâ€ of such loans and determined that such loans comply with the Nevada Deceptive Trade Practices
Act. Specifically, this means that RBS will not securitize a loan where it has reason to believe that:
the lender has not adequately disclosed to the borrower the existence of an initial teaser rate, the potential negative amortization on the loan, the maximum adjusted interest rate or payments, and the potential for payment shock if payments increase after
a loan reset or recast; or the borrowerâ€™s stated income was unreasonable and that the borrower would not have qualified for the loan without the overstatement.
Qualified borrower help
At present, borrowers do not need to do anything in order to obtain the benefits of the settlement as the distribution plan for eligible recipients is still being finalized. Borrowers eligible for relief should periodically
visit http://ag.nv.gov/RBS as information will be forthcoming. Only borrowers whose loans were financed or acquired by RBS are covered by this settlement.
Payment wonâ€™t stop other legal claims
Borrowers will not be required to release any claims that they may have against their lenders or against RBS.
Background on AG Mastoâ€™s work during housing crisis
The agreement, which follows AG Mastoâ€™s settlement last year with Morgan Stanley, continues her work to hold financial institutions and other entities accountable for their roles in the housing crisis that has imposed an enormous toll on Nevada homeowners, communities and the Stateâ€™s economy.
Earlier this year, AG Masto settled litigation against Bank of America for consumer fraud for $30 million in additional relief for Nevada consumers and the bankâ€™s commitment to at least $750 million of mortgage modifications and short sales in the State.
The Attorney Generalâ€™s Office also sued and is currently litigating against Lender Processing Service, another national company, for engaging in widespread fraud in executing foreclosure-related documents and improperly controlling
the foreclosure process.
Settlement Background
The settlement release does not cover any claims related to potential manipulation of LIBOR rates by RBS.
Visit http://bit.ly/RBSFPaod for a copy of the settlement.
The case is being handled by AG Mastoâ€™s Bureau of Consumer Protection, Senior Deputy Attorney General Kristine Kuzemka and Senior Deputy Attorney General Sherri Ann Forbes.

[redacted] (b) (6)
RMBS Working Group Coordination Team
400 7th Street, S.W., Room 2252
Washington, DC 20024
Office [redacted] (b) (6)

RE: Weekly Assignment update and Snapshot review

Item ID:	27798
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Weekly Assignment update and Snapshot review
Sent:	October 26, 2012 9:03 AM
Received:	October 26, 2012 9:03 AM

Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Friday, October 26, 2012 9:03 AM To: [redacted] Subject: RE: Weekly Assignment update and Snapshot review LIBOR 30% Counterparty 40% Fee misapplication 20% Freddie/Chase 10% From: [redacted] Sent: Friday, October 26, 2012 5:43 AM To: [redacted] Phillips, Wesley; Lee, Timothy; Wu, Simon; Rhinesmith, Alan; [redacted] Cc: Parker, Richard Subject: Weekly Assignment update and Snapshot review Good morning OPOR, Please send me your assignment percentages for next week and any snapshot updates you would like me to make by 9am Monday morning. Thank you! https://sharepoint.fhfaoig.gov/policy_oversight/Documents/OPOR%20Snapshot%20and%20Weekly%20Assignments/OPOR%20SNAPSHOT.xlsx Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions.

Attachment #1

image001.png

Image

[redacted] (b) (6)

Program Specialist

Office of Inspector General

Federal Housing Finance Agency

400 7th Street, SW, Room 3.265

Washington, DC 20024

Office: [redacted] (b) (6)

Mobile: [redacted]

RE: Review for De-confliction

Item ID:	28016
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Review for De-confliction
Sent:	November 2, 2012 12:58 PM
Received:	November 2, 2012 12:58 PM

Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Friday, November 02, 2012 12:56 PM To: [redacted] Subject: RE: Review for De-confliction My percentages are as follows: LIBOR 10% Counterparty 40% Fee misapplication 30% Interest rate risk 20% From: [redacted] Sent: Friday, November 02, 2012 12:47 PM To: [redacted]; Phillips, Wesley; Lee, Timothy; Wu, Simon; Rhinesmith, Alan; [redacted] Subject: FW: Review for De-confliction Good afternoon OPOR, Please let me know if the attached data request conflict with anything you are working on. Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: [redacted] Sent: Friday, November 02, 2012 12:08 PM To: [redacted] Cc: Choy, Angela Subject: Review for De-confliction Hi [redacted], Would you mind reviewing the attached data requests for Freddie and Fannie to verify that they do not conflict with any OPOR and Audit requests? Thank you very much for your help. [redacted] Federal Housing Finance Agency Office of the Inspector Genera [redacted] (direct) | [redacted] (cell) [redacted]

Attachment #1

image001.png

Image

[redacted] (b) (6)
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted] (b) (6)
Mobile:

AEI Event on Libor

Item ID:	28155
From:	Rhinesmith, Alan [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	AEI Event on Libor
Sent:	November 6, 2012 3:20 PM
Received:	November 6, 2012 3:20 PM

http://www.aei.org/events/2012/11/27/libor-scandal-reform-replace-how/ Not really a very impressive panel now that I look at it some more.

FW: "On The Case": Litigation News from Thomson Reuters

Item ID: 28384
From: [redacted]

To: Adams, Jill <Jill.Palmieri@ic.fbi.gov>, Alonzo, Heidi B. (FBI) <Heidi.Alonzo@ic.fbi.gov>, Anthony, Jason (SEC) <AnthonyJ@sec.gov>, arwen.thoman@state.ma.us <arwen.thoman@state.ma.us>, Ashley, Suzanne <ashleys@sec.gov>, Barnacle, James C. Jr. (FBI) <James.Barnacle@ic.fbi.gov>, Bateman, Lila (USACO) <Lila.Bateman@usdoj.gov>, bedstrom@CIV.USDOJ.GOV <bedstrom@CIV.USDOJ.GOV>, Belgiovine, Matthew J. (FBI) <Matthew.Belgiovine@ic.fbi.gov>, Berger, Kim (CRM) <Kim.Berger@usdoj.gov>, Betson, Emily N. (FBI) <Emily.Betson@ic.fbi.gov>, BHowell@hudoig.gov <BHowell@hudoig.gov>, Bloch, David <david.bloch@fhfaoig.gov>, Blume, Michael S. (CIV) <Michael.S.Blume@usdoj.gov>, Braun, Daniel (CRM) <Daniel.Braun2@usdoj.gov>, Bresnick, Michael J (ODAG) <Michael.Bresnick@usdoj.gov>, Breuer, Lanny A. (CRM) <Lanny.Breuer@usdoj.gov>, Brinkman, Andrew (CIV) <Andrew.Brinkman@usdoj.gov>, Brooker, Renee (CIV) <Renee.Brooker@usdoj.gov>, Brooks, Eric <brookse@sec.gov>, Bruce.McWilliams@fhfaoig.gov <Bruce.McWilliams@fhfaoig.gov>, Brunetto, Girolamo <Girolamo.Brunetto@ag.ny.gov>, Bryan.Saddler@fhfaoig.gov <Bryan.Saddler@fhfaoig.gov>, Buffone, Samuel J. (CIV) <Samuel.J.Buffone@usdoj.gov>, Buretta, John (CRM) <John.Buretta2@usdoj.gov>, Burgunder, Caroline M. (USACAC) <Caroline.M.Burgunder@usdoj.gov>, burt.feinberg@state.ma.us <burt.feinberg@state.ma.us>, Byrne, Ronan P. (FBI) <Ronan.Byrne@ic.fbi.gov>, Callahan, Matthew T. (FBI) <Matthew.Callahan@ic.fbi.gov>, Cameron-Banks, Indira J. (USACAC) <Indira.J.Cameron-Banks@usdoj.gov>, Canjels, Eugene <canjelse@sec.gov>, Carlyle, Zackary <carlylez@sec.gov>, Carroll, Stephen (FRB OIG) <stephen.a.carroll@frb.gov>, Chambers, Joseph <joseph.chambers@ct.gov>, Chang, Brenda <changb@sec.gov>, Chang, Cindy <Cindy.Chang@usdoj.gov>, Chang, Douglas (USACAN) <Douglas.Chang@usdoj.gov>, charlie.divine@fhfaoig.gov <charlie.divine@fhfaoig.gov>, Chaves, David A. (FBI) <David.Chaves@ic.fbi.gov>, Cho, Sarra <chosa@sec.gov>, Chun, A Marisa (OAAG) <A.Marisa.Chun@usdoj.gov>, Cincinelli, Salvatore G. (FBI) <Salvatore.Cincinelli@ic.fbi.gov>, ckim@atg.state.il.us <ckim@atg.state.il.us>, Clark, James (USANJ) <James.Clark@usdoj.gov>, Clay.Barkley@ag.ky.gov <Clay.Barkley@ag.ky.gov>, Connolly, Rosemary (USAMA) <Rosemary.Connolly@usdoj.gov>, Cooke, Denis (USAPAE) <Denis.Cooke@usdoj.gov>, Cornish, Samuel (NJAG) <samuel.cornish@dol.lps.state.nj.us>, Cruz, Katherine (USACT) <Katherine.Cruz@usdoj.gov>, Cunha, Zachary (USAMA) <Zachary.Cunha@usdoj.gov>, Dakin, Kerry <dakink@sec.gov>, Daumen, Jeanne <jeanne.daumen@fhfaoig.gov>, David.Riordon@fhfaoig.gov <David.Riordon@fhfaoig.gov>, dbuysse@atg.state.il.us <dbuysse@atg.state.il.us>, Deiss, Ila (USACAN) <Ila.Deiss@usdoj.gov>, Delery, Stuart F. (CIV) <Stuart.F.Delery@usdoj.gov>, Delzotto, Christopher S. (FBI) <Christopher.Delzotto@ic.fbi.gov>, Desiree.Cummings@ag.ny.gov <Desiree.Cummings@ag.ny.gov>, Desor, Jeremy S. (FBI) <Jeremy.Desor@ic.fbi.gov>, DeYoung, Kyle <deyoungk@sec.gov>, DMontoya@hudoig.gov <DMontoya@hudoig.gov>, Edgar, William (CIV) <William.Edgar@usdoj.gov>, Emerzian, Peter <peter.emerzian@fhfaoig.gov>, emily.garvey2@state.ma.us <emily.garvey2@state.ma.us>, Eric Schneiderman <ets.nys@ag.ny.gov>, Eric Werner <WernerE@sec.gov>, erica.harmon@state.ma.us <erica.harmon@state.ma.us>, Fein, David (USACT) <David.Fein@usdoj.gov>, Fitzgerald, Patricia M. (CIV) <Patricia.M.Fitzgerald@usdoj.gov>, Fleenor, Jon (USAKS) <Jon.Fleenor@usdoj.gov>, Foreman, Joel <joel.a.foreman@hud.gov>, Francis, Jonathan (USACT) <Jonathan.Francis@usdoj.gov>, Frank, David (CIV) <David.Frank@usdoj.gov>, Freshman, Lynda (MAAG) <Freshman@mailsc30.usdoj.gov>, AGO <"Lynda>, @state.ma.us>>, <Maame Ewusi-Mensah (CIV)>, <Maame.E.Frimpong@usdoj.gov>, <Daniel (CIV)>, <Daniel.Fruchter@usdoj.gov>, <Christopher E. (FBI)>, <Christopher.Fuelling@ic.fbi.gov>, <Kimberly (JMD)>, <Kimberly.Gainer@usdoj.gov>, <James (USAPAW)>, <James.Garrett@usdoj.gov>, <george.grob@fhfaoig.gov>, <'george.grob@fhfaoig.gov'>, <Doug (USAGAN)>, <Doug.Gilfillan@usdoj.gov>, <glenn.kaplan@state.ma.us>, <'glenn.kaplan@state.ma.us'>, <James E. (FBI)>, <James.Goldman@ic.fbi.gov>, <Martin (CA DOJ)>, <Martin.Goyette@doj.ca.gov>, <Matthew J. (FBI)>, <Matthew.Grady@ic.fbi.gov>, <Lucy>, <graetzl@sec.gov>, <gregory.strong@state.de.us>, <'gregory.strong@state.de.us'>, <Francine M. (FBI)>, <Francine.Gross@ic.fbi.gov>, <Samantha>, <grunbergs@sec.gov>, <Michael>, <gunstm@sec.gov>, <guy.petrillo@fhfaoig.gov>, <'guy.petrillo@fhfaoig.gov'>, <Melinda (USACAN)>, <Melinda.Haag@usdoj.gov>, <Robert>, <hansonr@sec.gov>, <John (USAEO)>, <John.Haried@usdoj.gov>, <Mark>, <harrisonm@sec.gov>, <Richard (USANYE)>, <Richard.Hayes@usdoj.gov>, <hkhera@atg.state.il.us>, <'hkhera@atg.state.il.us'>, <Katherine>, <hsuk@sec.gov>, <John (USACT)>, <John.Hughes@usdoj.gov>, <Margaret (USAPAE)>, <Margaret.Hutchinson@usdoj.gov>, <Adrienne>, <hyata@sec.gov>, <Ian.McConnel@state.de.us>, <'Ian.McConnel@state.de.us'>, <Jason.Staib@state.de.us>, <'Jason.Staib@state.de.us'>, <Jean.Healey@cfpb.gov>, <'Jean.Healey@cfpb.gov'>, <jenny.wojewoda@state.ma.us>, <'jenny.wojewoda@state.ma.us'>, <Jobe.Danganan@cfpb.gov>, <'Jobe.Danganan@cfpb.gov'>, John Raney <JRaney@hudoig.gov>, John Street <jws@wvago.gov>, <Joseph.Capone@fhfaoig.gov>, <'Joseph.Capone@fhfaoig.gov'>, <Joseph.sensenbrenner@state.de.us>, <'Joseph.sensenbrenner@state.de.us'>, <Helen R>, <Helen.R.Kanovsky@hud.gov>, <Keith.Williams@fhfaoig.gov>, <'Keith.Williams@fhfaoig.gov'>, <Kevin>, <kelcoursek@sec.gov>, <Shannon (USAMA)>, <Shannon.Kelley2@usdoj.gov>, <N. Creola>, <kellyn@sec.gov>, <Colleen (USACAE)>, <Colleen.M.Kennedy@usdoj.gov>, <Kenneth.Tam@fhfa.gov>, <'Kenneth.Tam@fhfa.gov'>, <Meryl (OAAG)>, <Meryl.Kessler@usdoj.gov>, <Robert>, <khuzamiR@sec.gov>, <Stephen (USAEO)>, <Stephen.Kubiatowski@usdoj.gov>, <Sean (FBI)>, <Sean.Langford@ic.fbi.gov>, <Chris (USACO)>, <J.Chris.Larson@usdoj.gov>, <Ronnie>, <laskyr@sec.gov>, <lcardwell@oag.state.md.us>, <'lcardwell@oag.state.md.us'>, <Allison>, <leeah@sec.gov>,

(b) (6)

[redacted]

Subject: FW: "On The Case": Litigation News from Thomson Reuters
Sent: November 13, 2012 2:33 PM
Received: November 13, 2012 2:34 PM

Thomson Reuters News & Insight

Thomson Reuters News & Insight Hello RMBS WG participants, In case you haven't seen this… November 12, 2012 Banks should fear ominous new rulings in Fannie/Freddie MBS cases 11/9/2012 JPMorgan Chase filed quite a remarkable quarterly report with the Securities and Exchange Commission on Thursday, crammed with far more details about its exposure to litigation and mortgage repurchase demands than the earnings report the bank issued in mid-October. Among the revelations: JPMorgan has reached an agreement in principle to settle two SEC investigations, one involving a single unidentified JPMorgan securitization, the other involving Bear Stearns's crafty (alleged) trick of keeping put-back recoveries from mortgage originators for itself instead of passing them on to investors in mortgage-backed securities trusts. The SEC deal has been long rumored, and though we still don't know any of its terms, the bank's filing confirms it. JPMorgan also disclosed that it is now facing put-back claims , in one form or another, on $140 billion in mortgage-backed notes. Yes, you read that right: $140 billion. That doesn't mean there are $140 billion in claims, but it means that holders of $140 billion in MBS notes have asserted, in litigation or through contractual demands, that the bank must buy back deficient mortgages in their trusts. Given that MBS investors generally claim breach rates in excess of 50 percent, JPMorgan's exposure to mortgage put-backs is tens of billions of dollars. The bank, of course, thinks the put-back demands are meritless and its entire litigation exposure is a trifling matter. The SEC filing's 10-page discussion of the various litigation headaches facing JPMorgan -- which include really serious matters, such as the securities class action over its CIO losses, various Libor suits and the Federal Energy Commission's market manipulation case -- begins with the brash assertion that the bank's "reasonable possible losses" in all of this litigation (aside from its litigation reserves) range from zero dollars to $6 billion. Zero dollars? I think not. In fact, I'm prepared to say that based on two rulings this week by U.S. District Judge Denise Cote of Manhattan in the Federal Housing Finance Agency's securities fraud litigation against MBS issuers and underwriters, JPMorgan has exceedingly low odds of getting out of the Fannie Mae and Freddie Mac conservator's case -- which involves claims on $33 billion in JPMorgan, Bear and Washington Mutual MBS -- wit h out a settlement. More importantly, Cote's rulings this week make it clear that the judge, who is overseeing the FHFA's cases against 16 banks that issued or underwrote mortgage-backed securities, does not intend to let any of them out of this litigation. I've already told you that the banks still have a slim chance of wiping out most of the FHFA's claims on timeliness grounds, if the 2nd Circuit Court of Appeals overturns Cote's holding that Congress intended to extend the obscure statute of repose, along with the statute of limitations, when it passed the law that created the FHFA. But unless the banks win a reprieve from the appeals court, it looks like Cote intends to send Fannie and Freddie's claims to a jury. Her rulings this week addressed motions to dismiss by JPMorgan and Merrill Lynch, which are represented by, respectively, Sullivan & Cromwell and Williams & Connolly . (The FHFA is represented in both cases by Quinn Emanuel Urquhart & Sullivan .) In both decisions, Cote dismissed FHFA fraud claims based on the banks' representations of loan-to-value ratios and owner-occupancy rates in the pools of loans underlying the mortgage-backed notes they offered. But otherwise, she said that Fannie and Freddie's conservator could proceed with state and federal securities and fraud claims. Cote's one-two punch against JPMorgan and Merrill rejects just about every substantive argument any of the banks in the FHFA litigation can raise in a dismissal motion -- and leaves open the terrifying prospect of rescission and punitive damages against the banks. In the JPMorgan decision , issued Monday, Cote specifically addressed the adequacy of Fannie and Freddie's evidence that the bank knowingly misrepresented underwriting standards on the loans underlying various mortgage-backed notes issued by JPMorgan, Bear and Washington Mutual. Cote pointed to the FHFA complaint's 60-page discussion of deficient underwriting and said they were sufficient to permit the case to proceed. But she also said that the FHFA doesn't have to show underwriting flaws marred each of the mortgage-backed offerings, just that "there was a systematic failure by the defendants in their packaging and sale of RMBS." (MBS geeks should note that in explaining this point, Cote refers to the 2nd Circuit's recent ruling on standing in MBS class actions, which has already hurt JPMorgan in another case .) As she did in her previous ruling denying UBS's motion to dismiss FHFA claims, Cote once again shrugged off arguments that Fannie and Freddie cannot reasonably claim to have relied on JPMorgan's representations because they were the most sophisticated MBS investors in the market. That sophistication, Cote said, didn't give Fannie and Freddie access to the specific information that established deficiencies in the securities they bought. "It is difficult to see how they could help but rely on the representations of defendants, who did have access to those materials," Cote wrote. "And while (Fannie and Freddie) were certainly aware that they were purchasing securitizations backed by subprime loans, neither the amended complaint nor documents integral to it establish that they knew that the loans supporting these particular securitizations were so haphazardly originated as to put in jeopardy even the AAA-rated certificates they purchased." The banks, in other words, are not going to be able to persuade Cote that Fannie and Freddie knew what they were getting when they invested in subprime-backed MBS, so they shouldn't be able to make claims against issuers. Cote said that the banks can try to persuade a jury otherwise. She also said JPMorgan can tell a jury that it didn't knowingly deceive Fannie and Freddie. But you have to regard Cote's references to a jury trial as code for encouraging settlement talks. She's signaling that she's not going to be receptive to bank arguments on summary judgment, and warning that if the case continues, the banks will have to defend their underwriting to a group of ordinary people who aren't likely to be kindly disposed to them. And if that's not enough to scare the banks into settlement talks, consider Cote's findings in Thursday's decision upholding just about all of the FHFA's claims against Merrill Lynch. In particular, Cote refused to rule out the possibility of rescission -- which would require Merrill to buy back the FHFA's holdings in Merrill MBS offerings -- and punitive damages. Merrill argued that the FHFA waited too long to file claims to demand rescission under the Securities Act and the common law; Cote said there were plenty of legitimate reasons for the FHFA's delay in filing. As for punitive damages, which are based on New York law, Merrill asserted that the FHFA hadn't shown the requisite exceptional misconduct. Cote disagreed, in what has to be considered ominous language for the bank defendants. "FHFA alleges that the defendants acted recklessly by seeking to profit from ever more risky mortgage lending while, at the same time, passing on the risk (and ultimately the losses) associated with these practices to the public via their sale of securities to Fannie Mae and Freddie Mac," Cote said. The judge went on to turn the banks' arguments that Fannie and Freddie's MBS losses were due to a downturn in the housing market completely against the banks. They're not the victims of the housing crisis, she wrote, but (at least according to FHFA) the cause of "the most severe economic downturn this country has experienced since the Great Depression." And yes, she said, "These allegations are sufficient to support the plaintiff's demand for punitive damages." Seems to me that's a pretty clear warning to the banks, which are now facing a trial date in June 2014. JPMorgan's zero-dollar prediction aside, I bet we'll see some FHFA settlements before then. JPMorgan didn't respond to Reuters' request for comment , and a representative of Merrill Lynch parent Bank of America declined comment . (Reporting by Alison Frankel) Follow us on Twitter @AlisonFrankel , @ReutersLegal | Like us on Facebook Judge Cote's decision JPMorgan decision Top Stories From Thomson Reuters News & Insight CME lawsuit opens new front against finance watchdogs 11/9/2012 The action raises questions about whether individual companies will unleash a flood of more narrow suits, dragging down the overall implementation of the Dodd-Frank law. Complaint Additional coverage: Dodd-Frank law Supreme Court to review minority voting rights law 11/9/2012 The appeal challenges a core provision of the act requiring states and local governments with a history of bias to get federal permission to change their election procedures. Petition Additional coverage: Voting Rights Act Exclusive: SEC left computers vulnerable to cyber attacks 11/9/2012 While staffers at the SEC failed to encrypt some computers containing sensitive information from stock exchanges, there was no evidence that hacking or spying took place. Judge OKs $295 mln settlements for ex-Bear shareholders 11/9/2012 The all-cash deals resolve claims against the former bank and several executives alleging securities fraud. The defendants denied wrongdoing in agreeing to settle.

RE: Message from Shared-Printer-1

Item ID:	28424
From:	Phillips, Wesley [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Message from Shared-Printer-1
Sent:	November 14, 2012 10:10 AM
Received:	November 14, 2012 10:10 AM

It’s really good nonetheless. Wes From: Lee, Timothy Sent: Wednesday, November 14, 2012 10:06 AM To: Phillips, Wesley Subject: FW: Message from Shared-Printer-1 Hi Wes, Be forewarned, it’s not MILSPEC. Tim From: Linick, Steve Sent: Monday, November 05, 2012 5:24 PM To: Bloch, David; Wu, Simon; Lee, Timothy Cc: Grob, George; Frost, David; Parker, Richard; Stephens, Michael; DiSanto, Emilia Subject: FW: Message from Shared-Printer-1 Folks Very nice job on this memo. I forwarded to the Director and asked for written comments by Nov. 16. Please do not disseminate the memo to anyone outside the agency until further notice from me. tx From: Linick, Steve Sent: Friday, November 02, 2012 5:50 PM To: 'DeMarco, Edward' Subject: FW: Message from Shared-Printer-1 Hi Ed As promised, I am forwarding the memo report that my team produced regarding LIBOR. As indicated in my cover memo, we are treating this like any other report insofar as we are requesting written comments from the Agency regarding our recommendations to study the issue. Let me know if you have any questions or concerns. Have a great weekend. Steve From: [redacted] Sent: Friday, November 02, 2012 3:19 PM To: Linick, Steve Subject: Message from Shared-Printer-1 [redacted] Federal Housing Finance Agency Office of Inspector General [redacted] office [redacted] cell [redacted] main line

RE: Principal reductions

Item ID:	28804
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Principal reductions
Sent:	November 21, 2012 11:19 AM
Received:	November 21, 2012 11:19 AM

Ok. But you said below: Also, if principal reductions have been limited to worthless loans, why is FHFA so dead set against them?) [redacted] From: Lee, Timothy Sent: Wednesday, November 21, 2012 11:17 AM To: [redacted] Subject: RE: Principal reductions No evidence I know that they complained. Then again, when I started the Libor project I had no evidence they were howling about that either. Sent from my Windows Phone From: [redacted] Sent: 11/21/2012 11:12 To: Lee, Timothy Cc: Parker, Richard Subject: RE: Principal reductions Tim, Do we have evidence that FHFA has complained about principal reductions in the RMBS Trusts or just that they do not want to do them? I know the Agency's position on the latter, but haven't seen them yet raising objection to the former. Do you have anything on this? [redacted] Attorney Advisor FHFA Office of Inspector General 400 7 th Street, SW Washington, DC 20024 Tel: 202-730-4951 Mob: 202-417-0759 From: Lee, Timothy Sent: Wednesday, November 21, 2012 9:36 AM To: [redacted] Subject: FW: Principal reductions Hi [redacted] Should we set a time Monday to discuss? Tim Sent from my Windows Phone From: Parker, Richard Sent: 11/21/2012 9:18 To: Lee, Timothy Subject: RE: Principal reductions Skipper, Excellent points. I find myself in the position of Josie Whales: on unfamiliar turf and surrounded by superior forces. Josie's comment "A man's got to know his limitations," is a testament to the benefits that accrue to the self-aware. Accordingly, I would like you to discus this with [redacted] and back brief me when you're satisfied that we're moving forward in light of his observations. TX Rich Sent from my Windows Phone From: Lee, Timothy Sent: 11/21/2012 9:10 AM To: Parker, Richard Subject: FW: Principal reductions Sent from my Windows Phone From: Timothy Lee Sent: 11/21/2012 9:09 To: Lee, Timothy Subject: Principal reductions Hi Old Salt, While [redacted] does make points worth considering, I think that in light of the overall context he overestimates their merits. In any event, it's already in my plan to verify the nature and magnitude of the problem, formally or informally. At the simplest level, there are two countervailing influences on servicers with respect to principal reductions on a PLMBS collateral loan. The National Mortgage Settlement stipulations award the major servicers 45c of credit against their obligations for every dollar of principal reduction. Every dollar of PLMBS writedowns is a dollar that doesn't have to be written down from the bank's own loan portfolio and eat into their capital base, especially at a time when they are scrambling for all the capital they can get. Moreover, writedowns on first-lien PLMBS collateral loans strengthen the position of second-lien loans (home equity loans), many of which would be utterly worthless if the first-lien loans were deemed sacrosanct. And the bulk of these second lien loans are owned by....large banks with servicing operations! However, servicers are obliged to abide by the terms of the Pooling and Servicing Agreement (PSA) for each PLMBS deal. Among other things, the PSA sets forth the servicer's requirements for handing collateral loans, including delinquencies. The National Mortgage Settlement does require, on paper, that servicers abide by the existing terms of the PSAs for affected PLMBS deals. But the stipulations of these PSAs are all over the map when it comes to loan modifications: a few forbid principal reductions entirely, while others permit them under limited circumstances. The catch is that most PSAs, written before the financial crisis, leave significant judgment to the servicer in these matters. And a certain number of bondholders (I recall 25%, usually) have to band together before they can make the trustee enforce specific injunctions on their behalf, which in practice gives servicers even more latitude to interpret their obligations as they see fit. But why worry? Servicers have never abused their position, or even violated laws and contracts, for selfish reasons, right ? So in my view [redacted] overstates the case in saying that "no servicer is likely to give a principal reduction on a loan that has value to an RMBS investor." There is, in fact, a powerful incentive for bank-affiliated servicers to (a) settle their obligations with OPM (other people's money) and (b) save their own asses in the process. (Also, I find it curious that neither FHFA nor bondholders as a whole got a seat at the table during the settlement negotiations -- the former being another example, perhaps, of the lack of coordination among Federal agencies.) It is very notable that at least some institutional investors started howling as soon as the settlement's terms were published; contrary to one of (b) (6) points, businessmen seldom howl about anything unless they perceive their own money to be on the line. Moreover, politicians like Congressman Garrett don't dive into topics like this unless it is, at least in part, on behalf of valuable constituencies. All the protests in the spring were prospective; the significance of the recent B of A news release and progress report is that it is the first solid evidence of how the settlement is playing out in practice. While I don't know of any investor lawsuits to date, a key factor of any complaint would be demonstration of damages -- which was nearly impossible until now. It seems entirely plausible to me that investors are waiting to amass evidence with a view toward filing the "great lawsuit" (b) (6) mentioned if they are displeased with what they see. (b) (6) hypothesis should be pretty easy to test as part of our data-oriented due diligence. If there were any changes in the amount or frequency of servicer principal modifications on PLMBS collateral loans after the settlement went into effect, that would be inconsistent with the idea that principal reductions were limited to worthless loans. (Also, if principal reductions have been limited to worthless loans, why is FHFA so dead set against them?) Also, to (b) (6) point about checking, the first step in this process would be HUMINT collection from civilian asset managers and securities lawyers, to obtain both general sentiment and specific points. (Charlie Divine, a securities litigator in civilian life, may be particularly helpful in this respect. Also, an LRS mission may prove to be appropriate under the circumstances.) On the whole, even if they did not fit within the confines of a 3-page introductory memo, the bulk of (b) (6) points have already been considered, and do not diminish my opinion that the significant potential of this topic amply justifies, at a minimum, the introductory intelligence development measures I have in mind. Tim

FW: Administrative items

Item ID: 28787
From: Parker, Richard [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: FW: Administrative items
Sent: November 21, 2012 2:56 PM
Received: November 21, 2012 2:56 PM

Pls sign us up, Skipper. Tx, - R From: DiSanto, Emilia Sent: Tuesday, November 20, 2012 5:27 PM To: Parker, Richard Subject: RE: Administrative items Sounds like a good one----and relates well to our work… From: Parker, Richard Sent: Tuesday, November 20, 2012 4:54 PM To: DiSanto, Emilia Subject: FW: Administrative items Would like to attend this talk by DeMarco and Raj Date in NYC on 6 DEC 12. Credit is available. - R From: Lee, Timothy Sent: Tuesday, November 20, 2012 10:47 AM To: Parker, Richard Subject: Administrative items Hi Old Salt, A couple of other things. First, I got a note about this securitization outlook conference (the afternoon of December 6) and am considering attendance. What do you think? Second, have we received any word on publication of the LIBOR memo? [redacted] More generally, there are several high-impact phone calls we can start making as soon as this goes out. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

LIBOR

Item ID: 28843
From: Bloch, David [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: LIBOR
Sent: November 26, 2012 9:29 AM
Received: November 26, 2012 9:29 AM

http://www.aei.org/events/ David P. Bloch Director – Division of Mortgage, Investments and Risk Analysis Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Room 3-187 Washington, DC 20024 202-[redacted] (telephone) [redacted]

RE: LIBOR

Item ID: 28848
From: Parker, Richard [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: LIBOR
Sent: November 26, 2012 10:06 AM
Received: November 26, 2012 10:06 AM

Yes
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
11/26/2012 10:03 AM
To:
Parker, Richard
Subject:
LIBOR
Hi Old Salt,
This
event is two hours long and a short subway ride away. David Bloch is attending; should I go as well?
Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

Interest rate.docx

Item ID: 28909
From: Phillips, Wesley [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: Wu, Simon [redacted], Parker, Richard [redacted]
Subject: Interest rate.docx
Sent: November 27, 2012 8:49 AM
Received: November 27, 2012 8:49 AM

Tim: I put some more meat on the outline via comment boxes. It might make sense to extend the timeframe for completing the first draft until mid-next week if you believe it is necessary (Rich agrees you should take the lead on the first draft based on the Libor report and your knowledge of the subject). We might use the first draft as our document for the message meeting on December 18. You, I, and Simon should meet on this today perhaps around ten if that is acceptable. Wes

Attachment #1

Interest rate.docx

Original view

2 pages (displayed on pages 3 to 4)

(b) (5)

[redacted]

(b) (5)

RE: Interest rate.docx

Item ID:	28906
From:	Wu, Simon [redacted]
To:	Phillips, Wesley [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Parker, Richard [redacted]
Subject:	RE: Interest rate.docx
Sent:	November 27, 2012 8:51 AM
Received:	November 27, 2012 8:51 AM

Ok. I also have some data question that I can ask Tim about at 10… From: Phillips, Wesley Sent: Tuesday, November 27, 2012 8:50 AM To: Lee, Timothy Cc: Wu, Simon; Parker, Richard Subject: Interest rate.docx Tim: I put some more meat on the outline via comment boxes. It might make sense to extend the timeframe for completing the first draft until mid-next week if you believe it is necessary (Rich agrees you should take the lead on the first draft based on the Libor report and your knowledge of the subject). We might use the first draft as our document for the message meeting on December 18. You, I, and Simon should meet on this today perhaps around ten if that is acceptable. Wes

Reminder: Libor scandal: Reform? Replace? How? (Nov. 27)

Item ID:	28922
From:	AEI Events <Events@aei.org>
To:	Timothy Lee <timothy.lee@fhfaoig.gov>
Subject:	Reminder: Libor scandal: Reform? Replace? How? (Nov. 27)
Sent:	November 27, 2012 10:11 AM
Received:	November 27, 2012 10:16 AM

Thank you for registering for AEI's event, "Libor
scandal: Reform? Replace? How?" We look forward to seeing you this afternoon, Tuesday, November 27, at AEI's twelfth-floor Wohlstetter Conference
Center. Registration will open at 1:45 PM and the event will begin at 2:00 PM.
Libor scandal: Reform? Replace?
How?
Description The Libor scandal has made it apparent to all that the most widely used interest rate
index in the world rests on shaky foundations: on a survey, not actual transactions, and moreover, on a survey subject to attempted collusion and
manipulation. The scandal has also highlighted the irony in the fact that the key interest rate index for America's currency is set by a process
controlled in Britain, with the British Wheatley Review recommending that Libor be brought under British regulators.
Can Libor be reformed? If so, how? Should it be replaced? If so, with what? How should Libor relate
to the huge American mortgage market? Our panel of experts will address these issues. Contacts For more information, please contact Emily Rapp at Emily.Rapp@aei.org .
For media inquiries, please contact MediaServices@aei.org (202.862.5829). Details
Tuesday, November 27, 2012 2:00 - 4:00 PM. Coffee and Tea will be served. AEI, Twelfth Floor 1150
Seventeenth Street, NW Washington, DC 20036 [Map] This event will be livestreamed .
Participants Introduction:
Alex J. Pollock, AEI
Panelists:
Robert Eisenbeis, Cumberland
Advisors Allan Mendelowitz, Former Chairman, Federal Housing Finance Board Mike Moore, Independent Mortgage Funding Consultant Robert Pickel, International Swaps and Derivatives Association Inc.
Sean Tully, CME Group
Moderator:
Alex J. Pollock,
AEI [Full Agenda]
American Enterprise Institute for Public
Policy Research | 1150 17th Street, N.W., Washington, D.C. 20036 P:202.862.5800 | F: 202.862.7177
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Event highlights: Libor scandal: Reform? Replace? How? (Nov 27)

Item ID:	29015
From:	AEI Events <Events@aei.org>
To:	Timothy Lee <timothy.lee@fhfaoig.gov>
Subject:	Event highlights: Libor scandal: Reform? Replace? How? (Nov 27)
Sent:	November 28, 2012 1:44 PM
Received:	November 28, 2012 1:50 PM

Libor
scandal: Reform? Replace? How? Tuesday, November 27, 2012
Full Event Video
Summary The Libor scandal has caused a stir in the global financial world, creating debate about
whether this index rate needs to be reformed or replaced. At an AEI event on Thursday, Bob Eisenbeis of Cumberland Advisors stated that Libor should
not be abandoned, but reformed and restructured around a transaction-based
rate. A member of the Shadow Financial Regulatory Committee, Eisenbeis outlined the committee's options for reforming
Libor . Robert Pickel of the International Swaps and Derivatives Association described the method for determining Libor rates as a polling approach
analogous to a matrix of well-educated guesses, not unlike guessing someone's weight without a scale .
Allan Mendelowitz, former chairman of the Federal Housing Finance Board, outlined his criteria for evaluating alternatives to
Libor, emphasizing that any alternative index must fit the market purpose that it serves. Mendelowitz suggested that one feasible alternative to Libor
would be the market for Discount Notes (DNs) of the Federal Home Loan Bank System. Sean Tully of the CME Group, however, discussed how this alternative does not fit the purpose of large,
international banks or the international syndicated loan market. Mike Moore, an independent mortgage-funding consultant, concluded by considering the
personal repercussions for traders that had tried to manipulate Libor rates and the inertia of the present Libor arrangements.
Event Materials and Videos Allan Mendelowitz and Mike Moore in American
Banker: Replace Libor with Discount Note Index
Robert Eisenbeis: The LIBOR Scandal and the Views of the Shadow Financial Regulatory Committee
Allan
Mendelowitz -- Libor: It Can Be Replaced!
Full Event
Video
Robert
Eisenbeis: Libor needs to be reformed and restructured
Robert Pickel: Libor matrix is like determining weight without a scale
Allan
Mendelowitz: Criteria for reforming Libor
Sean Tully:
Why private banks need Libor
Participants Introduction: Alex J. Pollock, AEI Panelists: Robert Eisenbeis, Cumberland Advisors
Allan Mendelowitz, Former
Chairman, Federal Housing Finance Board Mike Moore, Independent Mortgage Funding Consultant
Robert Pickel,
International Swaps and Derivatives Association Inc. Sean Tully, CME Group

Moderator: Alex J. Pollock, AEI [Full Agenda]
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Also of Interest Statement of the Shadow Financial Regulatory Committee
on Libor Reform Shelia Bair and Robert Eisenbeis | September 24, 2012
Shadow
Financial Regulatory Committee AEI Event | September 24, 2012 | Summary and Video
Shadow
Financial Regulatory Committee AEI Event
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Miller reportedly doesn't want SEC chairmanship

Item ID:	29041
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	Miller reportedly doesn't want SEC chairmanship
Sent:	November 29, 2012 8:01 AM
Received:	November 29, 2012 8:13 AM

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November 29, 2012
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News on the capital markets, securities and financial industry
Morning Bell
Miller reportedly doesn't want SEC chairmanship
Mary Miller, a senior official at the Treasury Department, is not interested in leading the Securities and Exchange Commission, a source says. After SEC Chairman Mary Schapiro announced her resignation, President Barack Obama named Commissioner Elisse Walter as Schapiro's successor. However, Walter has told SEC officials that she does not plan to serve for long. The situation has prompted speculation about who might be tapped for the role. Reuters
(11/28), The New York Times (tiered subscription model)/DealBook blog
(11/28), The Wall Street Journal
(11/28)

Video View
KBW exec expects Congress to reach "fiscal cliff" deal
Source: Fox Business
Chief executives from Goldman Sachs Group, Caterpillar and other large companies are meeting with Republican congressional leaders regarding a plan to avert the "fiscal cliff." Brian Gardner, senior vice president of Washington research at KBW, offers insight into the negotiations. Gardner said he thinks a deal will likely take a few more weeks. "The real negotiating is just starting to pick up now," he said. Fox Business
(11/28)

Industry News
Judge keeps FHFA lawsuits against lenders alive
U.S. District Judge Denise Cote ruled that the Federal Housing Finance Agency can proceed with lawsuits against Credit Suisse Group, Bank of America and other banking giants. The lawsuits allege that the banks misled Fannie Mae and Freddie Mac into buying mortgage-backed securities that led to huge losses for the housing finance giants. The banks have denied the allegations. Reuters
(11/28)
Bankers question value of bonds embodying multiple perils
Swiss Re says a novel bond that combines two unrelated risks -- North Atlantic hurricanes and extreme mortality in the U.K. -- is an attractive option for investors. However, bankers are questioning that assessment, saying each peril in the

bond should be evaluated separately. Learn more about the effects of superstorm Sandy on the ILS markets and get the outlook for 2013 at SIFMA's Insurance and Risk Linked Securities Conference on March 5-6 in New York City. Risk.net (subscription required)
(11/28)
Exchange group seeks consistent, global ETD standards
Margin and capital requirements for exchange-traded derivatives should be consistent, and global policymakers should agree on common standards, the World Federation of Exchanges said in a letter to the Financial Stability Board. Among other recommendations, the federation wants elimination of a five-day margin period of risk for ETDs. Read the letter SIFMA sent this week on margin and capital requirements for covered swap entities. The Trade News (U.K.)
(11/28)
German and U.K. officials delve into Libor issues
A German banking regulator told lawmakers that banks more than likely manipulated the London Interbank Offered Rate. At a hearing, parliamentarians also questioned Deutsche Bank officials about rate rigging. Meanwhile, U.K. officials are seeking feedback on a plan to restructure Libor. Among changes proposed are legal authority applied to the way the rate is set and criminal penalties for manipulation. Separately, Barclays dismissed five employees and disciplined eight others after an internal investigation of Libor rigging. Bloomberg
(11/28), Reuters
(11/28), Bloomberg Businessweek
(11/28), The Wall Street Journal
(11/28)

Washington Roundup
CFTC finalizes clearing rule for swaps dealers
The Commodity Futures Trading Commission unanimously approved a rule that will require Goldman Sachs Group, JPMorgan Chase and other swaps dealers to guarantee certain swaps at clearinghouses beginning in March. The rule outlines which interest-rate and credit default swaps must be processed through a clearinghouse. "Central clearing lowers the risk of the highly interconnected financial system," CFTC Chairman Gary Gensler said in statement. "It also democratizes the market by eliminating the need for market participants to individually determine counterparty credit risk, as now clearinghouses stand between buyers and sellers." Bloomberg
(11/29), FuturesMag.com
(11/28), International Financing Review (free content)/Reuters
(11/29)
FSOC will meet 11 days before Schapiro's departure
The Financial Stability Oversight Council is scheduled to meet Monday in a closed session. At a Nov. 13 meeting, the council drafted three proposals for how the Securities and Exchange Commission could overhaul money market mutual funds. The Treasury Department didn't release an agenda for Monday's meeting, which will come 11 days before council member Mary Schapiro steps down as the SEC's chairwoman. Bloomberg Businessweek
(11/28)
Volcker rule finalization is unlikely before next year
Regulators are not expected to meet a Dec. 31 deadline for issuing the final draft of the Volcker rule. Previous drafts have been several hundred pages long, and the rule requires approval by five agencies, including the Federal Reserve and the Federal Deposit Insurance Corp. CNBC
(11/28)

how today .
Operations Update
BATS plans will offer free risk-management tools
BATS Global Markets said it plans to offer order restrictions, "kill switches" and other risk-management tools to members for free in an effort to bolster investor confidence and rein in trading errors. "If Knight [Capital Group] had put in an aggregated credit limit based on gross or net for their orders over those ports, then they would have potentially tripped those limits," said Chris Isaacson, chief operating officer at BATS. Wall Street & Technology/Reuters
(11/27)

Asset/Wealth Management Report
Survey: Most advisers think "fiscal cliff" will be avoided
Nearly 80% of financial advisers polled by the Financial Services Institute expect a last-minute compromise from Congress to head off the "fiscal cliff." The deal probably would include limits to tax deductions and higher marginal tax rates for wealthy Americans, 72% of advisers said. Financial Advisor online
(11/28)

SIFMA News
SIFMA 2013 Securitization Outlook Conference -- Dec. 6 -- New York City
Attending SIFMA's 2013 Securitization Outlook Conference will be your opportunity to hear the near-term outlook for housing markets, how the housing market will continue to recover, and ask the questions that must be addressed as we develop the nation's new system of housing finance. FHFA Acting Director Edward DeMarco will keynote this half-day program and provide his insight on the outlook for agency and non-agency MBS markets in 2013. DeMarco and several industry experts will examine issues central to securitization including regulatory and market outlook for private-label securitization markets and the latest proposals to use eminent domain to seize underwater mortgage loans.
SIFMA Social Media Seminar -- Feb. 28, 2013 -- San Francisco
This popular event moves to the West Coast for a full-day seminar featuring in-depth panels on marketing, business and practitioner experience with social media, as well as practical advice on the legal and compliance issues faced by the expanding use of interactive technology for business purposes. Learn the practices and processes that will help your firm navigate these new communication platforms.
Snag an early-bird rate for SIFMA's AML and Financial Crimes Conference
SIFMA and 85Broads present: Transforming the Street -- RESCHEDULED to Dec. 5
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We acquire the strength we have overcome."
--Ralph Waldo Emerson, American writer

Lead Editor: Bridget Lux
Mailing Address:
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Reps. Bachus and Hensarling request Volcker rule delay

Item ID:	29108
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	Reps. Bachus and Hensarling request Volcker rule delay
Sent:	November 30, 2012 7:49 AM
Received:	November 30, 2012 7:49 AM

SIFMA SmartBrief
SIFMA SmartBrief
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November 30, 2012
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News on the capital markets, securities and financial industry
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Reps. Bachus and Hensarling request Volcker rule delay
Reps. Spencer Bachus, R-Ala., and Jeb Hensarling, R-Texas, are asking regulators to postpone the Volcker rule, which prohibits proprietary trading at major banks. The leading Republicans asked to delay the effective date by two years after the final version is released. "Given the time that it will take for you to agree on one version of the Volcker Rule as well as the tremendous uncertainty that market participants face in trying to anticipate what the final rule will look like, we respectfully suggest that the Federal Reserve Board delay the Volcker Rule's effective date," Bachus and Hensarling wrote in a letter to regulators. Learn more at SIFMA's Volcker Rule Resource Center . Bloomberg Businessweek
(11/29), The Wall Street Journal/Deal Journal blog
(11/29), AmericanBanker.com (subscription required)
(11/29)

Industry News
Breakup of major banks unlikely, Morgan Stanley's Gorman says
James Gorman, chairman and CEO at Morgan Stanley, told participants at a conference sponsored by SIFMA and the American Institute of Certified Public Accountants that the U.S. government is unlikely to support a breakup of major financial institutions. However, he said, consolidation among regional firms is expected. "[M]ost people think banks are going to get smaller, but I think a lot of the small banks are going to get bigger," Gorman said. Nasdaq.com/Dow Jones Newswires
(11/29)
Experts discuss possible ways to overhaul Libor
The American Enterprise Institute asked a group of experts to discuss proposals for resolving issues plaguing the London Interbank Offered Rate and other benchmarks. Alex Pollock of AEI offered a bit of history of how Libor came to be and how it has emerged as probably the world's most important index. The experts differed on many points but expect adjustments will be made to Libor's administration. However, deals might be drafted to rely on alternative benchmarks, they said. NewsMax.com/Moneynews
(11/29)
Chinese official criticizes U.S. over FATCA
Liu Xiangmin, a senior official at the People's Bank of China, says the U.S. has erred in taking a unilateral approach to thwart tax evaders by way of the Foreign Account Tax Compliance Act. Liu says FATCA doesn't respect the

sovereignty of other nations. "It creates unreasonable costs for foreign financial institutions and directly contravenes many countries' privacy and data-protection laws," he said. Learn more at SIFMA's FATCA Resource Center . Reuters (11/28), Risk.net (subscription required)
(11/28)

Washington Roundup
Reps. Frank and Capuano introduce bill to merge SEC, CFTC
Reps. Barney Frank and Michael Capuano, both Democrats from Massachusetts, introduced legislation that would combine the Commodity Futures Trading Commission with the Securities and Exchange Commission. Republican House members recently suggested that the move would help prevent regulatory lapses. However, the change faces significant obstacles. "The existence of a separate SEC and CFTC is the single largest structural defect in our regulatory system," Frank said. "Unfortunately, this is deeply rooted in major cultural, economic and political factors in America." Reuters
(11/29), The Hill/On The Money blog
(11/29), AdvisorOne
(11/29)
"Fiscal cliff" talks are getting nowhere, Boehner says
No real progress has been made in talks between Republican leaders and the White House, and there is a real danger that the "fiscal cliff" will go into effect at year-end, House Speaker John Boehner says. "No substantive progress has been made in the talks between the White House and the House over the last two weeks," Boehner said. "There's been no serious discussion of spending cuts so far, and unless there is, there's a real danger of going off the fiscal cliff." Reuters
(11/29), TheFiscalTimes.com
(11/30), Bloomberg
(11/30)
Basel III under fire from lawmakers and bankers
A variety of financial industry executives, regulators and lawmakers are raising concerns about the Basel III rules and how they might affect the industry as well as the broader economy. Some lawmakers and state regulators are urging federal authorities to reconsider the proposed rules. "The one-size-fits-all approach to regulatory capital in the proposed rules does not take into consideration the diversity of our nation's financial system and the unique challenges faced by different-sized institutions," said Rep. Shelley Moore Capito, R-W.Va. Reuters
(11/29), The Wall Street Journal/Real Time Economics blog
(11/29)
Volcker says namesake rule is reshaping Wall Street
Although the Volcker rule has yet to take final form, it's already making its impending presence felt on Wall Street, said former Federal Reserve Chairman Paul Volcker. "Banks have stopped their straightforward proprietary trading operation, and they've largely cut back on their hedge funds and equity funds. And as the managements and the directors finally understand that, 'Yes, this is a law that has to be followed,' they'll be able to manage their trading desks in what I think is an effective way," Volcker said. CNBC
(11/29)
Commentary: Regulatory agencies need strong leaders
The U.S. financial regulatory landscape has come to an important crossroads. Just as those in power are beginning to make sound decisions, writes Massachusetts Institute of Technology professor Simon Johnson, President Barack Obama has to appoint two key positions. Johnson suggests former FDIC Chairwoman Sheila Bair for Treasury secretary and any one of a handful of good candidates for chairman of the Securities and Exchange Commission. The New York Times (tiered subscription model)/Economix blog
(11/29)

online, so you can access your project files anywhere you have an internet connection. Download the Guide to the Cloud for Construction to learn more .

Financial advisers' SRO bill seen as low priority in House

A bill to move supervision of financial advisers from the Securities and Exchange Commission to one or more self-regulatory organizations is unlikely to see a House vote this year, after Rep. Jeb Hensarling, R-Texas, was elected chairman of the House Financial Services Committee, industry officials say. Hensarling is expected to focus on reforming Fannie Mae and Freddie Mac and possibly curtail some Dodd-Frank Act measures. InvestmentNews (free registration)

(11/28), WealthManagement.com (U.S.)/Yield of Dreams blog

(11/29)

SIFMA News

SIFMA's LEI Seminar: Implementing a Global LEI Framework -- Dec. 11 -- NYC

In partnership with our global affiliate GFMA, SIFMA is pleased to present the "Implementing a Global LEI Framework -- Ready. Set. Go." The symposium will address current global policy as well as regulation and business implementation issues facing the financial services industry, as we prepare to stand up the Financial Stability Board's LEI infrastructure and use of CICI legal-entity identifiers for regulatory reporting

to the CFTC. We will also examine the impact of these changes on your business. Prepare your firm by attending this important event.

SIFMA 2013 Securitization Outlook Conference -- Dec. 6 -- New York City

Attending SIFMA's 2013 Securitization Outlook Conference will be your opportunity to hear the near-term outlook for housing markets, how the housing market will continue to recover, and ask the questions that must be addressed as we develop the nation's new system of housing finance. FHFA Acting Director Edward DeMarco will keynote this half-day program and provide his insight on the outlook for agency and non-agency MBS markets in 2013. DeMarco and several industry experts will examine issues central to securitization including regulatory and market outlook for private-label securitization markets and the latest proposals to use eminent domain to seize underwater mortgage loans.

Snag an early-bird rate for SIFMA's AML and Financial Crimes Conference

SIFMA and 85Broads present: Transforming the Street -- RESCHEDULED to Dec. 5

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The robbed that smiles, steals something from the thief."

--William Shakespeare, British playwright

Lead Editor: Bridget Lux
Mailing Address:
SmartBrief, Inc.® , 555 11th ST NW, Suite 600, Washington, DC 20004

RE: Preface.docx

Item ID:	29169
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Phillips, Wesley [redacted]
Subject:	RE: Preface.docx
Sent:	November 30, 2012 5:10 PM
Received:	November 30, 2012 5:10 PM

Well said. We"LL handle on Monday. Take the weekend off. All three of us have earned that. And there will be no screaming . . .

Sent from my Windows Phone

From:

Lee, Timothy

Sent:

11/30/2012 5:06 PM

To:

Parker, Richard

Cc:

Phillips, Wesley

Subject:

FW: Preface.docx

Hi Old Salt,

I took a look at this. This does look much more like every other paper we have written, and frankly only Wes could have drawn it up. My effort, good faith as it was, would produce another good product, but one very different stylistically from a Wes product or the OIG norm (as the LIBOR memo is). To address a point you made on the phone: not your fault as supervisor. One needs a certain amount of time to pull anything together, and I circulated my rough cut as soon as I could for the reason you mentioned â€“ to identify issues early if they arose. Itâ€™s healthy to have this screaming match now rather than later, especially given the time constraints.

The decision is a straightforward judgment call: put out a Tim paper or a Wes paper. But this week has made clear that we canâ€™t put me in charge of a Wes paper, and we would probably have a tough time putting Wes in charge of a Tim document. Iâ€™m happy to work with everyone either way.

Tim

From: Phillips, Wesley

Sent: Friday, November 30, 2012 3:14 PM

To: Lee, Timothy; Wu, Simon

Subject: Preface.docx

I wanted you to see the framework for the interest rate risk white paper and how the various sections will be completed thus far. I realize that much of the content will need to be revised to be technically accurate but this is my vision for the piece. Wes

fyi

Item ID:	29190
From:	DiSanto, Emilia [redacted] (b) (6)
To:	Parker, Richard [redacted] (b) (6) Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	fyi
Sent:	December 3, 2012 8:21 AM
Received:	December 3, 2012 8:21 AM

Top of Form Go Bottom of Form Private Equity Hedge Funds I.P.O./Offerings Ven Mergers & Acquisitions Investment Banking ture Capital Legal/Regulatory <img src="http://www.nytimes.com/adx/bin/adx_remote.html?type=noscript&page=blog.nytimes.com/dealbook/post&posall=XXL,AdShareData,PushDown,FixedPanel,TopAd,Bar1,Position1,Position1B,Top5,SponLink,MiddleRight,Box1,Box3,Box3A,Bottom3,Right5A,Right6A,Right7A,Right8A,Middle1C,Bottom7,Bottom8,Bottom9,Header1,Header2,Header3,Inv1,Inv2,CcolumnSS,Middle4,Left1B,Frame6A,Left2,Left3,Left4,Left5,Left6,Left7,Left8,Left9,JMNow1,JMNow2,JMNow3,JMNow4,JMNow5,JMNow6,Feature1,Spon3,ADX_CLIENTSIDE,SponLink2&pos=TopAd&query=qstring&keywords=?"> <img src="http://www.nytimes.com/adx/bin/adx_remote.html?type=noscript&page=blog.nytimes.com/dealbook/post&posall=XXL,AdShareData,PushDown,FixedPanel,TopAd,Bar1,Position1,Position1B,Top5,SponLink,MiddleRight,Box1,Box3,Box3A,Bottom3,Right5A,Right6A,Right7A,Right8A,Middle1C,Bottom7,Bottom8,Bottom9,Header1,Header2,Header3,Inv1,Inv2,CcolumnSS,Middle4,Left1B,Frame6A,Left2,Left3,Left4,Left5,Left6,Left7,Left8,Left9,JMNow1,JMNow2,JMNow3,JMNow4,JMNow5,JMNow6,Feature1,Spon3,ADX_CLIENTSIDE,SponLink2&pos=PushDown&query=qstring&keywords=?"> Investment Banking | Legal/Regulatory December 2, 2012, 10:02 pm 37 Comments UBS Is Reported to Be Near a Deal on Rate Rigging By BEN PROTESS and MARK SCOTT Walter Bieri/Keystone, via Associated PressProtesters formed a giant fish during a rally last month in Zurich in front of the offices of UBS, center, and Credit Suisse, right. UBS , the Swiss banking giant, is close to reaching settlements with American and British authorities over the manipulation of interest rates, the latest case in a multiyear investigation that has rattled the financial industry and spurred a public outcry for broad reform. UBS is expected to pay more than $450 million to settle claims that some employees reported false rates to increase the bank's profit, according to officials briefed on the matter who spoke on the condition of anonymity because the talks were private. If the bank agrees to the deals with various authorities, the collective penalties would yield the largest total fines to date related to the rate-rigging inquiry and would increase the likelihood that other financial institutions would face stiff penalties. Authorities dealt their first blow in the rate-rigging case in June when the British bank Barclays agreed to a $450 million settlement. Article Tools Facebook Save Twitter E-mail Google+ Print Share Permalink A spokeswoman for UBS declined to comment. The agencies leading the UBS investigation, the Commodity Futures Trading Commission , the Justice Department and Britain's Financial Services Authority, also declined to comment. The UBS case will provide a window into systemic problems in the rate-setting process, which affects how consumers and companies borrow money around the world. After reviewing thousands of internal bank e-mails and interviewing dozens of employees, the authorities have uncovered patterns of abuse at the major banks that help set benchmark interest rates. Libor Explained 1 of 3 · Interactive Feature · Documents · Video NEXT PREV Chris Ratcliffe/Bloomberg News Guide to the Rate Inquiry Tracking the global investigation into how big banks set crucial benchmark interest rates. Graphic: Behind the Libor Interactive Feature Carolyn Kaster/Associated PressEric T. Schneiderman, New York's attorney general, has been pressing banks like UBS over financial misconduct. The sprawling investigation is focused on benchmarks like the London interbank offered rate , or Libor. The rate, a measure of how much banks charge each other for loans, is used to determine the costs of trillions of dollars of mortgages, credit card charges and student loans . The authorities claim that UBS traders colluded with rival banks to influence rates in an effort to bolster their profits, according to officials briefed on the matter. Some traders at UBS were suspended this year over the matter. Given the scope of the case, the UBS settlement is expected to heighten calls for a reform of the Libor system. Lawmakers are pushing to change the way banks report rates, providing more transparency to consumers, companies and investors that rely on the benchmark. The reform movement gained momentum after global authorities secured the settlement with Barclays. Regulators had accused Barclays of reporting false rates, a scandal that prompted the resignation of the chief executive and other top officials at the bank. Global authorities are now moving forward with civil and criminal cases, setting up the potential for major fines and regulatory sanctions. Some banks are in advanced settlement talks, including UBS and the Royal Bank of Scotland . The Royal Bank said it expected to disclose penalties before the firm's next earnings release in February. Deutsche Bank said last month that it had set aside money to cover potential fines, although it was too early to predict the size. American authorities are hoping to complete a deal with UBS by the middle of the month, according to officials briefed on the matter. The officials noted that the discussions could spill into next year. The talks could also break down, in which case the authorities would file a lawsuit against the bank. It is unclear whether global authorities will act in tandem on the UBS case. The bank and the regulators would prefer to strike a deal together, but the agencies are proceeding at different speeds. Investigators say the broader Libor case could go on for years. Canadian, Swiss and Asian authorities as well as the Justice Department, the Commodity Futures Trading Commission and Britain's Financial Services Authority are investigating the actions of more than a dozen banks. Along with UBS, the futures commission is focused on potential wrongdoing at two American banks, Citigroup and JPMorgan Chase , the officials said. HSBC is also under scrutiny. In addition to the regulatory cases, the Justice Department has identified potential criminal wrongdoing by traders at Barclays and other banks. The banks also face private lawsuits from large investors like local governments, which claim to have suffered losses as a result of interest rate manipulation. The New York attorney general has subpoenaed 16 banks over their role in the scandal, an action that could foreshadow civil lawsuits. Analysts predict the financial industry could face penalties of up to $20 billion. "The evidence that comes out of any future settlement is likely to be enormously helpful for our claims," said David E. Kovel, a partner at the law firm Kirby McInerney who is representing clients in a potential class-action suit related to Libor. For UBS, the Libor case comes at a difficult time. It has faced a series of legal problems since the financial crisis. In 2009, the bank agreed to pay $780 million to settle accusations by American authorities that it helped wealthy clients avoid taxes. In 2011, it announced a $2.3 billion loss prompted by a rogue trader, Kweku M. Adoboli, who received a seven-year jail sentence for fraud last month. The firm agreed to pay a $47.5 million penalty to the British authorities in connection with the trading loss. In the Libor case, UBS has been eager to cooperate. It has already reached a conditional immunity deal with the antitrust arm of the Justice Department, which could protect the bank from criminal prosecution under certain conditions. It is also cooperating with Canadian antitrust authorities by handing over e-mails and other documents implicating other banks. But it did acknowledge publicly that such deals would not shield the bank from potential penalties from other regulators. The Justice Department's criminal unit, for instance, could still take action against the bank. UBS disclosed last year that it was the subject of investigations related to Libor, saying it had received subpoenas from American and Japanese authorities. Swiss and British regulators have joined the UBS investigation, which involves a number of currencies in the Libor system. The timing of the Libor cases against UBS depends in large part on cooperation among regulators. The Financial Services Authority in Britain has worked closely with its American counterparts. In total, the British regulator has about 160 people working on its various cases against banks, which are at different stages of development. As the top watchdog of London's financial services industry, the British regulator has positioned itself as a conduit for document requests from international regulators regarding Libor, which is set daily by banks in London. The agency also organizes interviews for its American counterparts with London-based bankers involved in the inquiries, according to an official with direct knowledge of the matter. British regulators had been ready to move against UBS a month after officials announced a settlement with Barclays, the person added. The settlement has been delayed, however, as global authorities have tried to pursue a joint agreement with the bank. "We've been going at the pace of the slowest regulator," the official said. A version of this article appeared in print on 12/03/2012, on page A1 of the NewYork edition with the headline: Ubs Is Reported To Be Near Deal On Rate Rigging.

Attachment #1

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Attachment #3

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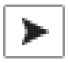
Image



Attachment #4

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Attachment #8

image008.jpg

Image

UBS is settling re Libor

Item ID:	29220
From:	Phillips, Wesley [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Wu, Simon [redacted] Parker, Richard [redacted]
Subject:	UBS is settling re Libor
Sent:	December 3, 2012 9:25 AM
Received:	December 3, 2012 9:25 AM

http://www.nytimes.com/

RE: Weekly Assignment

Item ID:	29231
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Weekly Assignment
Sent:	December 3, 2012 9:50 AM
Received:	December 3, 2012 9:50 AM

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Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted] (b) (6)
Mobile:

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Deutsche makes provision for Libor costs
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http://www.ft.com/cms/s/0/3be5e076-3951-11e2-8881-00144feabdc0.html

SIFMA's Ryan urges regulators to ensure rules work together

Item ID:	29284
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	SIFMA's Ryan urges regulators to ensure rules work together
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Received:	December 4, 2012 7:45 AM

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SIFMA's Ryan urges regulators to ensure rules work together
Tim Ryan, president and CEO of SIFMA, says regulators are moving in the right direction on a number of fronts, including the creation of the Financial Stability Oversight Council. However, Ryan encourages the FSOC to take a stronger leadership role to ensure coordination of regulations being written by various agencies, including the Commodity Futures Trading Commission and the Securities and Exchange Commission. International Financial Law Review
(11/2012)

Industry News
Groups prepare loan-disclosure guidance for municipalities
SIFMA is working with the National Federation of Municipal Analysts and other associations on guidance for municipalities about when and how to disclose information about bank loans. The Municipal Securities Rulemaking Board is increasingly scrutinizing loans directly from banks to state and local governments. The Bond Buyer (free content)
(12/3)
Fitch scrutinizes muni bonds and banks' revenue disclosures
U.S. municipal bonds, a big draw for investors, may be due for a downgrade soon by Fitch Ratings, which notes that local governments remain under stress. Meanwhile, the rating agency is calling on Wall Street banks to provide investors with more data about their trading revenue. "U.S. banks' public disclosure of capital markets revenue is insufficient to allow investors and counterparties to make a proper assessment of the impact upcoming regulatory changes will have on firms' future profitability, capital adequacy and competitive position," Joseph Scott and Bill Warlick, both of Fitch, wrote in a report. Financial Times (tiered subscription model)
(12/3), Bloomberg
(12/3)
Exchanges and FINRA seek more time on consolidated audit trail
The Financial Industry Regulatory Authority and stock and options market operators are planning to request more time from the Securities and Exchange Commission for submitting a plan for a consolidated audit trail. The exchanges and FINRA are supposed to submit the plan in April 2013, but they want to delay the deadline to December. "The delays that are being asked for are valid since it is a heavy lift with a lot of nuances and moving parts," said Edward Boyle, a former Getco executive. "If we don't allow the time for all participants to be ready, it will fall short and likely never be

done properly." Learn more at SIFMA's Consolidated Audit Trail Resource Center . Bloomberg
(12/3)
Banks look again to derivatives market
Derivatives-product companies might be due for a post-crisis comeback as several banks broach the possibility of opening up such units with lawyers and credit rating agencies. Roger Merritt, a Fitch Ratings managing director, says the firm is talking to several banks in Europe and the U.S. about reviving the sector. Risk.net (subscription required)
(12/3)
Appeals court sides with credit rating agencies
The 6th U.S. Court of Appeals in Ohio on Monday upheld the dismissal of litigation against the big three credit rating agencies. Five Ohio pension funds sought to get back millions of dollars lost on mortgages that went bad, claiming that the ratings by Moody's Investors Service, Fitch Ratings and Standard & Poor's were faulty on those mortgage investments. Reuters
(12/3)

Washington Roundup
SEC plans to move forward on fiduciary standard
Creating a uniform fiduciary rule for financial advisers and brokers is a high priority next year for the Securities and Exchange Commission, the regulator says. The SEC's next chairman, Elisse Walter, is a longtime supporter of harmonizing rules that govern financial advisers and broker-dealers. AdvisorOne
(12/3)
Foreign governments express concerns about Volcker rule
Representatives from governments worldwide have been meeting with Federal Reserve officials to voice concerns about the Volcker rule. Envoys from Japan, the U.K., Canada and Mexico have visited the U.S. central bank, while others have sent comment letters. The situation could pressure U.S. regulators to rein in the rule. Learn more at SIFMA's Volcker Rule Resource Center . The Wall Street Journal/Real Time Economics blog
(12/3)
Fed unsatisfied with how lenders are handling low rates
Federal Reserve policymakers want to know why lenders are benefiting from low rates, but the breaks aren't filtering down to home buyers. Since the Fed targeted the U.S. mortgage market in September with large-scale bond purchases, the spread between what investors reap on mortgage-backed securities and the interest rates homeowners pay has widened to record levels. Reuters
(12/3)
FSOC discusses global efforts to overhaul Libor
The Financial Stability Oversight Council on Monday discussed efforts to revamp the London Interbank Offered Rate. Proposed changes include greater oversight in the way the Libor is set and scrapping the benchmark in favor of an alternative. MarketWatch
(12/3), The Wall Street Journal
(12/3)
Other News
FINRA's plan to disclose recruiting bonuses faces opposition InvestmentNews (free registration) (12/2)

Operations Update
Advanced search tech could be finance game changer
Market players are hoping that semantic searches, a next-generation search technology, will one day make investment decisions more science than art. "There is a movement in enterprise search towards semantic tools as vendors improve the accuracy of results returned by their search tools, and Ovum expects market disruption to come from

those products," said Sue Clarke, a senior analyst at technology researcher Ovum. Financial News Online (U.K.) (subscription required)
(12/3)

SIFMA News
SIFMA 2013 Securitization Outlook Conference -- Thursday -- New York City
Attending SIFMA's 2013 Securitization Outlook Conference will be your opportunity to hear the near-term outlook for the housing markets, how the housing market will continue to recover, and ask the questions that must be addressed as we develop the nation's new system of housing finance. FHFA Acting Director Edward DeMarco will keynote this half-day program and provide his insight on the outlook for both agency and non-agency MBS markets in 2013. DeMarco and several industry experts will examine issues central to securitization including the regulatory and market outlook for private-label securitization markets and the latest proposals to use eminent domain to seize underwater mortgage loans.
IOSCO Secretary-General David Wright will speak at SIFMA/GFMA LEI Seminar -- Dec. 11 -- New York City
SIFMA and GFMA are partnering to present the "Implementing a Global LEI Framework -- Ready. Set. Go." Join IOSCO Secretary-General David Wright, U.S. Treasury representatives, and financial services leaders as they address preparation for the December LEI deadline in the U.S. and the future of the global LEI standard. Don't miss your chance to learn more about the impact these regulations and processes will have on your firms starting this month! Register today.
SIFMA Insurance and Risk Linked Securities Conference -- March 5-6 -- New York City
SIFMA Internal Auditors Society Annual Conference 2012 -- Dec. 11-12 -- NYC
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It is astonishing what force, purity and wisdom it requires for a human being to keep clear of falsehoods."
--Margaret Fuller, American journalist and women's rights activist

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Event highlights: Shadow Financial Regulatory Committee (Dec 10)

Item ID:	29640
From:	AEI Events <Events@aei.org>
To:	Timothy Lee <timothy.lee@fhfaoig.gov>
Subject:	Event highlights: Shadow Financial Regulatory Committee (Dec 10)
Sent:	December 11, 2012 4:27 PM
Received:	December 11, 2012 4:33 PM

Shadow
Financial Regulatory Committee Monday, December 10, 2012
Full event video
Summary The Shadow Financial Regulatory Committee (SFRC), an independent group of experts
sponsored by AEI, released its latest findings at a press luncheon on Monday. Robert Eisenbeis of Cumberland Advisors began by presenting the first of
three statements published by the committee, which advised US regulators to abandon the Basel III regulations on bank-capital adequacy and liquidity
and instead enact superior regulation and enforcement strategies .
Edward Kane of Boston College then presented five SFRC recommendations for
President Obama to improve the inadequate financial regulations enacted through the Dodd-Frank Act. He addressed the increase in moral hazard caused
by the act and encouraged the administration to enforce regulations that respond to changes in dynamic markets, work with Congress to end the
conservatorship of Fannie Mae and Freddie Mac, formulate clear rules that assign accountability to tax and transfer payments produced by bailouts, and
circumscribe access to bailouts to protect taxpayers .
Finally, AEI's Peter Wallison discussed recent suggestions for
reinstating provisions of the Glass-Steagall Act. Wallison stressed that the critical investment banks that became insolvent during the Great
Recession were not affiliated with insured commercial banks, and therefore banking-activity limits outlined in the Glass-Steagall Act would not have
prevented the financial crisis. He concluded that the Glass-Steagall Act should not be reinstated, and the Volcker Rule's banking activity limits would not enhance financial stability .
Event Materials and Videos
Robert
Eisenbeis, Richard Herring, and George Kaufman: Statement No. 332 -- Regulation of Bank Capital and Liquidity
Edward Kane, Catherine Schrand, and Peter Wallison: Statement No. 333 -- An Open Letter to President Obama
Peter Wallison: Statement No. 334 -- Glass
Steagall and the Volcker Rule
Full Event
Video
Robert
Eisenbeis: Alternative strategies to Basel III
Edward
Kane: Action plan to reform financial-institution consolidation and competition
Peter
Wallison: Volcker Rule and Glass-Steagall Act do not guarantee financial stability
Participants Discussants:
Richard J. Herring,
(co-chairman), University of Pennsylvania George G. Kaufman, (co-chairman), Loyola University Chicago

Marshall
Blume, University of Pennsylvania Franklin Edwards, Columbia University
Robert A.
Eisenbeis, Cumberland Advisors Edward Kane, Boston College Catherine Schrand, University of Pennsylvania Kenneth E. Scott, Stanford Law School Peter J. Wallison, AEI
[Full Agenda]
Contacts For more information, please contact Emily Rapp at Emily.Rapp@aei.org . For media inquiries, please contact MediaServices@aei.org , 202.862.5829.
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Also of Interest Libor scandal: Reform? Replace? How?
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RE: Files

Item ID:	29645
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Files
Sent:	December 12, 2012 7:31 AM
Received:	December 12, 2012 7:31 AM

Good morning Tim, I will be able to do this in approximately 20 minutes….is that alright? Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Lee, Timothy Sent: Wednesday, December 12, 2012 7:29 AM To: [redacted] Subject: FW: Files Hi [redacted], Could you run a compare documents against "Libor memo final.doc" in the Libor directory on opors SharePoint space and send me the result? Thanks, Tim Sent from my Windows Phone From: Timothy Lee Sent: 12/11/2012 20:56 To: Lee, Timothy Subject: Re: Files On Tue, Dec 11, 2012 at 4:45 PM, Lee, Timothy < Timothy.Lee@fhfaoig.gov > wrote: ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821 Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error. -- ----- Timothy Lee 646-359-3710 timoth31@gmail.com

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Image

[redacted] (b) (6)

Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted] (b) (6)
Mobile: [redacted]

IOSCO chief: LEIs key as more capital-market centers emerge

Item ID:	29644
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	IOSCO chief: LEIs key as more capital-market centers emerge
Sent:	December 12, 2012 7:59 AM
Received:	December 12, 2012 8:00 AM

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Morning Bell
IOSCO chief: LEIs key as more capital-market centers emerge
David Wright, secretary-general of the International Organization of Securities Commissions, predicted that by 2032, there will be 20 capital-market centers around the globe, making legal-entity identifiers all the more necessary. Emerging markets are primarily driving the growth in those financial hubs, Wright said at SIFMA's LEI seminar -- Implementing a Global LEI Framework. Securities Technology Monitor
(12/11)
Mutual funds identify and resolve LEI-related issue
Mutual funds ran into a snag in acquiring legal-entity identification codes -- credit cards were required to pay fees, but as funds, they didn't have one. A workaround was finally put in place, and the slowdown in registrations has been alleviated, participants at the SIFMA LEI event said Tuesday in New York. Securities Technology Monitor
(12/11)
FSB moves forward with legal-entity identifier system
The Financial Stability Board is hammering out details on legal-entity identifiers, including outlining plans to include hierarchical and relationship data with LEIs. Also, the FSB is planning to establish a governance body for the LEI system early next year. Meanwhile, legal experts are looking into the suitability of Switzerland as the home of the LEI foundation. Learn more at SIFMA's Legal Entity Identifier Resource Center . WatersTechnology.com
(12/11)

Industry News
Financial firms face new rules and more uncertainty
U.S. businesses are at an unenviable crossroads. On one hand, they face a raft of Dodd-Frank rules crafted over the past year. On the other hand, they have the uncertainty of how, or if, Congress will avert the "fiscal cliff." Such areas of concern include taxes, accounting practices and capital. The New York Times (tiered subscription model)/DealBook blog
(12/11), The Wall Street Journal/CFO Journal
(12/11)
U.K. authorities arrest 3 in Libor-related investigation
The U.K. Serious Fraud Office and police have arrested two interdealer brokers and a former trader at Citigroup and UBS who are accused of manipulating benchmark interest rates. Charges have not been filed. The Telegraph (London) (tiered subscription model)

(12/11), Financial Times (tiered subscription model)
(12/12), Reuters
(12/11), The New York Times (tiered subscription model)/DealBook blog
(12/11)
BIS: Global fundamentals don't support market prices
The Bank for International Settlements is warning that equity and fixed-income prices might be out of line with the weak state of the global economy. "Market participants attributed a significant part of the rally in asset prices to further loosening by central banks, notably the Federal Reserve," according to a BIS quarterly review. CNBC
(12/11)

Washington Roundup
MSRB proposes increasing pre-trade transparency
The Municipal Securities Rulemaking Board is requesting feedback on a proposal to require underwriters to file preliminary official statements from issuers on the board's EMMA system. Michael Decker, co-head of SIFMA's muni division, raised questions, but said the requirement could be structured to minimize dealers' burdens. The Bond Buyer (free content)
(12/12), Bloomberg
(12/12)
Senate panel to look into high-speed trading
Sen. Jack Reed, D-R.I., has called a hearing of the Senate banking subcommittee on securities to look into whether new regulations are needed governing high-speed computerized trading. Lawrence Leibowitz, chief operating officer at the New York Stock Exchange, Eric Noll, vice president of transaction services at Nasdaq OMX Group, and executives from ITG and Credit Suisse are scheduled to testify. Reuters
(12/11)
IOSCO chief proposes global regulatory regime
An international treaty is in order to establish a regulatory framework needed for increasingly interconnected financial markets, says David Wright, secretary general of the International Organization of Securities Commissions. The goal would not be to impose a single set of rules but to ensure agreed principles are applied consistently across jurisdictions, he says. The Trade News (U.K.)
(12/11)

Operations Update
Many financial institutions will update IT in 2013
According to a survey by Risk, IT systems will be a focus of spending next year among 60% of financial institutions as they prepare for regulatory regimes even after having to reduce staffing amid low trading volumes. About a third of respondents cited the need to update aging systems. Risk.net (subscription required)
(12/11)

Asset/Wealth Management Report
FINRA guidance better explains suitability rules
The Financial Industry Regulatory Authority has issued guidance to give financial advisers a clearer and more specific explanation of suitability rules. Violation of suitability rules has been the most common basis for FINRA enforcement action against advisers this year. Financial Planning

(12/2012), The Wall Street Journal
(12/11)
10 Secret Strategies for Keeping Your Business Financially Fit in a Tough Economy In this white paper from Coupa, written specifically for CFOs and financial decision-makers, uncover the simple steps your company can take to defy a deflated economy and streamline spending without compromising operational efficiency. Download the white paper now and learn the secret strategies to staying recession-proof .
SIFMA News
GFMA Member Call: Best Practises for Financial Benchmarks -- Dec. 13 -- 8 a.m. EST
In response to recent calls for reform, GFMA developed and recently finalized its Principles for Financial Benchmarks , recognizing that the financial industry has a responsibility to restore public confidence in financial benchmarks. This Member Call on Thursday, Dec. 13, 8 a.m. EST will discuss the impact of the latest global regulatory developments, review GFMA's Principles, and address the practical implications of recent regulatory and industry actions. The discussion panel for the call will include: GFMA CEO Simon Lewis; Morgan Stanley COO Jim Rosenthal, Susan Krause Bell and Tony Murphy, both Managing Directors at Promontory Financial Group, and Randy Snook, Executive Vice President at SIFMA. Pre-registration for this call is required. Participants can register through this pre-registration link (Conf. ID 10021707). After pre-registration, a dial-in number will be provided. The call is open to all members of SIFMA, AFME and ASIFMA, and CLOSED to the press and non-members .
EARLY-BIRD PRICING -- SIFMA's AML and Financial Crimes Conference -- Feb. 26-27
SIFMA's 13th Annual Anti-Money Laundering and Financial Crimes Conference is the securities industry's premier event for anti-money laundering compliance and practices. Join us and hear exclusive presentations from newly appointed Jennifer Shasky Calvery , director of FinCEN, and Adam Szubin , director of OFAC, on their agendas for the upcoming year. The conference convenes leading experts from the industry, regulatory agencies and law enforcement to discuss the most recent developments and requirements in anti-money laundering laws as well as provides practical guidance for implementing robust and effective compliance programs.
SIFMA Financial Management Society Educational Training Session -- Dec. 18 -- NYC
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--Josiah Royce, American philosopher

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SIFMA President and CEO Tim Ryan on the State of the Industry

Item ID:	29690
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	SIFMA President and CEO Tim Ryan on the State of the Industry
Sent:	December 12, 2012 1:10 PM
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SIFMA SmartBrief
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How I See It
SIFMA President and CEO Tim Ryan on the state of the industry
SIFMA President and CEO Tim Ryan
As 2012 comes to a close, SIFMA SmartBrief asked SIFMA President and CEO Tim Ryan to share some of his reflections on this year and to look ahead to how he sees 2013 taking shape. What progress was made on regulatory reform rulemaking in 2012? SIFMA remains strongly supportive of comprehensive, balanced reform to financial regulation, both here in the U.S. and globally. We've supported rules when we believe regulators have gotten them right, and objected to proposals we feel miss the mark. Our economy cannot withstand rules that inadvertently create new pockets of risk -- like central clearing and the Volcker rule. No one, however, can be happy about where the reform process stands. The problems began as a result of the political and bureaucratic constraints that produced a complex 2,300 page law, leaving the great majority of detailed decisions to the regulators. Only one-third of the required rules have been finalized, and while regulators have adopted some critical provisions related to non-bank SIFIs and Orderly Liquidation, many major rules, and their extraterritorial application, remain unresolved. Further, coordination among U.S. regulators is lacking, resulting in likely conflict among rules and friction and fragmentation across markets. It's time to step back, review what we are trying to accomplish, and find a better approach to getting it done. Read the rest of the Q-and-A .
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Most Popular Stories
These are the stories read and shared most by SIFMA SmartBrief readers in 2012
Moody's downgrades ratings of 15 major banks
Reuters
(6/22), The Wall Street Journal
(6/22), The New York Times (tiered subscription model)/DealBook blog
(6/21)
Share:
U.S. regulators postpone Basel III implementation
Bloomberg
(11/9), MarketWatch
(11/9), CNBC/The Associated Press
(11/9)
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Foreign banks might exit U.S. because of Volcker rule
International Financial Law Review
(11/2012)
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(10/2012)
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CFTC votes to finalize swap definitions and exemptions
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(7/10), Market News International
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(7/10)
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Stanford professor warns about consequences of Volcker rule
The Wall Street Journal/Dow Jones Newswires
(1/17), Bloomberg Television
(1/17)
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Fed guidance is out -- Volcker rule conformance is 2014
Financial Times
(tiered subscription model)
(4/19), Reuters
(4/19), The New York Times (tiered subscription model)/DealBook blog
(4/19), The Wall Street Journal
(4/19), The Hill/On the Money blog
(4/19)
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"London whale's" position could be exempt from Volcker rule
The New York Times (tiered subscription model)/DealBook blog
(4/6), Financial Times
(tiered subscription model)
(4/6), Bloomberg
(4/9)
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(5/23), Financial Times
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N.Y. Fed might have known about Libor problems in 2007
Reuters
(7/10), The New York Times (tiered subscription model)/DealBook blog
(7/9)
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The first white paper in our series provides an overview of relationship marketing, relationship management, succession planning and wealth management teams. Learn how First Clearing helps deliver more to your business growth.

Industry Forecast
Do you think tax rates on capital gains and dividends should stay at a preferred rate?
65%
Yes
36%
No
Share:
When do you expect regulators to issue a final version of the Volcker rule?
77%
The second quarter of 2013
21%
The first quarter of 2013
3%
December 2012
2%
January 2013
Share:
How much of Dodd-Frank do you think will be finalized in the next year?
46%
Some of it
30%
Not much of it
15%
Nearly all of it
7%
Barely any rules finalized
4%
All of it
Share:
What will be the biggest issue Congress addresses next year?
71%
Tax reform
18%
Nothing significant
7%
Housing finance reform
5%
Dodd-Frank modifications
Share:

SIFMA Resources
SIFMA's AML and Financial Crimes Conference -- Feb. 26-27 -- NYC
EARLY-BIRD REGISTRATION OPEN: SIFMA's 13th Annual Anti-Money Laundering and Financial Crimes Conference is the securities industry's premier event for anti-money laundering compliance and practices. Join us and hear exclusive presentations from newly appointed Jennifer Shasky Calvery , director of FinCEN, and Adam Szubin , director of OFAC, on their agendas for the upcoming year. The conference convenes leading experts from the industry, regulatory agencies and law enforcement to discuss the most recent developments and requirements in anti-money laundering laws as well as provides practical guidance for implementing robust and effective compliance

programs.
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SIFMA's 2013 Insurance- & Risk-Linked Securities Conference -- March 5-6 -- New York City
Register now and save on registration! SIFMA's Insurance- & Risk-Linked Securities Conference will address the key issues and strategies for insurance- and risk-linked securities professionals for the coming year. Join your peers and industry experts as they discuss issuance perspectives from public entities, the evolving role of reinsurers in the ILS market, and more. Also, hear from the guest speaker -- Tim Marshall, meteorologist and principal engineer at Haag Engineering -- for his insights of this specialized issue.
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Smartest Quotes
These are the quotes SIFMA SmartBrief readers shared most in 2012
Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity.
-- George S. Patton, U.S. Army general
Share:
Worry does not empty tomorrow of its sorrow; it empties today of its strength.
-- Corrie ten Boom, Dutch writer
Share:
Education is the ability to listen to almost anything without losing your temper or your self-confidence.
-- Robert Frost, American poet
Share:
Now and then it's good to pause in our pursuit of happiness and just be happy.
-- Guillaume Apollinaire, French writer, poet and critic
Share:
Many of life's failures are people who did not realize how close they were to success when they gave up.
-- Thomas Edison, American inventor
Share:
In times of change, learners inherit the earth; while the learned find themselves beautifully equipped to deal with a world that no longer exists.
-- Eric Hoffer, American social writer
Share:
The real art of conversation is not only to say the right thing in the right place but to leave unsaid the wrong thing at the tempting moment.
-- Lady Dorothy Nevill, British writer
Share:
To be persuasive we must be believable; to be believable we must be credible; to be credible we must be truthful.
-- Edward R. Murrow, American broadcast journalist
Share:
It's not that I'm so smart, it's just that I stay with problems longer.
-- Albert Einstein, German-born physicist
Share:
Opportunity is missed by most people because it is dressed in overalls and looks like work.
-- Thomas Edison, American inventor
Share:

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Tuesday, December 11, 2012
Monday, December 10, 2012
Friday, December 07, 2012
Thursday, December 06, 2012
Wednesday, December 05, 2012
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Sean McMahon
Contributing Editor:
Bridget Lux
Mailing Address:
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Fwd: Risk retention: Conundrums and Unintended Consequences

Item ID:	29712
From:	Timothy Lee <timoth31@gmail.com>
To:	Timothy Lee <timothy.lee@fhfaoig.gov>
Subject:	Fwd: Risk retention: Conundrums and Unintended Consequences
Sent:	December 12, 2012 9:23 PM
Received:	December 12, 2012 9:24 PM

---------- Forwarded message ---------- From: [redacted]
Date: Wed, Dec 12, 2012 at 9:01 PM Subject: Risk retention: Conundrums and Unintended Consequences To: Timothy Lee [redacted]

[redacted]

----- Forwarded Message -----
From: [redacted]
Sent: Tuesday,
November 1, 2011 9:56 AM Subject: Risk retention: Conundrums and Unintended Consequences

[redacted]

--- On Fri, 6/24/11, [redacted] wrote:
From: [redacted] Subject: Risk retention: Conundrums and Unintended Consequences
To: "David Bloch" [redacted] timothy.lee@fhfa.gov
Date: Friday, June 24, 2011, 11:00 PM Risk
retention was the central topic at
a recent public FDIC-FRS mortgage conference.
However, market participants have not
articulated well some seemingly counter-intuitive
concepts, despite ample market data
substantiating the following logical conclusions . Thank you.

Risk-Retention Conundrum
#1 :
Q.) Which are the riskiest tranches
of a securitization?
A.) Not necessarily the lowest.
In practice, the riskiest tends to be the highest tranche.
As an unintended consequence, the
Dodd-Frank Act may inadvertently direct originators to retain the safest
but lowest tranches, belying any intended quality-origination incentive.
The riskiest tranches are difficult
to define upfront, and can vary unpredictably with post-issuance market
conditions. The lowest tranches are conventionally deemed
riskiest. However, this assumes the following:
Default losses are idiosyncratic, not closely
correlated, trickling too slowly to pierce the upper capital structure.
Only pure credit losses matter to investors,
who would ignore mark-to-market ("MTM") losses from call, extension,

or correlation risk, accepting principal redemption regardless of timing.
Defaults are front-loaded, barring the lowest
tranches from sufficient coupon income, excess spread, or stepdown-based
collateral releases to buffer principal writedowns.
Conversely, the highest tranches are riskiest
if:
MTM losses matter, whereby investors cannot
wait indefinitely for principal recovery from distressed assets.
Default losses are highly correlated, such
that senior through subordinate tranches collapse together when the underlying
collateral pool fails broadly and suddenly.
Default losses are back-loaded, allowing
the lowest tranches to capture substantial coupon income, excess spread,
or stepdown-based collateral releases, greatly offsetting principal writedowns.
Such leaked cashflows could otherwise have redeemed or enhanced the highest
tranches. The highest tranches remain outstanding longer, but with
diluted credit support, passively exposed to abrupt principal writedown. The
present global credit crisis, like the 1998 LTCM/Russia/Asia contagion,
resembles the latter market regime. The lowest tranches of
CDO/CLO, ABS, CRE, and RMBS deals have often performed relatively well,
because investors had:
1. purchased at deeply
discounted new-issue pricing (roughly below 30:00),
2. collected high
current yields (above 20%) or excess spread,
3. received occasional
turbo- or stepdown-based principal return.
By contrast, investors in the highest tranches
had purchased around 100:00 or more, gleaned meager coupons (less than LIBOR
+ 50 basis points), crystallized MTM losses when forced to sell upon rating
downgrades, and absorbed unexpectedly major principal writedowns.
Whether before or during this present crisis,
the senior tranche of a securitization is usually originated near 100:00
(or even more), while a subordinate tranche is at a deep discount. Investors
regard the first-loss tranche as unlikely to redeem any promised principal,
offering just coupon stream before eventual writedown. Hence, it
is viewed as a credit-dependent, interest-only tranche ("credit IO"),
quoted via some raw multiple of its annual coupon, reflecting anticipated
timing of that risk. So, if a first-loss tranche carries a 7% coupon,
it might trade around 35:00, or 5X multiple, indicating market expectations
that collateral defaults should wipe out its principal after roughly five
years.
During severe credit stress, as
underlying loans face many high and correlated defaults, all tranches of
a deal can spiral in unison to very similar, low prices. However,
because the senior and subordinate tranches begin with near-par and deep-discount
prices, respectively, such convergence implies much greater losses for
the senior ones, in absolute and percentage terms, despite conventional
perceptions as being safer than subordinate ones.
EXAMPLE: The Mark-It TABX indices
are essentially standardized, synthetic ABS CDO deals, and transparently

illustrate this rather counter-intuitive phenomenon. They are re-tranchings of each following ABX series: ABX 2006-2 "BBB", ABX 2006-2 "BBB-", ABX 2007-1 "BBB", ABX 2007-1 "BBB-". As the subprime mortgage market collapsed in mid-2007, the once-wide price spreads between the top and bottom tranches of each TABX index virtually vanished, demonstrating our hypothesis.

As corollary, under a regime of systemic stress and high default correlation, the bottom tranche of a securitization can become riskiest only if issued at a greater price than the top tranche. However, rational investors would be unlikely to pay this relative valuation, given its inherently remote principal redemption.

Risk-Retention Conundrum
#2 :
Q.) Does interest-only (IO) tranche retention encourage better-quality loan origination?
A.) An IO can exert an incentive for worse---not better---loan issuance.

Another Dodd-Frank initiative is originator retention of the IO (or excess-spread) tranches of securitizations, meant to encourage higher-quality loans. Notably, an IO holder is generally indifferent between loan prepayment and default, since both cause adverse amortization of tranche principal, but favors loan extension, for protracted cashflow. Of course, an originator would have incentive to avoid overly bad loans, which might quickly default and thereby truncate the IO.

However, one unintended incentive is to avoid originating overly good loans.
First, overly good loans command lower interest rates, permitting thinner excess spread for the IO. Second, the borrowers are more apt to refinance before maturity, causing unexpectedly early payoffs which halt IO cashflow.

As second unintended incentive,
an IO-retaining originator would prefer to make weaker ---not stronger---loans .
Weaker loans offer higher coupons for incremental default risk, enabling greater IO cashflow at outset. As weaker loans enter distress, the originators can opportunistically modify to avoid or postpone default, via principal extensions or forgiveness, often in exchange for stepped-up loan coupons, further benefiting the IO.

For real-world illustration, investors favor IO's securitized from moderately credit-constrained loans, not good enough to prepay, not bad enough to default, yet bad enough for possible extension.

(b) (6) [redacted]

(c)
-- ----- Timothy Lee
(b) (6) [redacted]

Attachment #1

TABX.HE.pdf

Original view

2 pages (displayed on pages 5 to 6)

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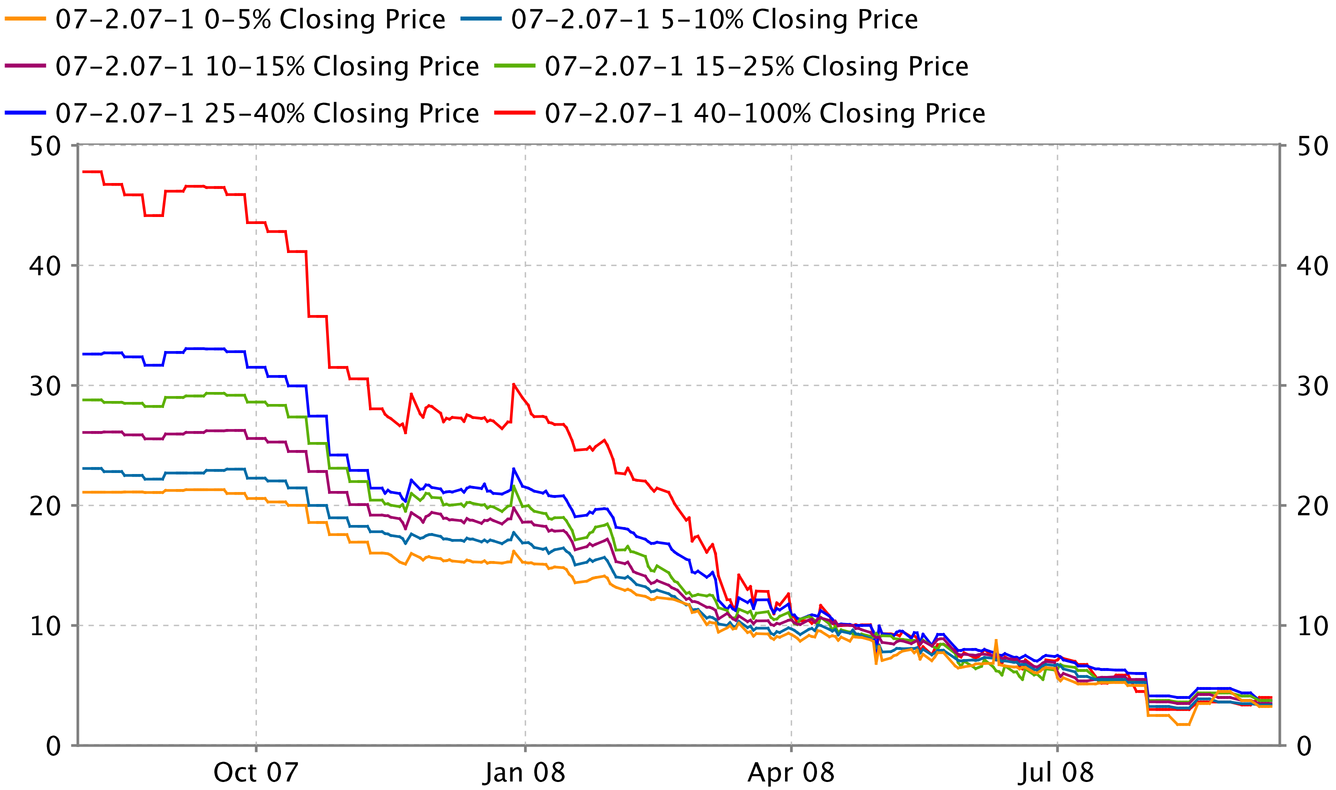

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Attachment #2

ABX BBB, BBB- pricing.pdf

Original view

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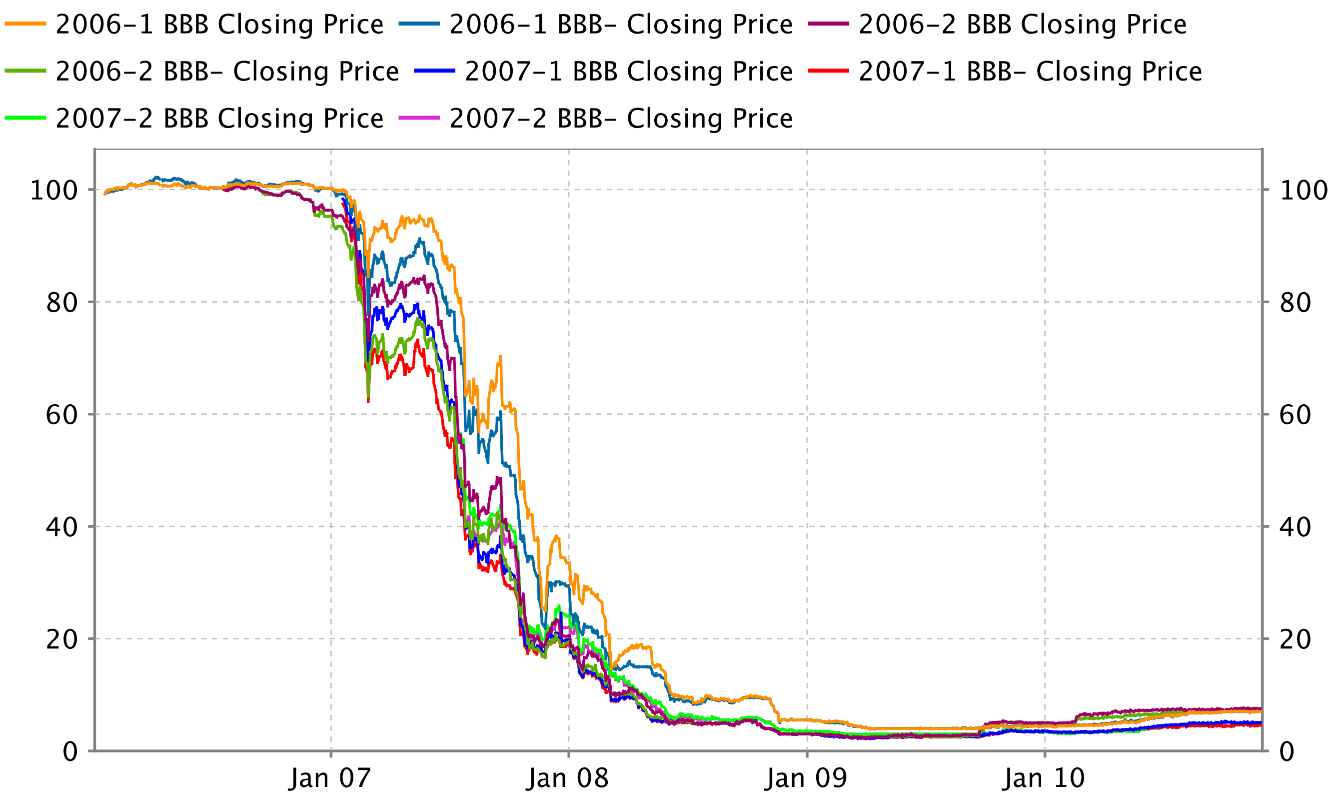

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Bank execs will discuss Volcker rule at House panel hearing

Item ID:	29709
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	Bank execs will discuss Volcker rule at House panel hearing
Sent:	December 13, 2012 7:56 AM
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December 13, 2012
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Bank execs will discuss Volcker rule at House panel hearing
The House Financial Services Committee is poised to hold a hearing today regarding the Volcker rule, which was mandated by the Dodd-Frank Act. Representatives from financial institutions are prepared to argue against an outright ban on proprietary trading in favor of higher capital standards. "It's obvious that since they haven't put anything out they are having difficulty among the members of the ruling class in trying to decide what the outcome is going to be," SIFMA President and CEO Tim Ryan said referring to regulators working on the measure. Bloomberg
(12/13)
Schapiro works on Volcker rule right up to the end
Securities and Exchange Commission Chairman Mary Schapiro has been spending the last days of her term -- Friday is her final day -- meeting with regulators to resolve concerns about the Volcker rule, the Dodd-Frank measure that curbs banks' proprietary trading. But her exit could stall the SEC's movement on the issue and render her recent work on this and other rules moot. Ira Hammerman, general counsel at SIFMA, is optimistic that commissioners will be able to finalize the Volcker rule and other swaps regulations.
Learn more at SIFMA's Volcker Rule Resource Center . Bloomberg
(12/12), The Wall Street Journal
(12/11)

Industry News
JPMorgan's Dimon and Goldman's Blankfein discuss "fiscal cliff"
Andrew Ross Sorkin of the New York Times discusses the "fiscal cliff" with JPMorgan CEO Jamie Dimon and Goldman Sachs CEO Lloyd Blankfein. Dimon says he expects lawmakers to do something regarding the issues between Dec. 21 and 28. Dimon also said that while JPMorgan will be fine, he's concerned about how the consequences of tax hikes and spending cuts will affect his firm's customers and the global financial system. Blankfein also offers some insight into the negotiations over averting the fiscal cliff. CNBC
(12/12), CNBC
(12/12)
Deadlocked "fiscal cliff" talks don't unnerve investors
U.S. politicians report little progress in talks to avert the "fiscal cliff," but financial markets appear untouched by the uncertainty. Stock prices have been climbing for most of the past three weeks, and the Standard & Poor's 500 index is up nearly 14% for the year. The New York Times (tiered subscription model)

(12/12)
Investment banks take different views on forex in 2013
The economic outlook for 2013 is murky as investment banks plot out foreign exchange strategies. Recent returns have been poor, and compounding difficulties looking ahead are interest rates near zero that are expected to stay there worldwide, Clare Connaghan writes. The Wall Street Journal
(12/12)
Central bankers gather regularly in search of ideas
Prominent central bankers who gather bimonthly in Basel, Switzerland, to discuss the state of the global economy are open to ideas. They're also tapping into the training of those who have studied or taught at the Massachusetts Institute of Technology, including Federal Reserve Chairman Ben Bernanke. "They are taking risks because it is an experimental strategy," said Kenneth Rogoff, an economics professor at Harvard University. The Wall Street Journal
(12/12)
Other News
Thomson Reuters is among bidders to manage revamped Libor Financial Times (tiered subscription model) (12/12)

Washington Roundup
Fed relaunches bond buying, says job creation is target
The Federal Reserve said its most important objective is stimulating job creation, and it formally tied interest-rate policy to the unemployment rate. The central bank said it will keep interest rates low until joblessness drops to at least 6.5%, and said it will buy $85 billion a month of Treasurys and mortgage-backed bonds until the labor market recovers. The New York Times (tiered subscription model)
(12/12), Los Angeles Times (tiered subscription model)/Money & Co. blog
(12/12), Reuters
(12/13)
CFTC to yield ground on swaps to foreign counterparts
The Dodd-Frank Act increased oversight of swaps deals to include any foreign financial institution doing substantial business with "U.S. persons." The Commodity Futures Trading Commission, in a gesture to rally foreign regulators around U.S. efforts to rein in trading, said it plans to temporarily define "U.S. persons" to mean only U.S. residents and firms incorporated in the U.S., a change from language announced over the summer. Bloomberg
(12/13), The Wall Street Journal
(12/12)
Sen.-elect Warren's Banking Committee assignment approved
The Democratic Steering Committee approved Sen.-elect Elizabeth Warren's assignment to the Senate Banking Committee. "She'll need some time to get in the swing of things, understand protocol, and work on an agenda of her own," said Harvey Pitt, former chairman of the Securities and Exchange Commission. "Ultimately, she'll be an active member of the committee, but it seems silly to expect her to assume a major role right out of the box, so to speak." Reuters
(12/12), The Hill/Ballot Box blog
(12/12)
FDIC's Hoenig commentary: Take time to get Basel III right
Those calling for quick implementation of Basel III rules likely will regret their haste, writes Thomas Hoenig, vice chairman of the Federal Deposit Insurance Corp. Financial Times (tiered subscription model)
(12/12)

Asset/Wealth Management Report

2013 gain is expected for assets under advisement
Financial advisers expect assets under advisement to increase 8.4% next year, according to a survey by Russell Investments. The figure represents assets held by existing clients and assets of clients advisers expect to recruit.
InvestmentNews (free registration)
(12/12)
Registration is open for the 2013 Securities Industry Institute (SII) scheduled for March 3 - 8 at The Wharton School of the University of Pennsylvania located in Philadelphia, PA. Make the investment in your future at the premier executive development program for securities industry professionals.
SIFMA News
SIFMA's 2013 Insurance- & Risk-Linked Securities Conference -- March 5-6 -- New York City
Register now and save on registration! SIFMA's Insurance- & Risk-Linked Securities Conference will address the key issues and strategies for insurance- and risk-linked securities professionals for the coming year. Join your peers and industry experts as they discuss issuance perspectives from public entities, the evolving role of reinsurers in the ILS market, and more. Also, hear from guest speaker Tim Marshall, meteorologist and principal engineer at Haag Engineering, for his insights of this specialized issue.
SIFMA Social Media Seminar -- Feb. 28 -- San Francisco
This popular event moves to the West Coast for a full-day seminar featuring in-depth panels on marketing, business and practitioner experience with social media as well as practical advice on the legal and compliance issues faced by the expanding use of interactive technology for business purposes. Learn the practices and processes that will help your firm navigate these new communication platforms.
SIFMA Financial Management Society Educational Training Session -- Dec. 18 -- NYC
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No problem can withstand the assault of sustained thinking."
--Voltaire, French writer, historian and philosopher
This SmartBrief was created for timothy.lee@fhfaoig.gov

Recent SIFMA SmartBrief Issues:
Wednesday, December 12, 2012
Tuesday, December 11, 2012
Monday, December 10, 2012
Friday, December 07, 2012
Thursday, December 06, 2012
Lead Editor: Bridget Lux
Mailing Address:
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Bloomberg article .... Nuclear Option?

Item ID:	29789
From:	[redacted]
To:	Timothy Lee <timothy.lee@fhfaoig.gov> [redacted]
Subject:	Bloomberg article .... Nuclear Option?
Sent:	December 13, 2012 10:28 PM
Received:	December 13, 2012 10:28 PM

Tim and [redacted] - Hello! I hope you're both doing well and I wish you a great holiday season. Here's a link to a current Bloomberg article that you may have seen. It's good! The strongest evidence is the collection of e-mails and other messages. I thought I'd point out this sentence which is similar to the idea we discussed about getting banks' policies and procedures for LIBOR setting. At UBS, Deutsche Bank, Barclays, Rabobank, RBS and JPMorgan Chase & Co. (JPM) , rate-setters were given no training or guidelines for making submissions, according to former employees who asked not to be identified because investigations are continuing. Below I paste two paragraphs very close to the end of the article. Perhaps this is most important to the trillions of notional in swaps and other interest rate derivatives that the GSEs had executed with banks. Stephen Rosen, who runs the practice, said clients who entered into interest-rate swaps with banks are entitled to cancel those contracts because manipulation was so entrenched. Swaps are contracts that allow borrowers to exchange a variable interest cost for a fixed one, protecting them against fluctuations in interest rates. “It’s possible on legal grounds to set aside the swap contract entirely, which could mean you can recover all the payments you’ve made under the swap,” Rosen, who wears thick- rimmed glasses and speaks in clipped, precise tones, said in an interview at his office in a Georgian townhouse in the legal district of Gray’s Inn. “The bank, when they entered into the swap, made an implied representation that Libor would not be unfairly manipulated.” [redacted] Maxwell Consulting Follow me on Twitter

Experts predict rise in electronic fixed-income trading

Item ID:	29788
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	Experts predict rise in electronic fixed-income trading
Sent:	December 14, 2012 8:06 AM
Received:	December 14, 2012 8:07 AM

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Experts predict rise in electronic fixed-income trading
Many dealer banks and brokers expect electronic fixed-income trading to increase in 2013, according to a survey by Tabb Group. Booz & Co. released a separate outlook that forecast a drastic increase in electronic trading of corporate bonds. The Wall Street Journal/Dow Jones Newswires
(12/13)

Industry News
Signs and expectations point to bright 2013 for equities
Next year could mark the beginning of a five-year cycle of increased issuance in equity capital markets, with a 20% rise predicted by Barclays and Bank of America. Investors appear to be turning away from a recent preference for bonds and toward equities, and a survey revealed that half of respondents expect global equities' performance to outpace that of other asset classes in 2013. Financial News Online (U.K.) (subscription required)
(12/13)
Nasdaq cancels some premarket trades because of glitch
Shares in nine companies, including Citigroup and Goldman Sachs, fluctuated significantly right before the market opened Thursday, prompting Nasdaq OMX Group to cancel some trades. It was the latest in a string of glitches among exchanges and prompted concerns about the frequency of such issues. Bloomberg
(12/13), Financial Times (tiered subscription model)
(12/13), The Wall Street Journal
(12/13)
Judge grants Lehman $435M of money held at Citigroup
A federal judge approved a deal that transfers $435 million held by Citigroup to the remnants of Lehman Brothers for distribution to Lehman's former customers and creditors. The money is part of $1 billion that Lehman deposited with Citigroup shortly after Lehman filed for bankruptcy protection. Citigroup argued for keeping the money because it continued to clear Lehman's foreign-exchange trades. The Wall Street Journal
(12/13)
U.S. market players keep eye on foreign commission bans
While the push for a fiduciary standard in the U.S. drags on, other countries, namely Australia and the U.K., are banning commission paid by product providers to sellers. Although such a restriction isn't truly on the table in the U.S., investor advocates are watching how the curb plays out overseas. The Wall Street Journal

(12/13)
Central banks extend currency cooperation
A currency-swapping arrangement among leading central banks that was due to expire Feb. 1 is being extended another year. The European Central Bank, the Federal Reserve, the Bank of England, the Swiss National Bank and the Bank of Canada are participating, while the Bank of Japan is considering joining. The idea is to make sure each bank has quick access to the currency it needs as the world continues to wrestle with consequences of the financial crisis. The Washington Post/The Associated Press
(12/13), Reuters
(12/13), The Wall Street Journal/Dow Jones Newswires
(12/13)
Other News
U.S. securities industry booms outside Wall Street The Wall Street Journal
(12/13)
Nasdaq OMX says Ekholm will remain chairman The Wall Street Journal
(12/13)

Washington Roundup
Obama, Boehner "fiscal cliff" meeting yields no result
President Barack Obama and House Speaker John Boehner, R-Ohio, gave no indication that they made any progress toward averting the "fiscal cliff" after a Thursday meeting that Treasury Secretary Timothy Geithner joined. The White House and Boehner released statements saying "the lines of communication remain open." However, Boehner did not rule out a House vote before year-end on extending Bush-era tax cuts for the middle class. The New York Times (tiered subscription model)
(12/13), The Washington Post
(12/13), The Columbus Dispatch (Ohio)
(12/13)
Senate set to begin work on Sandy aid bill
Legislation to provide $60.4 billion to rebuild areas devastated by superstorm Sandy is starting to move through the Senate, where Republicans haven't said how they plan to respond to the measure. In the House, the Appropriations Committee staff has asked government departments for more information relating to funding requests. Learn more about SIFMA Gives -- a program to support local schools and families still recovering from Sandy. The Wall Street Journal/Metropolis blog
(12/13)
FSOC considers Fed supervision of money market funds
The Financial Stability Oversight Council, chaired by Treasury Secretary Timothy Geithner, talked about the possibility of placing money market mutual funds under the Federal Reserve's supervision. Treasury spokeswoman Suzanne Elio said the council discussed a provision of the Dodd-Frank Act that would let FSOC designate "money-market mutual funds or their sponsors or advisers for Federal Reserve supervision and enhanced prudential standards." Learn more at SIFMA's Money Market Reform Resource Center . Bloomberg
(12/13), Reuters
(12/13)
Commentary: Rep. Hensarling plans to regulate the regulators
Columnist Stephen Moore writes that Rep. Jeb Hensarling, R-Texas, the House Financial Services Committee's incoming chairman, sees his position as regulating various financial regulatory agencies, including the Securities and Exchange Commission. Hensarling also noted his top priorities, which include resolving the "too big to fail" doctrine in the Dodd-Frank Act. Authorities must eliminate the "market perception that big banks are taxpayer-protected," he said. The Wall Street Journal
(12/13)
Other News

UBS reportedly faces $1B fine to settle charges of Libor rigging Reuters
(12/13)

Asset/Wealth Management Report
Advisers have had it with money market funds
Between low yields and uncertainty around regulations regarding a floating NAV and other proposals, advisers have grown frustrated with money market funds. Many advisers are reducing reliance on the vehicles and seeking out alternatives, mainly certificates of deposit and online savings accounts. The Wall Street Journal
(12/13)
SIFMA takes its next Social Media Seminar - West Coast to San Francisco on February 28th. Engage experts across multiple fields and explore the increasingly important issues our industry faces in light of the rapidly changing and growing tools of social media.
SIFMA News
EARLY-BIRD SPECIAL: SIFMA 40th Annual Operations Conference & Exhibit 2013 at 2012 prices!
SIFMA's 40th Annual Operations Conference + Exhibit in Boca Raton, Fla., from April 28 to May 1, 2013 will bring together senior professionals from all corners of the marketplace at the premier event for financial services operations. Take advantage of early-bird pricing so you can engage expert thought leaders to examine the most critical operational, risk management and regulatory issues affecting your firm. In addition, you will gain unique insights and actionable solutions from senior industry professionals, regulators and service providers.
SIFMA Financial Management Society Educational Training Session -- Dec. 18 -- NYC
SIFMA’s Financial Management Society (FMS) is holding an Education Training Session covering three current and challenging areas confronting brokers today: preparing for CFTC's broader scope of regulation; complying with potential Basel III capital requirements; and implementing the proposed Volcker rule. The session will also include an update by FINRA on rules in development. CPE credits are available and this event is open to FMS members and non-members. Sign up for this session today.
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The best preparation for tomorrow is to do today's work superbly well."
--William Osler, Canadian physician

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CDS indexes

Item ID:	29810
From:	Timothy Lee <timoth31@gmail.com>
To:	Timothy Lee <timothy.lee@fhfaoig.gov>
Subject:	CDS indexes
Sent:	December 16, 2012 1:26 PM
Received:	December 16, 2012 1:26 PM

Note: Itraxx prices are determined like LIBOR, but there is an automatic trade provision
http://www.creditfixings.com/information/affiliations/fixings/docs/fixings_methodology.pdf
May want to reach out to Markit and interview in New York -- ----- Timothy Lee 646-359-3710 timoth31@gmail.com

Basel III requirements need to be eased, U.S. banks say

Item ID:	29832
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	Basel III requirements need to be eased, U.S. banks say
Sent:	December 17, 2012 7:57 AM
Received:	December 17, 2012 7:57 AM

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December 17, 2012
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News on the capital markets, securities and financial industry
Morning Bell
Basel III requirements need to be eased, U.S. banks say
Banks in the U.S. are making a final effort to persuade regulators to relax new Basel III liquidity requirements. The banks are roughly $800 billion shy of meeting the requirements. Financial Times (tiered subscription model)
(12/16)

Industry News
U.S. banks holding more home loans on their balance sheets
Banks in the U.S. are increasingly holding residential mortgages on their balance sheets instead of selling them to government-sponsored financing companies to be securitized. Financial Times (tiered subscription model)
(12/16)
Banks with muni exposure could take hit from loss of tax break
Eliminating or scaling back the tax-exempt status of municipal bonds is one of the options being debated as a a way of narrowing the U.S. budget deficit. The change could be a big setback for banks that have invested in municipal debt, according to a report by SNL Securities. AdvisorOne
(12/14)
Banks' fixed-income business is difficult to evaluate
Banks have a lot of ways to make money, but the way they account for their activities doesn't give investors much help in figuring out how well they're doing or what consequences might be brought by new regulation. An area particularly lacking in transparency is fixed income, currencies and commodities activities, or FICC. The Wall Street Journal
(12/16)
How JPMorgan unwound the "London whale" deals
JPMorgan's efforts to investigate the "London whale" trades turned to hedge fund BlueMountain Capital Management, which unwound the trades over several weeks by buying protection on CDX IG 9, the index at the center of the bank's precarious position, thus offsetting JPMorgan's existing bets and then selling them on to the bank. Financial News Online (U.K.) (subscription required)
(12/17)
Editorial: Banks need a new direction and new leadership
Financial Times (tiered subscription model)
(12/16)

scrambling to pull together reports for executives? Watch this on-demand webinar and learn about several project portfolio management pitfalls and how AtTask can help you avoid them. Watch the video now .

Banks worry about what the Libor inquiry will bring next
With the Swiss bank UBS preparing to pay a mammoth fine for manipulating the London Interbank Offered Rate and regulators in the U.S. and U.K. pressing ahead with their investigations, executives at other banks wonder what's in store for them. Surprisingly big fines and pursuit of criminal charges are troubling signs for more than a dozen financial institutions still under investigation. The Wall Street Journal
(12/16)
Bonus disclosures could have a downside for Wall Street firms
Requiring Wall Street brokerages to make bonuses public could backfire as workers use the information to negotiate for higher pay, recruiters and former brokers said. The Financial Industry Regulatory Authority is considering a proposal, intended to protect the investing public, to require brokerage firms to disclose incentives used to recruit financial advisers. Bloomberg
(12/14)
Commentary: Business Roundtable betrays Republicans
The Business Roundtable turned against the Republicans and made President Barack Obama the dominant party to the "fiscal cliff" negotiations, says Jim McTague, the Washington editor of Barron's. "The BRT's disloyalty will have a profound impact on the outcome of the fiscal-cliff negotiations," McTague notes. "President Obama will likely get more from the GOP than he gives -- which is superb for him, but not necessarily so great for our struggling economy." Barron's (free content)
(12/15)
Opinion: SEC ruling demonstrates lack of knowledge of social media
San Francisco Chronicle/Bloomberg Businessweek
(12/16)
Summers: U.S. tax reform should focus on the favored few
Financial Times (tiered subscription model)
(12/16)

Asset/Wealth Management Report
Top strategists believe stocks will gain 10% next year
Stocks enjoyed a major rally this year and 10 strategists surveyed by Barron's anticipate further gains in 2013. Their predictions point to an additional 10% increase in stock prices. Barron's (free content)
(12/15)
Registration is open for the 2013 Securities Industry Institute (SII) scheduled for March 3 - 8 at The Wharton School of the University of Pennsylvania located in Philadelphia, PA. Make the investment in your future at the premier executive development program for securities industry professionals.
Private Client News
Morgan Stanley looks to buy up its own private bank
Morgan Stanley has set its sights on Morgan Stanley Private Bank. The acquisition would align with the lender's plans to rely on wealth management to expand the company. Financial Times (free content)
(12/16)

Hot Topics
Top five news stories selected by SIFMA SmartBrief readers in the past week.

Experts predict rise in electronic fixed-income trading (The Wall Street Journal)
U.S. Treasury will sell its last shares of AIG (Los Angeles Times (tiered subscription model))
FDIC, BoE offer joint plan for "too big to fail" banks (The Telegraph (London) (tiered subscription model))
IOSCO chief: LEIs key as more capital-market centers emerge (Securities Technology Monitor)
FINRA guidance better explains suitability rules (Financial Planning)
Results based on number of times each story was clicked by readers.

SIFMA News

SIFMA Financial Management Society Educational Training Session -- TOMORROW -- NYC

There is still time be involved in SIFMA's Financial Management Society (FMS) Education Training Session covering three current and challenging areas confronting brokers today: preparing for CFTC's broader scope of regulation; complying with potential Basel III capital requirements; and implementing the proposed Volcker rule. The session will also include an update by FINRA on rules in development. CPE credits are available and this event is open to FMS members and non-members. Register now.

Latest SIFMA Research: U.S. Quarterly Research 2012 Q3

SIFMA Research reports include regular outlooks and forecasts, research quarterlies, and essential industry factbooks and yearbooks. On Dec. 6, SIFMA issued its U.S. Research Quarterly, 2012 Q3 . This report contains brief commentary and statistics on the U.S. capital markets, including but not limited to: municipal debt, U.S. Treasury and agency debt, short-term funding and money market debt, mortgage-related, asset-backed and CDO debt; corporate bonds, equity and other derivatives, and the primary loan market.

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Action is the antidote to despair."
--Joan Baez, American singer

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Monday, December 10, 2012
Lead Editor: Bridget Lux
Mailing Address:
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RE: Interesting article

Item ID:	29868
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Interesting article
Sent:	December 17, 2012 5:45 PM
Received:	December 17, 2012 5:45 PM

[redacted]. From: Lee, Timothy Sent: Friday, December 14, 2012 9:00 AM To [redacted] Subject: FW: Interesting article Hi [redacted], If you have any thoughts to offer on this, I'd love to hear them. Tim From: Lee, Timothy Sent: Friday, December 14, 2012 8:59 AM To: Parker, Richard Cc: Bloch, David Subject: Interesting article From Bloomberg . Note the last few paragraphs: In London, lawyers at Collyer Bristow LLP, a 252-year-old firm, are working on a plan that would force banks to reimburse customers for any payments they made under derivatives contracts pegged to Libor. Three of the five partners on the financial- litigation team are working full time on Libor-related cases. Stephen Rosen, who runs the practice, said clients who entered into interest-rate swaps with banks are entitled to cancel those contracts because manipulation was so entrenched. Swaps are contracts that allow borrowers to exchange a variable interest cost for a fixed one, protecting them against fluctuations in interest rates. "It's possible on legal grounds to set aside the swap contract entirely, which could mean you can recover all the payments you've made under the swap," Rosen, who wears thick- rimmed glasses and speaks in clipped, precise tones, said in an interview at his office in a Georgian townhouse in the legal district of Gray's Inn. "The bank, when they entered into the swap, made an implied representation that Libor would not be unfairly manipulated." Rosen said his clients include a publicly traded real estate company, three nursing homes and at least 12 more firms that bought Libor-linked interest-rate swaps from banks. He declined to identify them by name, citing confidentiality rules. "The client will argue, 'Had you told me the truth -- that you were fraudulently manipulating this rate -- I would never have entered the contract with you,'" he said. "We are calling this the nuclear option." ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Obama's "fiscal cliff" offer now closer to GOP plan

Item ID:	29866
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	Obama's "fiscal cliff" offer now closer to GOP plan
Sent:	December 18, 2012 7:31 AM
Received:	December 18, 2012 7:31 AM

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December 18, 2012
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Obama's "fiscal cliff" offer now closer to GOP plan
President Barack Obama proposed leaving in place Bush-era tax cuts for Americans with incomes below $400,000 in his latest plan for averting the "fiscal cliff." He backed a measure that would slow the growth of social programs, particularly Social Security. The matters that separate Obama and House Speaker John Boehner, R-Ohio, now relate to costs rather than philosophical differences. The New York Times (tiered subscription model)
(12/17), CBS News
(12/17), The Atlanta Journal-Constitution/Washington Insider blog
(12/18), Financial Times (tiered subscription model)
(12/18)

Industry News
Raymond James' Helck sees opportunity in changing landscape
SIFMA Chairman Chet Helck, CEO of Raymond James Financial's global private client group, is optimistic about his firm's prospects under the upcoming Retail Distribution Review in the U.K. Financial Times (free content)
(12/16)
Corporate-bond sales break 2009 record
Thanks to some of the lowest borrowing costs ever, sales of corporate bonds in the U.S., Europe and Asia hit $3.9 trillion this year, breaking a 2009 record of $3.89 trillion. Global issuance reached $3.29 trillion in 2011 and $3.23 trillion in 2010, according to data compiled by Bloomberg. Bloomberg
(12/17)
Debate over commodity speculation continues
The debate over what has caused food prices to increase continues, including consideration of factors such as weather, the biofuel industry's demand for grain, and higher meat consumption in India and China. Some blame speculators for driving up prices, while others say the picture is much more complicated. The Commodity Futures Trading Commission has been trying to tackle the concerns through position limits, but the agency continues to face challenges in implementing such restrictions. Time.com
(12/17)
Credit union group sues JPMorgan over Bear Stearns MBS
The board of the National Credit Union Administration says Bear Stearns misled four credit unions when it sold them $3.6 billion in mortgage-backed securities. Consequently, the credit union association is suing JPMorgan Chase,

which bought Bear Stearns in 2008, on behalf of the four credit unions, which have since failed. The association has sued other banks over the same matter. Bloomberg
(12/17)
Complaints prompt BBA to delay Libor overhaul
The British Bankers' Association announced that a revamped system to calculate the London Interbank Offered Rate will be postponed until the end of May, from the end of January. The BBA cited complaints from Libor users that "the proposed timescales for the changes were too fast." Risk.net (subscription required)
(12/17)

Washington Roundup
Senate panel will focus on high-frequency trading
The Senate banking committee has scheduled a hearing today about high-frequency trading. Executives from NYSE Euronext, Nasdaq OMX Group and other firms are set to testify. Eric Noll, executive vice president at Nasdaq, is expected to defend the trading practice and exchanges' role. According to his prepared testimony, "academic evidence" on HFT practices "supports the fact that they generally add value to the market." Meanwhile, market participants and observers continue to express concerns about how computerized trading affects markets. Bloomberg (12/18), The Wall Street Journal
(12/17)
Fed governor promotes stiffer rules for foreign banks
Proposed rules to ensure foreign banks in the U.S. follow regulations used by domestic banks should help, Federal Reserve Governor Jeremy Stein says. "These rules should reduce the pressure on foreign banks that rely heavily on short-term dollar funding to either sell illiquid dollar assets or cut back on dollar lending in times of financial stress," according to Stein's prepared remarks for the European Central Bank's global research forum. The Wall Street Journal/Real Time Economics blog
(12/17)
Veteran regulator to head SEC's trading and markets unit
Reuters
(12/17)
Sen. Inouye, 88, dies of respiratory complications
The Boston Globe (tiered subscription model)/The Associated Press
(12/18)

Operations Update
Moody's requests comments on sovereign-rating proposal
Criticism over the methodology Moody's Investors Service uses to rate governments has prompted the rating agency to make changes. The proposed changes "are aimed at further increasing the transparency and forward-looking nature of Moody's current approach," the agency said. Moody's is taking feedback on its changes until Feb. 1. Bloomberg
(12/18)

Asset/Wealth Management Report

Pros and cons of online financial advisers
Investors who prefer to get financial advice online can choose from increasingly more firms, with several having $50 million or more in assets under management. Online advisers offer lower fees, but in-person meetings usually aren't an option, according to researcher PriceMetrix. Reuters
(12/17)

SIFMA News
2013 Securities Industry Institute (SII) -- March 3-8 -- Philadelphia
The Securities Industry Institute® (SII) is the premier executive development program for securities industry professionals. Now in its 62nd year, the Institute is held each March at The Wharton School of The University of Pennsylvania. The mission of the Institute is to equip each participant with practical information, ideas and answers directly applicable to their present and future responsibilities. Want to know more about the SII? Hear more from SII Trustees about SIFMA's premier executive education program and the overall value for those interested in attending or nominating employees at their firm.
EARLY-BIRD PRICING -- SIFMA's AML and Financial Crimes Conference -- Feb. 26-27
SIFMA's 13th Annual Anti-Money Laundering and Financial Crimes Conference is the securities industry's premier event for anti-money laundering compliance and practices. Join us and hear exclusive presentations from newly appointed Jennifer Shasky Calvery , director of FinCEN, and Adam Szubin , director of OFAC, on their agendas for the upcoming year. The conference convenes leading experts from the industry, regulatory agencies and law enforcement to discuss the most recent developments and requirements in anti-money laundering laws as well as provides practical guidance for implementing robust and effective compliance programs.
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There are two things that one must get used to or one will find life unendurable: the damages of time and injustices of men."
--Nicolas Chamfort, French writer

Lead Editor: Bridget Lux
Mailing Address:
SmartBrief, Inc.® , 555 11th ST NW, Suite 600, Washington, DC 20004

RE: News

Item ID:	29887
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: News
Sent:	December 18, 2012 12:42 PM
Received:	December 18, 2012 12:42 PM

Canâ€™t talk today â€“ Iâ€™m in an all-day interview today and tomorrow. From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Tuesday, December 18, 2012 9:37 AM To: [redacted] Subject: RE: News Hi [redacted], Call if you want to discuss. Busy with UBS this morning? Tim From: [redacted] Sent: Tuesday, December 18, 2012 8:18 AM To: Lee, Timothy Subject: RE: News Tim, [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Tuesday, December 11, 2012 9:09 AM To: [redacted] Subject: News Hi [redacted], Saw this . Got time to get on the phone today? Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821 Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

Knight Capital reportedly will pursue takeover by Getco

Item ID:	29898
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	Knight Capital reportedly will pursue takeover by Getco
Sent:	December 19, 2012 7:32 AM
Received:	December 19, 2012 7:32 AM

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SIFMA SmartBrief
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December 19, 2012
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News on the capital markets, securities and financial industry
Morning Bell
Knight Capital reportedly will pursue takeover by Getco
Getco sweetened its offer for Knight Capital Group, prompting the Wall Street firm to pursue a takeover by the Chicago company, sources said. Knight opted for the Getco bid over an all-cash offer from Virtu Financial, sources said. "This is definitely a coming-out moment for Getco," said Michael Wong of Morningstar. Knight CEO Thomas Joyce reportedly will become executive chairman of the combined company. Bloomberg
(12/19), Financial Times (free content)
(12/19), The Wall Street Journal
(12/18)

Industry News
UBS agrees to pay $1.5 billion fine to settle Libor charges
UBS has agreed with regulators in Switzerland, the U.K. and the U.S. to pay a $1.5 billion fine to settle charges that it manipulated benchmark interest rates, such as the London Interbank Offered Rate. "We deeply regret this inappropriate and unethical behavior. No amount of profit is more important than the reputation of this firm, and we are committed to doing business with integrity," UBS chief executive Sergio Ermotti said in a statement. Reuters
(12/19), Bloomberg Businessweek
(12/19), The New York Times (tiered subscription model)/DealBook blog
(12/19), The Wall Street Journal
(12/19)
Commentary: Jefferies' earnings highlight Wall Street dilemma
Antony Currie, associate editor at Reuters Breakingviews, writes that Jefferies posted record revenue for its most recent fiscal year, which ended Nov. 30. However, the investment bank's net income of $282 million yielded just an 8.2% return on equity. "Its chief executive, Richard Handler, like bosses of larger rivals, wants to improve on that. He has a couple of tricks up his sleeve -- but others don't," Currie writes. The New York Times (tiered subscription model)/DealBook blog
(12/18)
Clearinghouse group seeks greater protection for banks
A Clearing House Association report says the Dodd-Frank Act puts Wall Street's banks at risk because of their membership in clearinghouses and the guarantees that they must provide in case of a default on swaps. The association says clearinghouses should limit member banks' liability and front more of their own capital before losses

from a soured deal are passed along to nondefaulting banks. "We want to make sure some of the appropriate safeguards are in place at clearinghouses so that a default doesn't spread contagion throughout the marketplace," the association's Alex Radetsky says. Bloomberg
(12/18)
Global covered-bond market expected to gather pace
This year is the first in the euro's history that covered-bond issuance by non-eurozone countries topped that by eurozone nations, and the trend is likely to continue, bankers say. Covered bonds might also get a lift elsewhere from legal frameworks, including in South Korea, Panama, Mexico, Morocco, New Zealand, Singapore and possibly the U.S. Reuters/International Financing Review
(12/18)

Washington Roundup
Boehner proposes backup plan to avert "fiscal cliff"
With negotiations on a comprehensive deal to avert the "fiscal cliff" moving slowly, House Speaker John Boehner, R-Ohio, called for a backup plan that would extend Bush-era tax cuts for Americans with incomes of up to $1 million a year. The "Plan B" would allow automatic cuts in domestic and military spending to go forward in January. White House aides rejected Boehner's suggestion but said they are optimistic a broad compromise can be achieved. The Washington Post
(12/18), Reuters
(12/19), The New York Times (tiered subscription model)
(12/18)
SEC aims to reduce conflicts of interest at rating agencies
The Securities and Exchange Commission released a report outlining ideas for reducing conflicts of interest at major credit rating agencies. It recommended further discussion on the issue and did not strongly back specific reforms. Reuters
(12/18)
Central bankers aim to settle Basel differences
Central bankers and regulators are set to gather in January to resolve differences over global liquidity rules as they attempt to hammer out a complete Basel III accord, sources say. Sticking points include types of assets that may be counted and an implementation date of 2015. Bloomberg
(12/18)
N.Y. Fed was warned about Libor issues in 2008
As early as mid-2008, a senior colleague at the Federal Reserve Bank of New York warned then-President Timothy Geithner that banks were likely misreporting their London Interbank Offered Rate. Financial Times (free content)
(12/18)
SEC will continue to focus on hedge fund compliance
AdvisorOne
(12/18)
Rich will lead PBGC's negotiations and restructuring office
Pensions & Investments (free registration)
(12/17)

Operations Update
Exchanges, SEC close to agreeing how to work "kill switch"
U.S. exchanges, brokers and the Securities and Exchange Commission are closing in on a "kill switch," a mechanism

by which software glitches can be neutralized by halting trading before chaos ensues. "I think we are hopeful to have something to report in the first quarter of next year," the New York Stock Exchange's Joe Mecane told the Senate banking committee Tuesday. Mecane also said retail investors were essentially being abused by more-skilled traders because of how the market infrastructure has evolved. Reuters
(12/18), Securities Technology Monitor
(12/18), Financial Times (tiered subscription model)
(12/18)

Asset/Wealth Management Report
Survey delves into adviser adoption of ETFs
The consulting firm Kasina released survey results showing that adviser adoption levels of exchange-traded funds offer insight into their selection processes and fund evaluation. "Adviser Insights on ETFs" highlights how different groups of advisers make decisions about the funds. "The survey makes it clear that distinctly different layers exist within this market," said Hari Krishnaswami, Kasina's director and product manager. "To gain market share within these segments will require fund firms to align their strategies with how each of these groups prefers to handle the ETF business component." PlanAdviser.com
(12/18)
Advisers face challenge analyzing Roth IRA conversion
Financial Advisor online
(12/18)

SIFMA News
REGISTRATION NOW OPEN: SIFMA C&L Society Annual Seminar -- March 17-20 -- Phoenix, Ariz.
SIFMA's Compliance & Legal Society Annual Seminar 2012 was attended by 1,500 financial industry legal and compliance professionals and featured more than 60 panels and sessions, creating the premier forum to discuss the issues and share expertise and insights into critical topics for varied interests. The 2013 program in Phoenix, Ariz. on March 17-20 will be no different. Registration is now open for this industry tradition. Be sure to attend and give yourself the opportunity to engage leading industry experts on the latest regulatory developments and industry trends.
Check out Highlights from SIFMA's Legal-Entity Identifier Seminar
Be sure to take time to see highlights from the joint GFMA/SIFMA seminar, "Implementing a Global LEI Framework -- Ready. Set. Go." This unique event brought together IOSCO Secretary General David Wright, U.S. Treasury representatives, and financial services leaders as they address preparation for the December LEI deadline in the U.S. and the future of the global LEI standard. The highlights will also demonstrate how all SIFMA-sponsored events are the best venue to get educated or stay informed about issues critical to the financial services industry.
Now available online: SIFMA 2012 Amicus Program -- Year in Review
Join SIFMA Gives: Caring for the students, families and schools affected by Sandy
SIFMA Resources
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Educational Programs/Conferences
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Legislative and Regulatory Activity
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Member Committees
|
Newsletters
SmartQuote
To be without some of the things you want is an indispensable part of happiness."
--Bertrand Russell, British philosopher, mathematician and historian
This SmartBrief was created for timothy.lee@fhfaoig.gov

Lead Editor: Bridget Lux
Mailing Address:
SmartBrief, Inc.® , 555 11th ST NW, Suite 600, Washington, DC 20004

SIFMA's Helck advocates cautious approach to Dodd-Frank rules

Item ID:	29950
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	SIFMA's Helck advocates cautious approach to Dodd-Frank rules
Sent:	December 20, 2012 7:55 AM
Received:	December 20, 2012 7:56 AM

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News on the capital markets, securities and financial industry
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SIFMA's Helck advocates cautious approach to Dodd-Frank rules
SIFMA Chairman Chet Helck said he was OK with a slow approach to drawing up market regulations. "Only about a third of the required rules for Dodd-Frank have been done. ... It is late, but frankly, it's important to go through this in a thoughtful and considered way. If they make rules just to make them on time, and those rules don't work, it can lead to the same types of dislocation that having no regulation would bring," Helck said. Reuters
(12/19)

Industry News
Basel plan treats securitizations unfairly, experts say
Market participants are expressing concerns about a Basel Committee on Banking Supervision consultation regarding securitization. At issue is the uniform amount of capital that banks must hold against various securitizations. There is "concern that once again, policymakers may have fallen into the trap of characterizing all securitizations with the poor performance of certain markets during the crisis, namely U.S. subprime and [collateralized debt obligations]," said Richard Hopkin, a managing director at AFME. Learn more at SIFMA's Basel III Resource Center .
Reuters/International Financing Review
(12/19)
ICE reportedly is negotiating takeover of NYSE Euronext
IntercontinentalExchange aims to acquire NYSE Euronext in a deal worth $33 a share, a 37% premium to NYSE's closing price Wednesday, sources say. The buyout could be announced today. The deal would be one-third cash and two-thirds stock, CNBC reported. Reuters
(12/19), CNBC/Reuters
(12/19), Bloomberg
(12/20), Financial Times (tiered subscription model)
(12/20), The Wall Street Journal
(12/19)
JPMorgan is back on top in investment banking revenue
JPMorgan Chase captured the investment banking crown for 2012, securing for 7.6% of the market on $4.8 billion of revenue, according to Dealogic. That is likely enough for the bank to reign supreme for the fourth year in a row, even though this year's mark is down from last year's 8.1% market share. Bank of America's Merrill Lynch ($4.1 billion) was second, followed by Goldman Sachs ($3.7 billion) and Morgan Stanley ($3.5 billion). The Wall Street Journal/Deal Journal blog

(12/19)
UBS e-mails shed light on Libor issues
UBS e-mails released by the U.K. Financial Services Authority from its investigation of manipulation of the London Interbank Offered Rate reveal a cavalier attitude that traders brought to the practice. The e-mails also point to a tidy relationship between UBS traders and counterparts at other banks in setting the yen-denominated Libor. The New York Times (tiered subscription model)/DealBook blog
(12/19), Financial Times (tiered subscription model)
(12/19), Reuters
(12/19), The Wall Street Journal/Corruption Currents blog
(12/19)
Libor fixing may have cost Fannie and Freddie billions
According to a memo from the inspector general of the Federal Housing Finance Agency, manipulation of the London Interbank Offered Rate may have cost Fannie Mae and Freddie Mac $3 billion. From September 2008 through 2010, Fannie and Freddie held more than $1 trillion worth of Libor-based securities. Reuters
(12/19), The Washington Post
(12/19)
Commentary: Firms should capitalize on tools to fight fraud
Lou Anne Alexander, chief market development officer for Early Warning Services, explains how financial institutions continue to face threat posed by fraud. However, many companies are improving the tools they use and enhancing their approach to battling fraudulent activity. "Today, we are in a unique position to use shared data and analytics to proactively identify -- and in some cases, warn -- about high-risk individuals, scammers, thieves and even networks of money launderers operating in the financial ecosystem," Alexander writes. Register today to save with early-bird pricing for SIFMA's Anti-Money Laundering and Financial Crimes Conference , Feb. 26-27, 2013, in New York City. Bank Systems & Technology
(12/19)

Washington Roundup
SEC's Walter, Rep. Hensarling and DOL's Borzi are ones to watch
Elisse Walter, the new chairman of the Securities and Exchange Commission; Rep. Jeb Hensarling, upcoming chairman of the House Financial Services Committee; and Phyllis Borzi, assistant secretary for the Employee Benefits Security Administration at the Department of Labor are expected to play key roles in the financial adviser sector in 2013. AdvisorOne
(12/19)
Fed will give up collective opinion on economic forecast
The Federal Reserve said it will no longer try to forge a consensus opinion about a forecast of the U.S. economy. Federal Reserve Bank of Dallas President Richard Fisher suggested that Fed Chairman Ben Bernanke's news conferences can still be relied on to show the way. Reuters
(12/19)
Treasury plans to sell TARP stakes in 144 banks in 2013
AmericanBanker.com (free registration)
(12/19)

Operations Update
Citi consolidates global data center footprint
Five years ago, Citigroup launched a global data center consolidation effort. It has since gone from having 70 data

centers to operating 20 today, says Jagdish Rao, head of enterprise operations and technology. "We are near to the end of a five-year data center consolidation strategy," Rao said. "This is a massive consolidation that follows our global operational model." Wall Street & Technology
(12/19)

Asset/Wealth Management Report
Most investors have multiple advisers, analysis shows
About 70% of clients have placed their assets under the management of more than one financial adviser or directed brokerage account, but few advisers are aware of the situation, according to an analysis by Cerulli Associates. Only 17% of advisers are aware of clients' accounts that aren't under their supervision, Cerulli found. InvestmentNews (free registration)
(12/19)
REGISTRATION NOW OPEN for SIFMA's Compliance & Legal Society Annual Seminar March 17-20 in Phoenix, AZ . This premier event will have more than 60 dynamic and informative panels in addition to leading industry experts to the latest regulatory developments and industry trends.
SIFMA News
SIFMA's 2013 Insurance- & Risk-Linked Securities Conference -- March 5-6 -- New York City
Register now and save on registration! SIFMA's Insurance- & Risk-Linked Securities Conference will address the key issues and strategies for insurance- and risk-linked securities professionals for the coming year. Join your peers and industry experts as they discuss issuance perspectives from public entities, the evolving role of reinsurers in the ILS market, and more. Also, hear from guest speaker Tim Marshall, meteorologist and principal engineer at Haag Engineering, for his insights of this specialized issue.
SIFMA Social Media Seminar -- Feb. 28 -- San Francisco
This popular event moves to the West Coast for a full-day seminar featuring in-depth panels on marketing, business and practitioner experience with social media as well as practical advice on the legal and compliance issues faced by the expanding use of interactive technology for business purposes. Learn the practices and processes that will help your firm navigate these new communication platforms.
Now available online: SIFMA 2012 Amicus Program -- Year in Review
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|
Educational Programs/Conferences
|
Newsroom
Legislative and Regulatory Activity
|
Member Committees
|
Newsletters
SmartQuote
No man for any considerable period can wear one face to himself and another to the multitude, without finally getting bewildered as to which may be the true."
--Nathaniel Hawthorne, American author

Lead Editor: Bridget Lux
Mailing Address:
SmartBrief, Inc.® , 555 11th ST NW, Suite 600, Washington, DC 20004

FW: Documents petaining to Judicial Watch FOIA Request

Item ID:	29968
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Bloch, David [redacted], Grob, George [redacted]
Subject:	FW: Documents petaining to Judicial Watch FOIA Request
Sent:	December 20, 2012 1:47 PM
Received:	December 20, 2012 1:47 PM

Skipper, Â Â Â Â Can you handle?Â Pls advise soonest. R From: Balmaseda, Kat Sent: Thursday, December 20, 2012 1:28 PM To: Grob, George; Parker, Richard Cc: Saddler, Bryan Subject: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am in need of your assistance to the attached FOIA request, which seeks the following: “All communications, facts and analysis respecting LIBOR vis-Ã -vis TARP. The time frame for this request is January 21, 2009 though the present.” We are required to use reasonable efforts to find records that might be responsive to this request. To that end, please search for all potentially responsive records wherever they are likely to be found, including but not limited to: - Any electronic files stored on your computer, on a network drive, or in the cloud (such as SharePoint, hard drives, folders, etc.) - Emails stored in Outlook - Hard copy records stored in file drawers - Any information stored in team systems (i.e. CMS, Team Management, etc.) - Thumb drives or CD-ROMS After performing a search, please forward to me any responsive records you may have. Thanks so much! Kat

Attachment #1

2013-FOIA-017_Initial Request.pdf

Original view

4 pages (displayed on pages 3 to 6)

Judicial Watch®
Because no one is above the law!

December 18, 2012

VIA CERT MAIL & FAX: (202) 622-3895; (202) 772-9336; (202) 414-3823 (855) 329-3642; (202) 872-7565; (202) 874-5274; (703) 518-6569; (202) 622-4559

FOIA Liaison Hugh Gilmore
U.S. Department of the Treasury
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

FOIA Chief Jeanne McLaughlin
Federal Reserve System
20th & Constitution Aves., N.W.
Washington, DC 20551

FOIA Chief Barry Walters
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2736

Chief FOIA Officer Frank Vance
Ofc of the Comptroller of the Currency
250 E St., S.W.
Washington, DC 20219

Chief FOIA Officer David Lee
Federal Housing Finance Agency
1700 G St., N.W., 4th Fl.
Washington, D.C. 20552

FOIA Chief Michael J. McKenna
NCUA FOIA Service Center
1775 Duke Street
Alexandria, VA 22314

FOIA Manager Martin Michalosky
Consumer Financial Protection Bureau
1700 G St., N.W.
Washington, D.C. 20552

Chief of Staff Mia Levine
Office of the SIG-TARP
1801 L Street, NW
Washington, D.C. 20220

Re: FOIA Seeking All Records re: LIBOR vis-à-vis TARP

Dear FOIA Officers:

Earlier this year, news broke that the London Interbank Offered Rate (Libor) had been manipulated by some of the very financial institutions rescued by American taxpayers as part of the Troubled Assets Relief Program (TARP). As the benchmark rate used to price trillions of dollars' worth of financial instruments and contracts worldwide, even a subtle shift in Libor means billions in losses to the sovereigns that guarantee much of that debt as well as to the taxpaying public at large.

Congressional inquiry into the scandal this summer revealed that the Secretary of the Treasury had become aware of possible LIBOR-fixing during his previous post as President of the Federal Reserve Bank of New York.[1] Despite Secretary Geithner's

[1] M.J. Lee, "Timothy Geithner unsure how Libor impacted TARP," Politico, July 26, 2012, available at: http://www.politico.com/news/stories/0712/79027.html (last visited: Dec. 18, 2012).

informed concerns, however, TARP loans were nonetheless keyed to LIBOR. Special Inspector General Christy Romero has called for an immediate correction to no avail.[2]

Hence, pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, Judicial Watch, Inc., (Judicial Watch) hereby requests that each of the agencies to which this FOIA is addressed above produce the following records within twenty (20) business days:

All communications, facts, and analysis respecting LIBOR vis-à-vis TARP.

The time frame for this request is January 21, 2009 through the present.

In placing this request, Judicial Watch directs your attention to President Barack Obama's January 21, 2009 Memorandum concerning the Freedom of Information Act which states:

> All agencies should adopt a presumption in favor of disclosure, in order to renew their commitment to the principles embodied in FOIA...The presumption of disclosure should be applied to all decisions involving FOIA.

Freedom of Information Act. Pres. Mem. of January 21, 2009, 74 Fed. Reg. 4683.

The memo further provides that "The Freedom of Information Act should be administered with a clear presumption: In the case of doubt, openness prevails."

Nevertheless, if any responsive record or portion thereof is claimed to be exempt from production under FOIA, please provide sufficient identifying information with respect to each allegedly exempt record or portion thereof to allow us to assess the propriety of the claimed exemption. *Vaughn v. Rosen*, 484 F.2d 820 (D.C. Cir. 1973), *cert. denied*, 415 U.S. 977 (1974). In addition, any reasonably segregable portion of a responsive record must be provided, after redaction of any allegedly exempt material. 5 U.S.C. § 552(b).

Judicial Watch also hereby requests a waiver of both search and duplication fees pursuant to 5 U.S.C. §§ 552(a)(4)(A)(ii)(II) and (a)(4)(A)(iii). Judicial Watch is entitled to a waiver of search fees under 5 U.S.C. § 552(a)(4)(A)(ii)(II) because it is a member of

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[2] Ian Katz & Meera Louis, "Treasury Rejects Request to Stop Using Libor in Bailouts," Bloomberg, Oct. 25, 2012, available at: http://www.bloomberg.com/news/2012-10-24/treasury-rejects-request-to-stop-using-libor-in-bailouts.html (last visited Dec. 18, 2012).

the news media. *Cf. National Security Archive v. Department of Defense*, 880 F.2d 1381, 1387 (D.C. Cir. 1989)(defining news media within FOIA context). Judicial Watch has also been recognized as a member of the news media in other FOIA litigation. *See, e.g., Judicial Watch, Inc. v. U.S. Department of Justice*, 133 F. Supp.2d 52 (D.D.C. 2000); and, *Judicial Watch, Inc. v. Department of Defense*, 2006 U.S. Dist. LEXIS 44003, *1 (D.D.C. June 28, 2006). Judicial Watch regularly obtains information about the operations and activities of government through FOIA and other means, uses its editorial skills to turn this information into distinct works, and publishes and disseminates these works to the public. It intends to do likewise with the records it receives in response to this request.

Judicial Watch also is entitled to a complete waiver of both search fees and duplication fees pursuant to 5 U.S.C. § 552(a)(4)(A)(iii). Under this provision, records:

> shall be furnished without any charge or at a charge reduced below the fees established under clause (ii) if disclosure of the information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of government and is not primarily in the commercial interest of the requester.

5 U.S.C. § 552(a)(4)(A)(iii).

In addition, if records are not produced within twenty (20) business days, Judicial Watch is entitled to a complete waiver of search and duplication fees under Section 6(b) of the OPEN Government Act of 2007, which amended FOIA at 5 U.S.C. § 552 (a)(4)(A)(viii).

Judicial Watch is a 501(c)(3), not-for-profit, educational organization, and, by definition, it has no commercial purpose. Judicial Watch exists to educate the public about the operations and activities of government, as well as to increase public understanding about the importance of ethics and the rule of law in government. The particular records requested herein are sought as part of Judicial Watch's ongoing efforts to document the operations and activities of the federal government and to educate the public about these operations and activities. Once Judicial Watch obtains the requested records, it intends to analyze them and disseminate the results of its analysis, as well as the records themselves, as a special written report. Judicial Watch will also educate the public via radio programs, Judicial Watch's website, and/or newsletter, among other outlets. It also will make the records available to other members of the media or researchers upon request. Judicial Watch has a proven ability to disseminate information obtained through FOIA to the public, as demonstrated by its long-standing and continuing public outreach efforts.

Libor is of paramount public interest because it is the public that has been called on to fund in recent years and must continue to fund for decades to come the shortfalls of private enterprise permitted by poor oversight from government regulators. Moreover, while an agency is not obligated to adopt an Inspector General's recommendations -- even those recommendations that square well with public opinion -- Treasury in this instance certainly has a duty to explain with particularity and specificity how and why it has substantially departed from the general consensus on a topic, lest the ultimate decision be discarded as arbitrary or capricious. *See, e.g., Nat'l Treas. Emps. Union v. Newman*, 768 F. Supp. 8, 12 (D.D.C. 1991)("the letter and the spirit of the APA . . . demands 'openness, explanation, and participatory democracy'")(quoting *Weyerhauser Co. v. Costle*, 590 F.2d 1101, 1027 (D.C. Cir. 1978)).

Lastly, agencies have a duty not only to explain their dismissal of contrary evidence, but also any substantial departures from the government's prior position on the subject. *Motor Vehicle Mfrs. Ass'n of the United States v. State Farm Mutual Automobile Ins. Co.*, 463 U.S. 29 (1983)("agency's view of what is in the public interest may change, either with or without a change in circumstances. But an agency changing its course must supply a reasoned analysis"). Without access to the documents Judicial Watch here requests, the Obama administration's obstinate commitment to continue using Libor in the face of its evident unreliability will not get a proper airing and the federal government's handling of due process cannot be fairly evaluated.

Given these circumstances, Judicial Watch is entitled to a public interest fee waiver of both search costs and duplication costs. Nonetheless, in the event our request for a waiver of search and/or duplication costs is denied, Judicial Watch is willing to pay up to $350.00 in search and/or duplication costs. Judicial Watch requests that it be contacted before any such costs are incurred, in order to prioritize search and duplication efforts.

In an effort to suppress costs and facilitate compliance within the statutory time limit, Judicial Watch requests that documents be produced and delivered in electronic format (e.g. e-mail, .pdfs, dvd) wherever possible. When necessary, Judicial Watch will also accept the "rolling production" of documents. Judicial Watch anticipates prompt receipt of responsive documents and a waiver of both search and duplication costs within twenty (20) business days. Your timely compliance with all relevant laws is appreciated.

Sincerely,

Lisette Garcia, J.D.
Senior Investigator

ICE announces acquisition of NYSE Euronext

Item ID:	29990
From:	SIFMA SmartBrief <sifma@smartbrief.com>
To:	timothy.lee@fhfaoig.gov
Subject:	ICE announces acquisition of NYSE Euronext
Sent:	December 21, 2012 7:38 AM
Received:	December 21, 2012 7:38 AM

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News on the capital markets, securities and financial industry
Morning Bell
ICE announces acquisition of NYSE Euronext
IntercontinentalExchange announced that it is acquiring NYSE Euronext for $33.12 per share. The combined company will operate dual headquarters in Atlanta and New York and maintain the iconic NYSE building in Manhattan. "The acquisition combines two leading exchange groups to create a premier global exchange operator diversified across markets including agricultural and energy commodities, credit derivatives, equities and equity derivatives, foreign exchange and interest rates. With leading clearing capabilities, the combined company will be well positioned to deliver efficiencies while serving customer demand for clearing and risk management globally," ICE said in a news release . CNNMoney
(12/20), The New York Times (tiered subscription model)/DealBook blog
(12/20), Financial Times (tiered subscription model)
(12/20), The Wall Street Journal
(12/20)

Industry News
Cat-bond prices continue to recoup losses caused by Sandy
Superstorm Sandy caused mark-to-market losses for catastrophe bonds, but prices of outstanding bonds in the secondary market have been rebounding. The total-return and price-return indices for catastrophe bonds have risen. Register today to save on registration for SIFMA's Insurance- and Risk-Linked Securities Conference , March 5-6 in New York City. Artemis
(12/19)
Many groups oppose ending or curbing tax-free munis
Many groups -- insurers, bond dealers, local and state governments and underwriters -- are lobbying to maintain the tax exemption for municipal bonds. Lawmakers are debating whether to limit or end the tax perk as a way to help the U.S. balance its books. The U.S. gives up $32 billion a year in revenue by not extracting the levy. The New York Times (tiered subscription model)
(12/19), The Bond Buyer (free content)
(12/20)
Municipal bond outflow hits $2.3B
Municipal bond fund net outflow has hit its highest level since January 2011 as U.S. lawmakers discuss limiting or eliminating a tax exemption on muni-bond interest. According to Lipper, net outflow totaled $2.31 billion in the week that ended Wednesday. Reuters

(12/20), Barron's (subscription required)
(12/20), 4-Traders.com/Dow Jones Newswires
(12/20)
Editorial: UBS' Libor penalty appears unjust
UBS' $1.5 billion settlement tied to manipulation of the London Interbank Offered Rate appears out of proportion, at least compared with Barclays' penalty, which was a third as much. On the whole, it is "hard to escape the sense that there's a good deal of ex post facto outrage over Libor, which has become the regulators' surrogate for all that was supposedly wrong in finance before the panic of 2008," according to The Wall Street Journal. The Wall Street Journal
(12/19)

Washington Roundup
Boehner gives up on his "fiscal cliff" plan
House Speaker John Boehner, R-Ohio, was forced to abandon his "fiscal cliff" proposal aimed at extracting more concessions from President Barack Obama when it became clear there wasn't enough support to pass the measure in the Republican-controlled House of Representatives. Boehner's inability to produce enough votes for his own plan raises the level of uncertainty about whether Republican leaders and Obama can reach a deal before the year ends. Reuters
(12/20), The Washington Post
(12/20), USA Today
(12/20)
SEC eases underwriter double-reporting burden
The Securities and Exchange Commission issued rule changes this week designed to make new-issue reporting easier for underwriters. The integration has been planned for years and was filed in October. The Bond Buyer (special access for readers of SIFMA SmartBrief)
(12/20)
Khuzami reportedly will step down as SEC enforcement chief
Robert Khuzami, head of the Security and Exchange Commission's enforcement unit since 2009, is planning to leave the agency as soon as January, sources said. Under his watch, the unit's power was expanded, but he was also criticized for reaching high-profile settlements with Goldman Sachs Group, Citigroup and JPMorgan Chase. Bloomberg
(12/20), The Wall Street Journal
(12/20)
Lawmakers call for CFTC to act on cross-border rules
U.S. lawmakers say the Commodity Futures Trading Commission should decide soon how its rules will apply overseas. "We are very concerned that a lack of coordination between both foreign and domestic regulators could soon lead to a disruption of the derivatives markets," 14 House members wrote in a letter to the agency. The undecided cross-border rules are in addition to as-yet-unwritten regulations for swaps-trading platforms and safety buffers for uncleared swaps. Reuters
(12/20), Financial Times (tiered subscription model)
(12/21)
Trades agree: Financial-transaction tax is not the answer
Investment Company Institute President and CEO Paul Schott Stevens makes a plea to shun the financial-transaction tax. Proponents tout the levy as a way to remedy the nation's financial imbalance, but Stevens lays out its problems, saying the tax is no panacea. Read SIFMA Executive Vice President Ken Bentsen's Wall Street Journal letter to the editor opposing any foreign FTT that would be imposed extraterritorially to U.S.-based transactions. The Hill/Congress blog
(12/20)

QuickBooks, calculate the benefits you can expect from making a move, and evaluate the available alternatives to find the right solution that will grow with you. Download the White paper now!
Asset/Wealth Management Report
Boomers have disparate views of financial advisers
Research suggests the financial-services industry has made a mistake in treating baby boomers as a cohesive group. Younger baby boomers are less comfortable with financial advisers and have less confidence in them than older ones, according to a study by Cogent Research. InvestmentNews (free registration)
(12/19)

SIFMA News
EARLY-BIRD SPECIAL: SIFMA 40th Annual Operations Conference & Exhibit 2013 at 2012 prices!
SIFMA's 40th Annual Operations Conference + Exhibit in Boca Raton, Fla., from April 28 to May 1, 2013, will bring together senior professionals from all corners of the marketplace at the premier event for financial services operations. Take advantage of early-bird pricing so you can engage expert thought leaders to examine the most critical operational, risk management and regulatory issues affecting your firm. In addition, you will gain unique insights and actionable solutions from senior industry professionals, regulators and service providers.
SIFMA Bookstore Spotlight: The Fundamentals of Municipal Bonds
Reuters has called this text "an excellent general primer on the market." This informative volume is the newly revised and updated sixth edition of the long-heralded classic text on the municipal securities market. The text provides a basic understanding of the market for a wide range of readers, including experienced professionals -- such as investment bankers, traders, brokers and professional investors -- as well as public officials, academicians, students and sophisticated individuals.
Now available online: SIFMA 2012 Amicus Program -- Year in Review
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Legislative and Regulatory Activity
|
Member Committees
|
Newsletters
SmartQuote
How we spend our days is, of course, how we spend our lives."
--Annie Dillard, American author
This SmartBrief was created for timothy.lee@fhfaoig.gov
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Thursday, December 20, 2012
Wednesday, December 19, 2012
Tuesday, December 18, 2012
Monday, December 17, 2012
Friday, December 14, 2012
Lead Editor: Bridget Lux
Mailing Address:
SmartBrief, Inc.® , 555 11th ST NW, Suite 600, Washington, DC 20004

FW: OPOR Report Recommendations Tracker

Item ID:	30001
From:	[redacted]>
To:	[redacted]
Cc:	Phillips, Wesley <Wesley.Phillips@fhfaoig.gov>, Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Wu, Simon <Simon.Wu@fhfaoig.gov>
Subject:	FW: OPOR Report Recommendations Tracker
Sent:	December 21, 2012 10:14 AM
Received:	December 21, 2012 10:14 AM

[redacted], I just spoke with Tewanan who had a discussion with Steve yesterday regarding the Q and A's for Exec Comp. She said he would also like us to develop Q and A's for the LIBOR report (even though it wasn't published, it is public knowledge). After the holidays of course J Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Wilkerson, Tewana Sent: Thursday, December 20, 2012 10:26 AM To: [redacted] Subject: RE: OPOR Report Recommendations Tracker Certainly! Just stop by anytime you want. From: [redacted] Sent: Thursday, December 20, 2012 10:26 AM To: Wilkerson, Tewana Subject: RE: OPOR Report Recommendations Tracker Thank you Tewana! [redacted] and I will work on questions in the next week or so. May I follow up with you after the 1 st of the year and possibly meet then? Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Wilkerson, Tewana Sent: Thursday, December 20, 2012 9:55 AM To: [redacted] Subject: RE: OPOR Report Recommendations Tracker Normally the report team comes up with the questions in addition to answering them; however, I'm happy to offer some ideas for questions if you're not sure what they should cover or where to start. If you want to talk it through, just stop by. I'll pull up a copy of the report and we scroll through and flag questions (that's basically how congressional staff do it). From: [redacted] Sent: Thursday, December 20, 2012 9:46 AM To: Wilkerson, Tewana Subject: FW: OPOR Report Recommendations Tracker Good morning Tewana, I believe we should include potential congressional questions with the OPOR monthly report regarding the Executive Compensation report. Do these questions come from your thoughts or does OPOR generate and answer possible questions? Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: [redacted] Sent: Friday, December 07, 2012 10:59 AM To: Wilkerson, Tewana Cc: Parker, Richard; [redacted]; Frost, David Subject: OPOR Report Recommendations Tracker Hi Tewana, Attached is the tracking spreadsheet that we are using to follow OPOR's outstanding recommendations. Currently, we have two open recommendations for the Unsecured Credit evaluation and, with the publication of the compensation report on Monday, we will begin tracking one more recommendation. Please let me know if you have any questions. Thank you, [redacted]

Attachment #1

image001.png

Image

[redacted]
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted]
Mobile:

RE: OPOR Report Recommendations Tracker

Item ID: 30002
From: [redacted]
To: [redacted]
Cc: Phillips, Wesley [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Wu, Simon [redacted]
Subject: RE: OPOR Report Recommendations Tracker
Sent: December 21, 2012 10:25 AM
Received: December 21, 2012 10:25 AM

Thanks, [redacted]
Sent from my Windows Phone
From:
[redacted]
Sent:
12/21/2012 10:14 AM
To:
[redacted]
Cc:
Phillips, Wesley; Lee, Timothy; Wu, Simon
Subject:
FW: OPOR Report Recommendations Tracker
[redacted],
I just spoke with Tewanan who had a discussion with Steve yesterday regarding the Q and Aâ€™s for Exec Comp. She said he would also like us to develop Q and Aâ€™s for the LIBOR report (even though it wasnâ€™t published, it is public knowledge). After the holidays of course J
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may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person
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part of the information contained therein. Call the sender if you have questions.
From: Wilkerson, Tewana
Sent: Thursday, December 20, 2012 10:26 AM
To: [redacted]
Subject: RE: OPOR Report Recommendations Tracker
Certainly! Just stop by anytime you want.
From: [redacted]
Sent: Thursday, December 20, 2012 10:26 AM
To: Wilkerson, Tewana
Subject: RE: OPOR Report Recommendations Tracker
Thank you Tewana! [redacted] and I will work on questions in the next week or so. May I follow up with you after the 1 st of the year and possibly meet then?
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may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person
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have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any
part of the information contained therein. Call the sender if you have questions.

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Sent: Thursday, December 20, 2012 9:55 AM
To: [redacted]
Subject: RE: OPOR Report Recommendations Tracker

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From: [redacted]
Sent: Thursday, December 20, 2012 9:46 AM
To: Wilkerson, Tewana
Subject: FW: OPOR Report Recommendations Tracker

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I believe we should include potential congressional questions with the OPOR monthly report regarding the Executive Compensation report. Do these questions come from your thoughts or does OPOR generate and answer
possible questions? Thank you!

From: [redacted]
Sent: Friday, December 07, 2012 10:59 AM
To: Wilkerson, Tewana
Cc: Parker, Richard; [redacted]; Frost, David
Subject: OPOR Report Recommendations Tracker

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Monday, we will begin tracking one more recommendation.

Please let me know if you have any questions.

Thank you,

[redacted]

Attachment #1

image001.png

Image

[redacted]
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted]
Mobile:

RE: Documents petaining to Judicial Watch FOIA Request

Item ID:	30003
From:	Grob, George [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Parker, Richard [redacted]
Cc:	Bloch, David [redacted], Frost, David [redacted]
Subject:	RE: Documents petaining to Judicial Watch FOIA Request
Sent:	December 21, 2012 10:25 AM
Received:	December 21, 2012 10:25 AM

I agree with Tim From: Lee, Timothy Sent: Thursday, December 20, 2012 3:03 PM To: Parker, Richard Cc: Bloch, David; Grob, George Subject: RE: Documents petaining to Judicial Watch FOIA Request Hi Old Salt, Having read through the request, my belief is that we can and should return a null response. That is because it specifically references TARP, thereby excluding the Enterprise operations on which our LIBOR inquiry focused. We could explain our reasoning and invite further dialogue if we wish, however. If you concur, I will start drafting the short letter. Tim From: Parker, Richard Sent: Thursday, December 20, 2012 1:48 PM To: Lee, Timothy Cc: Bloch, David; Grob, George Subject: FW: Documents petaining to Judicial Watch FOIA Request Skipper, Can you handle? Pls advise soonest. R From: Balmaseda, Kat Sent: Thursday, December 20, 2012 1:28 PM To: Grob, George; Parker, Richard Cc: Saddler, Bryan Subject: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am in need of your assistance to the attached FOIA request, which seeks the following: “All communications, facts and analysis respecting LIBOR vis-Ã -vis TARP. The time frame for this request is January 21, 2009 though the present.” We are required to use reasonable efforts to find records that might be responsive to this request. To that end, please search for all potentially responsive records wherever they are likely to be found, including but not limited to: - Any electronic files stored on your computer, on a network drive, or in the cloud (such as SharePoint, hard drives, folders, etc.) - Emails stored in Outlook - Hard copy records stored in file drawers - Any information stored in team systems (i.e. CMS, Team Management, etc.) - Thumb drives or CD-ROMS After performing a search, please forward to me any responsive records you may have. Thanks so much! Kat

RE: Documents petaining to Judicial Watch FOIA Request

Item ID:	30004
From:	Parker, Richard [redacted]
To:	Grob, George [redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Bloch, David [redacted] Frost, David [redacted]
Subject:	RE: Documents petaining to Judicial Watch FOIA Request
Sent:	December 21, 2012 10:35 AM
Received:	December 21, 2012 10:35 AM

Saddler will handle by referring the request to the Agency since it is their material that Judicial Watch is after. This is the accepted way to go in cases such as these. Tim's suggested approach
is available to FHFA.
Sent from my Windows Phone
From:
Grob, George
Sent:
12/21/2012 10:25 AM
To:
Lee, Timothy; Parker, Richard
Cc:
Bloch, David; Frost, David
Subject:
RE: Documents petaining to Judicial Watch FOIA Request
I agree with Tim
From: Lee, Timothy
Sent: Thursday, December 20, 2012 3:03 PM
To: Parker, Richard
Cc: Bloch, David; Grob, George
Subject: RE: Documents petaining to Judicial Watch FOIA Request
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To: Lee, Timothy
Cc: Bloch, David; Grob, George
Subject: FW: Documents petaining to Judicial Watch FOIA Request
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R
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Cc: Saddler, Bryan
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-
Any electronic files stored on your computer, on a network drive, or in the cloud (such as SharePoint, hard drives, folders, etc.)
-
Emails stored in Outlook
-
Hard copy records stored in file drawers
-
Any information stored in team systems (i.e. CMS, Team Management, etc.)
-
Thumb drives or CD-ROMS

After performing a search, please forward to me any responsive records you may have.

Thanks so much!

Kat

Undeliverable: LIBOR-related documents

Item ID:	30076
From:	postmaster@INT.FHFA.GOV
To:	Timothy.Lee@fhfaoig.gov
Subject:	Undeliverable: LIBOR-related documents
Sent:	December 21, 2012 4:07 PM
Received:	December 21, 2012 4:08 PM

Delivery has failed to these recipients or groups:
Balmaseda, Katarina (Katarina.Balmaseda@fhfa.gov)
The e-mail address you entered couldn't be found. Please check the recipient's e-mail address and try to resend the message. If the problem continues, please contact your helpdesk.
Diagnostic information for administrators:
Generating server: INT.FHFA.GOV
Katarina.Balmaseda@fhfa.gov
#< #5.1.1 smtp;550 5.1.1 RESOLVER.ADR.RecipNotFound; not found> #SMTP#
Original message headers:
Received: from genkdca-smmi03.gseg.att.com (12.183.68.74) by mail01.fhfa.gov
(192.168.21.114) with Microsoft SMTP Server (TLS) id 8.3.297.1; Fri, 21 Dec
2012 16:07:53 -0500
Received: from unknown [213.199.154.209] (EHLO
am1outboundpool.messaging.microsoft.com) by
genkdca-smmi03.gseg.att.com(mxl_mta-6.11.0-12) over TLS secured channel with
ESMTP id 8afc4d05.0.243577.00-485.278996.genkdca-smmi03.gseg.att.com
(envelope-from <timothy.lee@fhfaoig.gov>); Fri, 21 Dec 2012 21:07:53 +0000
(UTC)
Received: from mail5-am1-R.bigfish.com (10.3.201.233) by
AM1EHSOBE020.bigfish.com (10.3.207.142) with Microsoft SMTP Server id
14.1.225.23; Fri, 21 Dec 2012 21:07:51 +0000
Received: from mail5-am1 (localhost [127.0.0.1]) by mail5-am1-R.bigfish.com
(Postfix) with ESMTP id 56B582C01FA for <Katarina.Balmaseda@fhfa.gov>; Fri,
21 Dec 2012 21:07:51 +0000 (UTC)
X-Forefront-Antispam-Report:
CIP:157.56.234.85;KIP:(null);UIP:(null);IPV:NLI;H:SN2PRD0410HT004.namprd04.prod.outlook.com;RD:none;EFVD:NLI
X-SpamScore: -1
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Received-SPF: pass (mail5-am1: domain of fhfaoig.gov designates 157.56.234.85 as permitted sender) client-ip=157.56.234.85; envelope-from=Timothy.Lee@fhfaoig.gov; helo=SN2PRD0410HT004.namprd04.prod.outlook.com ;.outlook.com ;
Received: from mail5-am1 (localhost.localdomain [127.0.0.1]) by mail5-am1
(MessageSwitch) id 1356124068198293_1588; Fri, 21 Dec 2012 21:07:48 +0000
(UTC)
Received: from AM1EHSMHS001.bigfish.com (unknown [10.3.201.249]) by
mail5-am1.bigfish.com (Postfix) with ESMTP id 24ED5120073 for
<Katarina.Balmaseda@fhfa.gov>; Fri, 21 Dec 2012 21:07:48 +0000 (UTC)
Received: from SN2PRD0410HT004.namprd04.prod.outlook.com (157.56.234.85) by

AM1EHSMHS001.bigfish.com (10.3.207.101) with Microsoft SMTP Server (TLS) id
14.1.225.23; Fri, 21 Dec 2012 21:07:46 +0000
Received: from SN2PRD0410MB358.namprd04.prod.outlook.com ([169.254.6.183]) by
SN2PRD0410HT004.namprd04.prod.outlook.com ([10.255.115.39]) with mapi id
14.16.0245.002; Fri, 21 Dec 2012 21:07:46 +0000
From: "Lee, Timothy" <Timothy.Lee@fhfaoig.gov>
To: "Balmaseda, Katarina (Katarina.Balmaseda@fhfa.gov)"
<Katarina.Balmaseda@fhfa.gov>
Subject: LIBOR-related documents
Thread-Topic: LIBOR-related documents
Thread-Index: Ac3fvumYbjSeGepWQ+6/5Ucjbv5T6g==
Date: Fri, 21 Dec 2012 21:07:45 +0000
Message-ID:
<D8C14F7F5E9F20459EF11444508968CC3F8C3CCF@SN2PRD0410MB358.namprd04.prod.outlook.com>
Accept-Language: en-US
Content-Language: en-US
X-MS-Has-Attach:
X-MS-TNEF-Correlator:
x-originating-ip: [65.201.160.242]
Content-Type: multipart/alternative; boundary="=_reb-r43B70277-t50D4CFA9"
MIME-Version: 1.0
Return-Path: Timothy.Lee@fhfaoig.gov
X-OriginatorOrg: fhfaoig.gov
X-Processed-By: Rebuild v2.0-0
X-Spam: [F=0.0029992246; B=0.500(0); spf=0.500; CM=0.500; MH=0.500(2012122127); R=0.011(1121121194635); S=0.200(2010122901); SC=none]
X-MAIL-FROM: <timothy.lee@fhfaoig.gov>
X-SOURCE-IP: [213.199.154.209]
X-AnalysisOut: [v=2.0 cv=N6ue4RBB c=1 sm=0 a=XwM7IEgSod1VzzwnpSceNw==:17 a]
X-AnalysisOut: [=oQVd8PjyO_kA:10 a=BLceEmwcHowA:10 a=N1_uGjIusQgA:10 a=UqC]
X-AnalysisOut: [G9HQmAAAA:8 a=8qriC879YAMA:10 a=h_hUliJCaYb523TU-cgA:9 a=C]
X-AnalysisOut: [juIK1q_8ugA:10 a=dhGMtfld8cMA:10 a=RQjb-u_tScoA:10 a=UiCQ7]
X-AnalysisOut: [L4-1S4A:10 a=_W_S_7VecoQA:10 a=frz4AuCg-hUA:10]

Attachment #1

LIBOR-related documents

LIBOR-related documents

Item ID:	30077
From:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
To:	Balmaseda, Katarina (Katarina.Balmaseda@fhfa.gov) <Katarina.Balmaseda@fhfa.gov>
Subject:	LIBOR-related documents
Sent:	December 21, 2012 4:07 PM
Received:	December 21, 2012 4:07 PM

Hi Kat,
Rich gave me a heads up that you might want some materials from me. Feel free to reach out.
Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

LIBOR-related documents

Item ID:	30077
From:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
To:	Balmaseda, Katarina (Katarina.Balmaseda@fhfa.gov) <Katarina.Balmaseda@fhfa.gov>
Subject:	LIBOR-related documents
Sent:	December 21, 2012 4:07 PM
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Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

AUTO: Out of office (returning 01/02/2013)

Item ID:	30078
From:	[redacted] (b) (6)
To:	Timothy.Lee@fhfaoig.gov
Subject:	AUTO: Out of office (returning 01/02/2013)
Sent:	December 26, 2012 7:51 AM
Received:	December 26, 2012 7:54 AM

I am out of the office until 01/02/2013.
I am currently out of the office. I will return your message as soon as possible.
Note: This is an automated response to your message "RE: LIBOR" sent on 12/26/2012 07:51:25 AM.
This is the only notification you will receive while this person is away.

RE: Hearing Q&As: Executive Comp and LIBOR

Item ID: 30113
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Hearing Q&As: Executive Comp and LIBOR
Sent: December 27, 2012 12:00 PM
Received: December 27, 2012 12:00 PM

Hi Tim,
Sorry for the confusing appointment title. I am not aware of any scheduled hearings, either. Tewana has asked us to provide sample hearing questions and responses for the LIBOR memo as part of OPOR's monthly reporting on published evaluations and whitepapers. The usual practice is to submit sample Q&As following the publication of a report, but Tewana asked for them in this instance because the memo is now in the public domain and may result in the IG receiving questions on the topic during his next congressional visit. The purpose of the meeting is to bring some ideas for potential questions and then we can brainstorm the responses as a group.
[redacted]

From: Lee, Timothy
Sent: Thursday, December 27, 2012 11:53 AM
To: [redacted]
Subject: RE: Hearing Q&As: Executive Comp and LIBOR
Hi Jon,
Is a hearing on LIBOR scheduled? This is news to me.
Tim
-----Original Appointment-----
From: [redacted]
Sent: Thursday, December 27, 2012 10:50 AM
To: Parker, Richard; Phillips, Wesley; Lee, Timothy; Wu, Simon; [redacted]
Subject: Hearing Q&As: Executive Comp and LIBOR
When: Wednesday, January 02, 2013 11:00 AM-11:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference 3-W
<< Message: FW: OPOR Report Recommendations Tracker >>

RE: Hearing Q&As: Executive Comp and LIBOR

Item ID:	30129
From:	[redacted] (b) (6)
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Hearing Q&As: Executive Comp and LIBOR
Sent:	December 27, 2012 4:22 PM
Received:	December 27, 2012 4:22 PM

That's okay, Tim. I'll catch up with you later next week on this. Our responses are due Monday, January 7.

From: Lee, Timothy
Sent: Thursday, December 27, 2012 4:20 PM
To: Anders, Jon
Subject: RE: Hearing Q&As: Executive Comp and LIBOR
Got it. Thanks. In any event, I must respectfully decline, as I have to watch the kids that day (Arlington public schools don't restart until Jan 3).

From: [redacted] (b) (6)
Sent: Thursday, December 27, 2012 12:00 PM
To: Lee, Timothy
Subject: RE: Hearing Q&As: Executive Comp and LIBOR
Hi Tim,
Sorry for the confusing appointment title. I am not aware of any scheduled hearings, either. Tewana has asked us to provide sample hearing questions and responses for the LIBOR memo as part of OPOR's monthly reporting on published evaluations and whitepapers. The usual practice is to submit sample Q&As following the publication of a report, but Tewana asked for them in this instance because the memo is now in the public domain and may result in the IG receiving questions on the topic during his next congressional visit. The purpose of the meeting is to bring some ideas for potential questions and then we can brainstorm the responses as a group.
[redacted] (b) (6)

From: Lee, Timothy
Sent: Thursday, December 27, 2012 11:53 AM
To: [redacted] (b) (6)
Subject: RE: Hearing Q&As: Executive Comp and LIBOR
Hi [redacted] (b) (6)
Is a hearing on LIBOR scheduled? This is news to me.
Tim
-----Original Appointment-----
From: [redacted] (b) (6)
Sent: Thursday, December 27, 2012 10:50 AM
To: Parker, Richard; Phillips, Wesley; Lee, Timothy; Wu, Simon; [redacted] (b) (6)
Subject: Hearing Q&As: Executive Comp and LIBOR
When: Wednesday, January 02, 2013 11:00 AM-11:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference 3-W
<< Message: FW: OPOR Report Recommendations Tracker >>

Hearing Q&As: Executive Comp and LIBOR

Item ID:	30145
Sent:	December 28, 2012 4:39 PM
Received:	December 28, 2012 4:39 PM
Type:	Calendar Entry

Here are some sample questions. Please bring other questions to the meeting and we will determine the final Q&As then.

LIBOR

1. Is the Eurodollar an appropriate benchmark, i.e., is it beyond manipulation?
2. How does the OIG respond to arguments that damages need to be proven for each transaction in which the Enterprises were a party?
3. How many Enterprise counterparties are alleged to have manipulated the LIBOR rate? What evidence do you have of manipulation affecting these transactions?
4. What are FHFA and the Enterprises doing in response to the analysis that you have provided them?
5. What further steps will the OIG take? Have you referred this analysis to the DOJ, SEC, or CFTC?

Exec Comp

1. Has your prior evaluation and audit work shown that FHFA's delegation of day-to-day business decisions, such as those involving senior professional compensation, been effective means to manage the conservatorships?
2. Would reducing Enterprise employee compensation levels to those of the government pay scales result in high attrition and safety and soundness concerns at the Enterprises?
3. What steps have FHFA and the OIG taken to determine that Enterprise executive compensation levels are appropriate and that they are being set in accordance with the applicable performance standards and FHFA's approval?
4. Why did FHFA eliminate CEO performance pay and reduce their overall compensation by 89%? Do you believe that similar reductions for other executives would be an effective cost-cutting measures?
5. FHFA disagreed with the OIG's methodology for analyzing compensation. Why was the ?cash compensation? approach preferable for the OIG, and do you believe that the Agency's oversight of Enterprise employee compensation would benefit from adopting that analysis in addition to reviewing ?total direct compensation??

FW: OPOR Report Recommendations Tracker

Item ID: 30146
From: [redacted]
To: [redacted]
Cc: Phillips, Wesley [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Wu, Simon [redacted]
Subject: FW: OPOR Report Recommendations Tracker
Sent: December 21, 2012 10:14 AM
Received: December 21, 2012 10:14 AM

[redacted],
I just spoke with Tewanan who had a discussion with Steve yesterday regarding the Q and A's for Exec Comp. She said he would also like us to develop Q and A's for the LIBOR report (even though it wasn't published, it is public knowledge). After the holidays of course J
cid:image002.png@01CD68D1.61BD9380

From: Wilkerson, Tewana
Sent: Thursday, December 20, 2012 10:26 AM
To: [redacted]
Subject: RE: OPOR Report Recommendations Tracker
Certainly! Just stop by anytime you want.
From: [redacted]
Sent: Thursday, December 20, 2012 10:26 AM
To: Wilkerson, Tewana
Subject: RE: OPOR Report Recommendations Tracker
Thank you Tewana! [redacted] and I will work on questions in the next week or so. May I follow up with you after the 1st of the year and possibly meet then?
cid:image002.png@01CD68D1.61BD9380

From: Wilkerson, Tewana
Sent: Thursday, December 20, 2012 9:55 AM
To: [redacted]
Subject: RE: OPOR Report Recommendations Tracker
Normally the report team comes up with the questions in addition to answering them; however, I'm happy to offer some ideas for questions if you're not sure what they should cover or where to start. If you want to talk it through, just stop by. I'll pull up a copy of the report and we scroll through and flag questions (that's basically how congressional staff do it).
From: [redacted]
Sent: Thursday, December 20, 2012 9:46 AM
To: Wilkerson, Tewana

Subject: FW: OPOR Report Recommendations Tracker
Good morning Tewana,
I believe we should include potential congressional questions with the OPOR monthly report regarding the Executive Compensation report. Do these questions come from your thoughts or does OPOR generate and answer possible questions? Thank you!
cid:image002.png@01CD68D1.61BD9380

From: [redacted]
Sent: Friday, December 07, 2012 10:59 AM
To: Wilkerson, Tewana
Cc: Parker, Richard; [redacted]; Frost, David
Subject: OPOR Report Recommendations Tracker
Hi Tewana,
Attached is the tracking spreadsheet that we are using to follow OPOR's outstanding recommendations. Currently, we have two open recommendations for the Unsecured Credit evaluation and, with the publication of the compensation report on Monday, we will begin tracking one more recommendation.
Please let me know if you have any questions.
Thank you,
[redacted]

Attachment #1

image001.png

Image

[redacted] (b) (6)
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted] (b) (6)
Mobile: [redacted]

RE: Hearing Q&As: Executive Comp and LIBOR

Item ID: 30149
From: Phillips, Wesley [redacted] (b) (6)
To: [redacted] (b) (6) (b) (6) Parker, Richard [redacted] (b) (6), Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Wu, Simon [redacted] (b) (6), [redacted] (b) (6)
Subject: RE: Hearing Q&As: Executive Comp and LIBOR
Sent: December 28, 2012 7:05 PM
Received: December 28, 2012 7:05 PM

Is there a hearing?
Sent from my Windows Phone
From:
[redacted] (b) (6)
Sent:
12/28/2012 4:39 PM
To:
Parker, Richard; Phillips, Wesley; Lee, Timothy; Wu, Simon; [redacted] (b) (6)
Subject:
Hearing Q&As: Executive Comp and LIBOR
Here are some sample questions. Please bring other questions to the meeting and we will determine the final Q&As then.
LIBOR
Is the Eurodollar an appropriate benchmark, i.e., is it beyond manipulation? How does the OIG respond to arguments that damages need to be proven for each transaction in which the Enterprises were a party? How many Enterprise counterparties are alleged to have manipulated the LIBOR rate? What evidence do you have of manipulation affecting these transactions? What are FHFA and the Enterprises doing in response to the analysis that you have provided them? What further steps will the OIG take? Have you referred this analysis to the DOJ, SEC, or CFTC?
Exec Comp
Has your prior evaluation and audit work shown that FHFAâ€™s delegation of day-to-day business decisions, such as those involving senior professional compensation, been effective means to manage the conservatorships? Would reducing Enterprise employee compensation levels to those of the government pay scales result in high attrition and safety and soundness concerns at the Enterprises? What steps have FHFA and the OIG taken to determine that Enterprise executive compensation levels are appropriate and that they are being set in accordance with the applicable performance standards and FHFAâ€™s approval? Why did FHFA eliminate CEO performance pay and reduce their overall compensation by 89%? Do you believe that similar reductions for other executives would be an effective cost-cutting measures? FHFA disagreed with the OIGâ€™s methodology for analyzing compensation. Why was the â€œcash compensationâ€ approach preferable for the OIG, and do you believe that the Agencyâ€™s oversight of Enterprise employee compensation would benefit from adopting that analysis
in addition to reviewing â€œtotal direct compensationâ€?

RE: Hearing Q&As: Executive Comp and LIBOR

Item ID:	30148
From:	Parker, Richard [redacted]
To:	Phillips, Wesley [redacted], [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Wu, Simon [redacted]
Subject:	RE: Hearing Q&As: Executive Comp and LIBOR
Sent:	December 28, 2012 9:43 PM
Received:	December 28, 2012 9:43 PM

Not to my knowledge. I think we're just stockpiling questions because the IG asked that we do this with each report while the subject matter is relatively fresh in our minds.

Sent from my Windows Phone

From:

Phillips, Wesley

Sent:

12/28/2012 7:05 PM

To:

[redacted]; Parker, Richard; Lee, Timothy; Wu, Simon; [redacted]

Subject:

RE: Hearing Q&As: Executive Comp and LIBOR

Is there a hearing?

Sent from my Windows Phone

From:

[redacted]

Sent:

12/28/2012 4:39 PM

To:

Parker, Richard; Phillips, Wesley; Lee, Timothy; Wu, Simon; [redacted]

Subject:

Hearing Q&As: Executive Comp and LIBOR

Here are some sample questions. Please bring other questions to the meeting and we will determine the final Q&As then.

LIBOR

Is the Eurodollar an appropriate benchmark, i.e., is it beyond manipulation? How does the OIG respond to arguments that damages need to be proven for each transaction in which the Enterprises were a party? How many Enterprise counterparties are alleged to have manipulated the LIBOR rate? What evidence do you have of manipulation affecting these transactions? What are FHFA and the Enterprises doing in response to the analysis that you have provided them? What further steps will the OIG take? Have you referred this analysis to the DOJ, SEC, or CFTC?

Exec Comp

Has your prior evaluation and audit work shown that FHFAâ€™s delegation of day-to-day business decisions, such as those involving senior professional compensation, been effective means to manage the conservatorships? Would reducing Enterprise employee compensation levels to those of the government pay scales result in high attrition and safety and soundness concerns at the Enterprises? What steps have FHFA and the OIG taken to determine that Enterprise executive compensation levels are appropriate and that they are being set in accordance with the applicable performance standards and FHFAâ€™s approval? Why did FHFA eliminate CEO performance pay and reduce their overall compensation by 89%? Do you believe that similar reductions for other executives would be an effective cost-cutting measures? FHFA disagreed with the OIGâ€™s methodology for analyzing compensation. Why was the â€œcash compensationâ€ approach preferable for the OIG, and do you believe that the Agencyâ€™s oversight of Enterprise employee compensation would benefit from adopting that analysis in addition to reviewing â€œtotal direct compensationâ€?

FW: Documents petaining to Judicial Watch FOIA Request

Item ID:	30202
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	FW: Documents petaining to Judicial Watch FOIA Request
Sent:	January 2, 2013 10:33 AM
Received:	January 2, 2013 10:33 AM

Skipper, Â Â Â Â Â Â Â Pls advise soonest.Â Tx, Rich From: Balmaseda, Kat Sent: Wednesday, January 02, 2013 10:15 AM To: Grob, George; Parker, Richard Subject: RE: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am following up on the status for the documents pertaining to this FOIA request. Due to the 20 working day deadline (due by 1/22/13), do you think you would be able to gather all documents pertaining to this request by next week for me to review? Thanks, Kat From: Balmaseda, Kat Sent: Thursday, December 20, 2012 1:28 PM To: Grob, George; Parker, Richard Cc: Saddler, Bryan Subject: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am in need of your assistance to the attached FOIA request, which seeks the following: “All communications, facts and analysis respecting LIBOR vis-Ã -vis TARP. The time frame for this request is January 21, 2009 though the present.” We are required to use reasonable efforts to find records that might be responsive to this request. To that end, please search for all potentially responsive records wherever they are likely to be found, including but not limited to: - Any electronic files stored on your computer, on a network drive, or in the cloud (such as SharePoint, hard drives, folders, etc.) - Emails stored in Outlook - Hard copy records stored in file drawers - Any information stored in team systems (i.e. CMS, Team Management, etc.) - Thumb drives or CD-ROMS After performing a search, please forward to me any responsive records you may have. Thanks so much! Kat

RE: Documents petaining to Judicial Watch FOIA Request

Item ID:	30203
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Balmaseda, Kat <Katarina.Balmaseda@fhfaoig.gov>
Cc:	Grob, George [redacted]
Subject:	RE: Documents petaining to Judicial Watch FOIA Request
Sent:	January 2, 2013 10:43 AM
Received:	January 2, 2013 10:43 AM

Tim, Â Â Â Â We’re going to interpret the request broadly, and not hold the requestor to the imprecise language that it has employed.Â Accordingly, we’re going to provide responsive documents as if the requestor employed the right language.Â With that in mind, can you meet Kat’s deadline?Â Pls advise. Rich From: Lee, Timothy Sent: Wednesday, January 02, 2013 10:41 AM To: Balmaseda, Kat Cc: Parker, Richard Subject: FW: Documents petaining to Judicial Watch FOIA Request Hi Kat, I’m given to understand that Bryan Saddler is in charge of delivering the response to this request. Because the request I saw is specifically limited to TARP-related documents, I very much doubt we have any emails or documents that are germane. If the request is changed or broadened, however, that may well change. I’m happy to help if so; please keep me posted. Tim From: Parker, Richard Sent: Wednesday, January 02, 2013 10:34 AM To: Lee, Timothy Subject: FW: Documents petaining to Judicial Watch FOIA Request Skipper, Pls advise soonest. Tx, Rich From: Balmaseda, Kat Sent: Wednesday, January 02, 2013 10:15 AM To: Grob, George; Parker, Richard Subject: RE: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am following up on the status for the documents pertaining to this FOIA request. Due to the 20 working day deadline (due by 1/22/13), do you think you would be able to gather all documents pertaining to this request by next week for me to review? Thanks, Kat From: Balmaseda, Kat Sent: Thursday, December 20, 2012 1:28 PM To: Grob, George; Parker, Richard Cc: Saddler, Bryan Subject: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am in need of your assistance to the attached FOIA request, which seeks the following: “All communications, facts and analysis respecting LIBOR vis-Ã -vis TARP. The time frame for this request is January 21, 2009 though the present.” We are required to use reasonable efforts to find records that might be responsive to this request. To that end, please search for all potentially responsive records wherever they are likely to be found, including but not limited to: - Any electronic files stored on your computer, on a network drive, or in the cloud (such as SharePoint, hard drives, folders, etc.) - Emails stored in Outlook - Hard copy records stored in file drawers - Any information stored in team systems (i.e. CMS, Team Management, etc.) - Thumb drives or CD-ROMS After performing a search, please forward to me any responsive records you may have. Thanks so much! Kat

RE: Documents petaining to Judicial Watch FOIA Request

Item ID:	30214
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Balmaseda, Kat <Katarina.Balmaseda@fhfaoig.gov>, Grob, George [redacted]
Subject:	RE: Documents petaining to Judicial Watch FOIA Request
Sent:	January 2, 2013 11:00 AM
Received:	January 2, 2013 11:00 AM

That works for me.Â Kat . . . does this satisfy the requirement as far as OPOR/Tim is concerned?Â From: Lee, Timothy Sent: Wednesday, January 02, 2013 10:55 AM To: Parker, Richard Cc: Balmaseda, Kat; Grob, George Subject: RE: Documents petaining to Judicial Watch FOIA Request Hi Old Salt, I'm happy to oblige. To confirm, we imagine the "right language" to be something along the lines of "taxpayer losses derived from LIBOR manipulation" broadly. I can certainly pull together the documents and emails I have and provide them to Kat within the required timeframe. I think it's a simple personal review of my documents and Outlook emails, but if the IT people have a better way to sift this out I am all ears. Unless otherwise asked , I assume my only responsibility is for emails and documents I sent, created or received . There were doubtless emails and documents on this topic outside my purview, but responsibility for those shall rest with their creators. I'm back in the office tomorrow. Tim From: Parker, Richard Sent: Wednesday, January 02, 2013 10:44 AM To: Lee, Timothy; Balmaseda, Kat Cc: Grob, George Subject: RE: Documents petaining to Judicial Watch FOIA Request Tim, We're going to interpret the request broadly, and not hold the requestor to the imprecise language that it has employed. Accordingly, we're going to provide responsive documents as if the requestor employed the right language. With that in mind, can you meet Kat's deadline? Pls advise. Rich From: Lee, Timothy Sent: Wednesday, January 02, 2013 10:41 AM To: Balmaseda, Kat Cc: Parker, Richard Subject: FW: Documents petaining to Judicial Watch FOIA Request Hi Kat, I'm given to understand that Bryan Saddler is in charge of delivering the response to this request. Because the request I saw is specifically limited to TARP-related documents, I very much doubt we have any emails or documents that are germane. If the request is changed or broadened, however, that may well change. I'm happy to help if so; please keep me posted. Tim From: Parker, Richard Sent: Wednesday, January 02, 2013 10:34 AM To: Lee, Timothy Subject: FW: Documents petaining to Judicial Watch FOIA Request Skipper, Pls advise soonest. Tx, Rich From: Balmaseda, Kat Sent: Wednesday, January 02, 2013 10:15 AM To: Grob, George; Parker, Richard Subject: RE: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am following up on the status for the documents pertaining to this FOIA request. Due to the 20 working day deadline (due by 1/22/13), do you think you would be able to gather all documents pertaining to this request by next week for me to review? Thanks, Kat From: Balmaseda, Kat Sent: Thursday, December 20, 2012 1:28 PM To: Grob, George; Parker, Richard Cc: Saddler, Bryan Subject: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am in need of your assistance to the attached FOIA request, which seeks the following: "All communications, facts and analysis respecting LIBOR vis-Ã -vis TARP. The time frame for this request is January 21, 2009 though the present." We are required to use reasonable efforts to find records that might be responsive to this request. To that end, please search for all potentially responsive records wherever they are likely to be found, including but not limited to: - Any electronic files stored on your computer, on a network drive, or in the cloud (such as SharePoint, hard drives, folders, etc.) - Emails stored in Outlook - Hard copy records stored in file drawers - Any information stored in team systems (i.e. CMS, Team Management, etc.) - Thumb drives or CD-ROMS After performing a search, please forward to me any responsive records you may have. Thanks so much! Kat

RE: Documents petaining to Judicial Watch FOIA Request

Item ID:	30208
From:	Balmaseda, Kat <Katarina.Balmaseda@fhfaoig.gov>
To:	Parker, Richard [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Grob, George [redacted]
Subject:	RE: Documents petaining to Judicial Watch FOIA Request
Sent:	January 2, 2013 11:28 AM
Received:	January 2, 2013 11:28 AM

Yes, this works for me. Thanks for all your help! From: Parker, Richard Sent: Wednesday, January 02, 2013 11:00 AM To: Lee, Timothy Cc: Balmaseda, Kat; Grob, George Subject: RE: Documents petaining to Judicial Watch FOIA Request That works for me. Kat . . . does this satisfy the requirement as far as OPOR/Tim is concerned? From: Lee, Timothy Sent: Wednesday, January 02, 2013 10:55 AM To: Parker, Richard Cc: Balmaseda, Kat; Grob, George Subject: RE: Documents petaining to Judicial Watch FOIA Request Hi Old Salt, I'm happy to oblige. To confirm, we imagine the "right language" to be something along the lines of "taxpayer losses derived from LIBOR manipulation" broadly. I can certainly pull together the documents and emails I have and provide them to Kat within the required timeframe. I think it's a simple personal review of my documents and Outlook emails, but if the IT people have a better way to sift this out I am all ears. Unless otherwise asked , I assume my only responsibility is for emails and documents I sent, created or received . There were doubtless emails and documents on this topic outside my purview, but responsibility for those shall rest with their creators. I'm back in the office tomorrow. Tim From: Parker, Richard Sent: Wednesday, January 02, 2013 10:44 AM To: Lee, Timothy; Balmaseda, Kat Cc: Grob, George Subject: RE: Documents petaining to Judicial Watch FOIA Request Tim, We're going to interpret the request broadly, and not hold the requestor to the imprecise language that it has employed. Accordingly, we're going to provide responsive documents as if the requestor employed the right language. With that in mind, can you meet Kat's deadline? Pls advise. Rich From: Lee, Timothy Sent: Wednesday, January 02, 2013 10:41 AM To: Balmaseda, Kat Cc: Parker, Richard Subject: FW: Documents petaining to Judicial Watch FOIA Request Hi Kat, I'm given to understand that Bryan Saddler is in charge of delivering the response to this request. Because the request I saw is specifically limited to TARP-related documents, I very much doubt we have any emails or documents that are germane. If the request is changed or broadened, however, that may well change. I'm happy to help if so; please keep me posted. Tim From: Parker, Richard Sent: Wednesday, January 02, 2013 10:34 AM To: Lee, Timothy Subject: FW: Documents petaining to Judicial Watch FOIA Request Skipper, Pls advise soonest. Tx, Rich From: Balmaseda, Kat Sent: Wednesday, January 02, 2013 10:15 AM To: Grob, George; Parker, Richard Subject: RE: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am following up on the status for the documents pertaining to this FOIA request. Due to the 20 working day deadline (due by 1/22/13), do you think you would be able to gather all documents pertaining to this request by next week for me to review? Thanks, Kat From: Balmaseda, Kat Sent: Thursday, December 20, 2012 1:28 PM To: Grob, George; Parker, Richard Cc: Saddler, Bryan Subject: Documents petaining to Judicial Watch FOIA Request Hi George and Rich, I am in need of your assistance to the attached FOIA request, which seeks the following: "All communications, facts and analysis respecting LIBOR vis-Ã -vis TARP. The time frame for this request is January 21, 2009 though the present." We are required to use reasonable efforts to find records that might be responsive to this request. To that end, please search for all potentially responsive records wherever they are likely to be found, including but not limited to: - Any electronic files stored on your computer, on a network drive, or in the cloud (such as SharePoint, hard drives, folders, etc.) - Emails stored in Outlook - Hard copy records stored in file drawers - Any information stored in team systems (i.e. CMS, Team Management, etc.) - Thumb drives or CD-ROMS After performing a search, please forward to me any responsive records you may have. Thanks so much! Kat

RE: Hearing Q&As: Executive Comp and LIBOR

Item ID:	30264
From:	[redacted]
To:	Parker, Richard [redacted], Phillips, Wesley [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Wu, Simon [redacted], [redacted] [redacted]
Subject:	RE: Hearing Q&As: Executive Comp and LIBOR
Sent:	January 3, 2013 2:55 PM
Received:	January 3, 2013 2:55 PM

Hi guys,

Here are the responses that we developed in the meeting yesterday. Tim – the LIBOR ones will need a little bit more work. Could you please review these tomorrow and make revisions in the source document on SharePoint? The questions are located on pages 4-7 of this document: OPOR Jan 2013 Monthly Report. Our responses are due to Em on Monday.

Thanks,

[redacted]

Congressional Questions:

FHFA's Oversight of the Enterprises' Compensation of Their Executives and Senior Professionals (EVL-2013-001)

1. Would reducing Enterprise employee compensation levels to those of the government pay scales result in high attrition and safety and soundness concerns at the Enterprises?

The OIG recognizes that attrition among highly skilled staff is a serious concern for FHFA and the Enterprises. Our evaluation team reviewed eight years' worth of attrition data by employee group and found wide fluctuations in recent trends. Due to the wide variability of the data, we could not conclusively discern an impact on attrition from FHFA's imposition of the pay freezes for calendar years 2011 and 2012 or the proposed 10% reductions in senior executive pay under the 2012 pay programs. However, it is a reasonable conclusion that reductions in compensation commensurate with those applied to the Enterprises' CEO, approximately 90%, would lead to a sharp increase in employee attrition.

2. What steps have FHFA taken to determine that Enterprise executive compensation levels are appropriate and that they are being set in accordance with the applicable performance standards and FHFA's approval?

As noted in our report, FHFA has developed guidelines that govern its review of executive compensation at the Enterprises. The Division of Enterprise Regulation has also conducted two exams of the practices and controls for the determination of senior executive performance pay. In addition, the Agency has agreed with our recommendation for further review of senior professional pay systems, and they have indicated that they will review adherence to the pay freezes as part of a wider examination of compliance with conservatorship directives.

3. Why did FHFA eliminate CEO performance pay and reduce their overall compensation by 89%? Do you believe that similar reductions for other executives would be an effective cost-cutting measures?

Agency staff told us that they worked closely with the Enterprises to determine CEO compensation at a level that would result in substantial overall cuts, including the elimination of bonuses, but would not have a negative impact on Enterprise operations. We note that the Enterprises both replaced their CEOs in 2012 in a reasonable timeframe at a greatly reduced salary level. As FHFA has recognized, the job of leading one of the Enterprises has at its core a strong public service mission, and we have seen voluntary reductions in compensation by CEOs of firms in similar circumstances, such as when AIG CEO Edward Liddy agreed to be paid $1 for his service in 2008. While cuts in CEO compensation under the conservatorships have resulted in significant cost savings, our evaluation team did not review whether similar steep reductions in pay for other executives would be appropriate.

4. FHFA disagreed with the OIG's methodology for analyzing compensation. Why was the ?cash compensation? approach preferable for the OIG, and do you believe that the Agency's oversight of Enterprise employee compensation would benefit from adopting that analysis in addition to reviewing ?total direct compensation??

The OIG's use of the ?cash compensation? methodology allowed the evaluation to team capture all compensation paid to an Enterprise employee in a given calendar year, including pay that would not be considered under a ?total direct compensation? approach. For example, in 2009 and 2010, certain Enterprise employees received compensation for a legacy incentive pay program that dated back to 2006. These payments were approved by FHFA, but would not have been calculated as total direct compensation under the 2009 pay programs. Also, we note that similar large-scale compensation analyses, such as the Federal Reserve Board's Survey of Consumer Finances, use the ?cash compensation? approach.

5. How do the Enterprises target employee pay to the median of the financial services market? Did you uncover any evidence that supported their assertions?

In general, the Enterprises use consultant surveys to target employee pay to the median of the market for positions with similar duties and responsibilities at comparable firms. The evaluation team conducted a limited test of the Enterprises' adherence to the median in their hiring of new employees in 2011 and found that one of the Enterprises exceeded the market median for base salaries in 44% of the offers and the other Enterprise in 80% of the offers. When presented with the results of our test, both Enterprises reiterated that they target the aggregate of employee pay to the market median. Further, they provided the results of internal testing of their pay systems which showed that executive and senior professional pay in aggregate equaled the median compensation levels offered by the financial services market. Based on this testing, we recommended that FHFA further examine the controls over compensation offers to new hires.

6. Why did the median level of senior professional pay increase between 2010 and 2011 even though a pay freeze was in place during this time?

When asked about this increase in median compensation under the pay freeze, Enterprise officials explained that this increase is largely attributable to the structure of their LTI payments under 2009 compensation packages. LTI payments at both Enterprises were disbursed in installments over the course of two years. For example, in 2010 Enterprise senior professionals would have received only the first portion of their 2009 LTI payments, and in 2011 they would have received the second portion of their 2009 LTI payments and the first portion of their 2010 LTI payments. However, one Enterprise official told us that promotions and changes in responsibility also may have played a role in the increase in median compensation from 2010 to 2011.

7. Do you consider FHFA's responses to your recommendations to be appropriate?

We do consider FHFA's response to be appropriate. Our recommendation gave the Agency wide latitude on how they should examine and supervise pay systems for senior professionals. We are pleased that this review will lead to the Agency's first examination of senior professional pay under the conservatorship and increased supervision of the controls and practices involved with compensation of this key group of professionals.

Unpublished LIBOR Memorandum

1. How did you determine that the Eurodollar is an appropriate benchmark? Is it beyond the kind of manipulation seen with LIBOR?

Our analysis assumes that the Eurodollar is a fair benchmark and this interpretation has been affirmed in prior litigation, such as in XX and XX?.

2. Could the OIG's damage calculations be taken as an appropriate primer for determining damages to other institutions as the result of LIBOR manipulation?

The OIG's calculations represent a ?first cut? analysis of publicly available information. Propriety information about each financial transaction would need to be reviewed in order to form a more in-depth study of this issue.

3. How many Enterprise counterparties are alleged to have manipulated the LIBOR rate? What evidence do you have of manipulation affecting these transactions?

The OIG does not have any evidence of manipulation of LIBOR aside from that confirmed in the settlements with Barclays and other institutions. The key to our analysis is the variation between the LIBOR and the Eurodollar rates. The deviation in these rates since 2007 indicate that damages have been incurred as a result.

4. What are FHFA and the Enterprises doing in response to the analysis that you have provided them?

The Agency forwarded our draft memorandum to the Enterprises this fall. Since then they have each retained outside counsel to help with the assessment of potential damages.

5. What further steps will the OIG take? Have you referred this analysis to the DOJ, SEC, or CFTC?

During the course of preparing the draft memorandum, we shared our analysis with the appropriate regulatory authorities. Those authorities are aware of our methodology and the preliminary results of our analysis.

-----Original Appointment-----

From: [redacted]
Sent: Thursday, December 27, 2012 10:50 AM
To: [redacted]; Parker, Richard; Phillips, Wesley; Lee, Timothy; Wu, Simon; [redacted]
Subject: Hearing Q&As: Executive Comp and LIBOR
When: Wednesday, January 02, 2013 11:00 AM-11:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference 3-W
<< Message: FW: OPOR Report Recommendations Tracker >>

Here are some sample questions. Please bring other questions to the meeting and we will determine the final Q&As then.

LIBOR

1. Is the Eurodollar an appropriate benchmark, i.e., is it beyond manipulation?
2. How does the OIG respond to arguments that damages need to be proven for each transaction in which the Enterprises were a party?
3. How many Enterprise counterparties are alleged to have manipulated the LIBOR rate? What evidence do you have of manipulation affecting these transactions?
4. What are FHFA and the Enterprises doing in response to the analysis that you have provided them?
5. What further steps will the OIG take? Have you referred this analysis to the DOJ, SEC, or CFTC?

Exec Comp

1. Has your prior evaluation and audit work shown that FHFA's delegation of day-to-day business decisions, such as those involving senior professional compensation, been effective means to manage the conservatorships?
2. Would reducing Enterprise employee compensation levels to those of the government pay scales result in high attrition and safety and soundness concerns at the Enterprises?
3. What steps have FHFA and the OIG taken to determine that Enterprise executive compensation levels are appropriate and that they are being set in accordance with the applicable performance standards and FHFA's approval?
4. Why did FHFA eliminate CEO performance pay and reduce their overall compensation by 89%? Do you believe that similar reductions for other executives would be an effective cost-cutting measures?
5. FHFA disagreed with the OIG's methodology for analyzing compensation. Why was the ?cash compensation? approach preferable for the OIG, and do you believe that the Agency's oversight of Enterprise employee compensation would benefit from adopting that analysis in addition to reviewing ?total direct compensation??

RE: Hearing Q&As: Executive Comp and LIBOR

Item ID:	30302
From:	[redacted]
To:	Parker, Richard [redacted], Phillips, Wesley [redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Wu, Simon [redacted], [redacted]
Subject:	RE: Hearing Q&As: Executive Comp and LIBOR
Sent:	January 4, 2013 10:47 AM
Received:	January 4, 2013 10:47 AM

Hi all,

This is just a reminder that your review of these Q&As is needed today. The questions are located on pages 4-7 of the attached monthly report.

Thanks,

[redacted]

From: [redacted]
Sent: Thursday, January 03, 2013 2:55 PM
To: Parker, Richard; Phillips, Wesley; Lee, Timothy; Wu, Simon; [redacted]
Subject: RE: Hearing Q&As: Executive Comp and LIBOR

Hi guys,

Here are the responses that we developed in the meeting yesterday. Tim – the LIBOR ones will need a little bit more work. Could you please review these tomorrow and make revisions in the source document on SharePoint? The questions are located on pages 4-7 of this document: OPOR Jan 2013 Monthly Report. Our responses are due to Em on Monday.

Thanks,

[redacted]

Congressional Questions:

[redacted]

(b) (5)

[redacted] (b) (5)

-----Original Appointment-----
From: [redacted] (b) (6)
Sent: Thursday, December 27, 2012 10:50 AM
To: [redacted] (b) (6); Parker, Richard; Phillips, Wesley; Lee, Timothy; Wu, Simon; [redacted] (b) (6)
Subject: Hearing Q&As: Executive Comp and LIBOR
When: Wednesday, January 02, 2013 11:00 AM-11:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference 3-W
<< Message: FW: OPOR Report Recommendations Tracker >>

Here are some sample questions. Please bring other questions to the meeting and we will determine the final Q&As then.

LIBOR

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Attachment #1

OPOR Jan 2013 Monthly Report.docx

Original view

7 pages (displayed on pages 5 to 11)

Reports Published During the Reporting Period:

FHFA's Oversight of the Enterprises' Compensation of Their Executives and Senior Professionals (EVL-2013-001), December 10, 2012

Report Summaries:

***FHFA's Oversight of the Enterprises' Compensation of Their Executives and Senior Professionals* (EVL-2013-001)**

Why FHFA-OIG Did This Report

The Housing and Economic Recovery Act of 2008 (HERA) established the Federal Housing Finance Agency (FHFA or Agency) as the supervisor and regulator of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, the Enterprises). In September 2008, FHFA placed the Enterprises into conservatorships.

In its role as the Enterprises' conservator, FHFA oversees the compensation of their executives, including their Chief Executive Officers (CEOs), but it generally delegates to the Enterprises responsibility for determining the compensation levels of their approximately 11,900 non-executive employees.

There has been considerable Congressional interest in, and public debate about, the compensation paid by the Enterprises. In March 2011, the FHFA Office of Inspector General (FHFA-OIG) issued a report that evaluated the Enterprises' executive compensation programs and specifically examined pay practices for the six most-senior executives at both Fannie Mae and Freddie Mac. This report examines pay practices affecting the Enterprises' approximately 2,100 highest paid employees, including nearly 90 executives (CEOs, Executive Vice Presidents (EVPs), and Senior Vice Presidents (SVPs)) and 2,000 senior professionals (Vice Presidents (VPs) and Directors).

What FHFA-OIG Found

The Enterprises use market data from consulting firms as part of the process to set executive and senior professional target compensation at levels that are competitive with compensation offered by comparable financial firms to facilitate recruitment and retention.

For 2011, the Enterprises' combined median compensation levels for executives and senior professionals were as follows.

Title	Number of Employees	Median Cash Compensation
Executives		
EVP	23	$1,718,200
SVP	62	$723,500
Senior Professionals		
VP	333	$388,000
Director	1,650	$205,300
Total	2,068	

Since FHFA-OIG's March 2011 report, FHFA has taken action to strengthen its control of executive compensation. In March 2012, FHFA implemented a revised compensation program that reduces the annual compensation of the Enterprises' CEOs nearly 90% from about $5 million to $600,000 each. The Agency has also enhanced its oversight of executive compensation by implementing recommendations made by FHFA-OIG in the March 2011 report, such as conducting examinations of the Enterprises' executive compensation procedures.

On the other hand, FHFA's oversight of senior professional compensation is comparatively limited. For example, FHFA has not reviewed, examined, or tested the structures, processes, or controls by which the Enterprises compensate their senior professionals to gain assurance of their effectiveness. FHFA-OIG recognizes that FHFA has delegated non-executive compensation to the Enterprises, having determined that doing so is the best way to manage them in conservatorship. However, FHFA-OIG believes that the Agency's lack of independent assessment limits its capacity to ensure that the costs associated with senior professional compensation are warranted.

What FHFA-OIG Recommends

FHFA-OIG recommends that FHFA develop a plan to strengthen its oversight of the Enterprises' compensation of their senior professionals through reviews or examinations. FHFA agreed with this recommendation.

Report Recommendations:

***FHFA's Oversight of the Federal Home Loan Banks' Unsecured Credit Risk Management Practices* (EVL-2012-005)**

EVL-2012-005-1: As part of FHFA's ongoing horizontal review of unsecured credit practices at the FHLBanks, FHFA-OIG recommends that the Agency follow up on any potential evidence of violation of the existing regulatory limits and take supervisory and enforcement actions as warranted; and determine the extent to which inadequate systems and controls may compromise the FHLBanks' capacity to comply with regulatory limits, and take any supervisory actions necessary to correct such deficiencies as warranted.

Agency Agreement: Yes. *Status:* Open. *Target Closure Date:* December 28, 2012.
Status Update: (Dec. 2012) FHFA has been following up on the horizontal review with respect to compliance with the unsecured lending regulation. FHFA identified 200 plus violations at the Dallas bank and violations at Pitt and Seattle. It also admonished Atlanta for Dexia and found that Cincinnati's credit ratings for unsecured counterparties are stale which could lead to violations.

EVL-2012-005-2: To strengthen the regulatory framework around the extension of unsecured credit by the FHLBanks, FHFA-OIG recommends, as a component of future rulemakings, that FHFA consider the utility of: establishing maximum overall exposure limits, lowering the existing individual counterparty limits, and ensuring that the unsecured exposure limits are consistent with the FHLBank System's housing mission.

Agency Agreement: Yes. *Status:* Open. *Target Closure Date:* December 28, 2012.
Status Update: (Dec. 2012) FHFA will complete its assessments and propose revisions to its rule governing unsecured credit at the FHLBanks by April 15, 2013.

***FHFA's Oversight of the Enterprises' Compensation of Their Executives and Senior Professionals* (EVL-2013-001)**

EVL-2013-001: FHFA should develop a long term plan to strengthen its oversight of the Enterprises' non-executive compensation through reviews or examinations, focusing on senior professional compensation. The plan should set priorities, ensure that available staffing resources are commensurate with them, and establish an appropriate timeframe for its implementation. With respect to the reviews and examinations contemplated by its plan, the Agency should consider including the following items as priorities: the Enterprises' general structures, processes, and cost controls for senior professional compensation; the Enterprises' controls over compensation offers to new hires; and the Enterprises' compliance with the pay freeze with respect to the use of promotions and changes in responsibility.

(b) (5)

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

Libor Lawsuit

Item ID:	30310
From:	[redacted]
To:	timothy.lee@fhfaoig.gov <timothy.lee@fhfaoig.gov>
Subject:	Libor Lawsuit
Sent:	January 4, 2013 11:29 AM
Received:	January 4, 2013 11:32 AM

Mr. Lee:

I am contacting you after reading your excellent report on the LIBOR manipulation and Fannie Mae/Freddie Mac. I work for a Miami law firm and we have begun some preliminary investigations into a possible civil litigation regarding the

LIBOR rate. We have been contacted by dozens of hedge funds that would like to know if they have been damaged by the manipulation and if so, if they have any recourse. The reason I am reaching out to you is to see if you have any recommendations of a competent

expert in this field that could help us in the determination of whether any of the hedge funds suffered any damages due to the LIBOR rate. I would appreciate any information you could provide.

Thank you for your time.

Kind regards,

[redacted]
Kozyak Tropin & Throckmorton
2525 Ponce de Leon, 9th Floor, Miami, FL 33134
[redacted]

RE: CME Group

Item ID:	30328
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Bloch, David [redacted], [redacted]
Subject:	RE: CME Group
Sent:	January 4, 2013 1:53 PM
Received:	January 4, 2013 1:53 PM

Timothy
It was very nice meeting you at the AEI LIBOR event. We would be very happy to set up a walk through with our clearing house team. I will be reaching out to them now in order to see who will be available so
that we can set a time and date.
In the meantime if you have specific questions we would be happy to address those as well.
Kind regards
[redacted]
[redacted] CME Group
Interest Rate Products
One North End Ave
New York, New York 10282
[redacted]
From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov]
Sent: Thursday, January 03, 2013 1:32 PM
To: [redacted]
Cc: Bloch, David; [redacted]
Subject: CME Group
Hi [redacted],
My name is Timothy Lee, and Iâ€™m Senior Policy Advisor at the Federal Housing Finance Agencyâ€™s Inspector General. We met briefly at AEIâ€™s discussion of LIBOR. (Alex Pollock used to sit on the board of Allied Capital, my old firm.)
One of the Inspector Generalâ€™s mandates is the development of research reports to improve the transparency of government operations. Weâ€™re working on one such research report here that touches on the role of the clearinghouses, through
which Fannie Mae and Freddie Mac will be required to execute interest rate swaps under the provisions of Dodd-Frank. Both GSEs expect to clear many such trades through CME, and weâ€™d love to get a brief walkthrough from your firm to confirm our understanding
of how a clearinghouse like CME facilitates trades and protects market participants against counterparty risk. Weâ€™ll be in New York on the afternoon of January 14 and all day January 15; could we arrange an hour to visit while we are in town?
Kind regards,
Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

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If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you
received this email in error.

RE: CME Group

Item ID:	30334
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Bloch, David [redacted], [redacted]
Subject:	RE: CME Group
Sent:	January 4, 2013 3:36 PM
Received:	January 4, 2013 3:36 PM

Timothy

Our clearinghouse team is already fully engaged on the 15 th â€“ so if you could set aside the afternoon on the 14 th I will get back to you early next week on further details.

Thanks

[redacted]

[redacted], CME Group

Interest Rate Products

One North End Ave

New York, New York 10282

[redacted]

From: [redacted]

Sent: Friday, January 04, 2013 1:53 PM

To: 'Lee, Timothy'

Cc: Bloch, David; [redacted]

Subject: RE: CME Group

Timothy

It was very nice meeting you at the AEI LIBOR event. We would be very happy to set up a walk through with our clearing house team. I will be reaching out to them now in order to see who will be available so that we can set a time and date.

In the meantime if you have specific questions we would be happy to address those as well.

Kind regards

[redacted]

[redacted], CME Group

Interest Rate Products

One North End Ave

New York, New York 10282

[redacted]

From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov]

Sent: Thursday, January 03, 2013 1:32 PM

To [redacted]

Cc: Bloch, David; [redacted]

Subject: CME Group

Hi [redacted]

My name is Timothy Lee, and Iâ€™m Senior Policy Advisor at the Federal Housing Finance Agencyâ€™s Inspector General. We met briefly at AEIâ€™s discussion of LIBOR. (Alex Pollock used to sit on the board of Allied Capital, my old firm.)

One of the Inspector Generalâ€™s mandates is the development of research reports to improve the transparency of government operations. Weâ€™re working on one such research report here that touches on the role of the clearinghouses, through
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of how a clearinghouse like CME facilitates trades and protects market participants against counterparty risk. Weâ€™ll be in New York on the afternoon of January 14 and all day January 15; could we arrange an hour to visit while we are in town?

Kind regards,

Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

Your idea

Item ID:	31544
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	Your idea
Sent:	July 5, 2012 10:47 AM
Received:	July 5, 2012 10:47 AM

Tim, Thinking about it more. [redacted]. [redacted] Attorney Advisor FHFA Office of Inspector General 400 7 th Street, SW Washington, DC 20024 Tel: [redacted] Mob: [redacted]

Initial draft

Item ID: 31562

From: Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>

To: (b) (6) </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=51139b51f8894abaa27345ff7295a3ca-(b) (6) [redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Ee404ea9fa5044ef9bd01bdfeb014378-(b) (6) [redacted]

Subject: Initial draft

Sent: July 5, 2012 12:59 PM

Received: July 5, 2012 12:59 PM

Hi guys, An initial draft from trying to put my LIBOR daydreaming to paper. Comments welcome. The only constraint is that I would like to keep it to two pages if at all possible. Any chance you could turn around comments by end of day? Thanks, Tim (b) (6) – I will swing by to discuss. ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

Attachment #1

Libor Proposal.docx

Original view

2 pages (displayed on pages 3 to 4)

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

1625 Eye Street, N.W., Washington DC 20006

5 July 2012

To	Richard Parker
From	Timothy Lee
Subject	Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac
Cc	[redacted] [redacted] Alan Rhinesmith Peter Emerzian [redacted]

[redacted]

(b) (5)

[redacted]

RE: Initial draft

Item ID:	31543
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, [redacted]
Subject:	RE: Initial draft
Sent:	July 5, 2012 3:03 PM
Received:	July 5, 2012 3:03 PM

Tim, I see the following issues with this which ought to be addressed: (i) Do we know how much Barclays is reputed to have affected Libor (over what periods?)? (ii) If Barclays was one-tenth the total cost to the GSEs, then by your example we may be talking pretty small dollars ($3.2 million per qtr. or $12.8 million a year). This may be a pretty long bow to draw for that much upside. [redacted] From: Lee, Timothy Sent: Thursday, July 05, 2012 1:00 PM To: [redacted] Subject: Initial draft Hi guys, An initial draft from trying to put my LIBOR daydreaming to paper. Comments welcome. The only constraint is that I would like to keep it to two pages if at all possible. Any chance you could turn around comments by end of day? Thanks, Tim [redacted] – I will swing by to discuss. ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

RE: Initial draft

Item ID: 31561

From: [redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>

To: [redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Ee404ea9fa5044ef9bd01bdfeb014378-[redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=51139b51f8894abaa27345ff7295a3ca-[redacted]

Subject: RE: Initial draft

Sent: July 5, 2012 3:14 PM

Received: July 5, 2012 3:14 PM

[redacted], To answer your questions: [redacted] Tim From: [redacted] Sent: Thursday, July 05, 2012 3:03 PM To: Lee, Timothy; [redacted] Subject: RE: Initial draft Tim, I see the following issues with this which ought to be addressed: (i) Do we know how much Barclays is reputed to have affected Libor (over what periods?)? (ii) If Barclays was one-tenth the total cost to the GSEs, then by your example we may be talking pretty small dollars ($3.2 million per qtr. or $12.8 million a year). This may be a pretty long bow to draw for that much upside. [redacted] From: Lee, Timothy Sent: Thursday, July 05, 2012 1:00 PM To: [redacted] Subject: Initial draft Hi guys, An initial draft from trying to put my LIBOR daydreaming to paper. Comments welcome. The only constraint is that I would like to keep it to two pages if at all possible. Any chance you could turn around comments by end of day? Thanks, Tim [redacted] – I will swing by to discuss. ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

RE: Initial draft

Item ID:	31542
From:	[redacted] (b) (6)
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, [redacted] (b) (6)
Subject:	RE: Initial draft
Sent:	July 5, 2012 3:20 PM
Received:	July 5, 2012 3:20 PM

Thanks. I agree with your points. From: Lee, Timothy Sent: Thursday, July 05, 2012 3:14 PM To: [redacted] (b) (6) Subject: RE: Initial draft [redacted] (b) (6), To answer your questions: [redacted] (b) (5) Tim From [redacted] (b) (6) Sent: Thursday, July 05, 2012 3:03 PM To: Lee, Timothy; [redacted] (b) (6) Subject: RE: Initial draft Tim, I see the following issues with this which ought to be addressed: (i) Do we know how much Barclays is reputed to have affected Libor (over what periods?)? (ii) If Barclays was one-tenth the total cost to the GSEs, then by your example we may be talking pretty small dollars ($3.2 million per qtr. or $12.8 million a year). This may be a pretty long bow to draw for that much upside. [redacted] (b) (6) From: Lee, Timothy Sent: Thursday, July 05, 2012 1:00 PM To: [redacted] (b) (6) Subject: Initial draft Hi guys, An initial draft from trying to put my LIBOR daydreaming to paper. Comments welcome. The only constraint is that I would like to keep it to two pages if at all possible. Any chance you could turn around comments by end of day? Thanks, Tim [redacted] (b) (6) – I will swing by to discuss. ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

RE: Initial draft

Item ID:	31541
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, [redacted]
Subject:	RE: Initial draft
Sent:	July 5, 2012 3:26 PM
Received:	July 5, 2012 3:27 PM

Tim, as I said when we discussed the idea, [redacted] From: Lee, Timothy Sent: Thursday, July 05, 2012 3:14 PM To: [redacted] Subject: RE: Initial draft [redacted], To answer your questions: [redacted] Tim From: [redacted] Sent: Thursday, July 05, 2012 3:03 PM To: Lee, Timothy; [redacted] Subject: RE: Initial draft Tim, I see the following issues with this which ought to be addressed: (i) Do we know how much Barclays is reputed to have affected Libor (over what periods?)? (ii) If Barclays was one-tenth the total cost to the GSEs, then by your example we may be talking pretty small dollars ($3.2 million per qtr. or $12.8 million a year). This may be a pretty long bow to draw for that much upside. [redacted] From: Lee, Timothy Sent: Thursday, July 05, 2012 1:00 PM To: [redacted] Subject: Initial draft Hi guys, An initial draft from trying to put my LIBOR daydreaming to paper. Comments welcome. The only constraint is that I would like to keep it to two pages if at all possible. Any chance you could turn around comments by end of day? Thanks, Tim [redacted] – I will swing by to discuss. ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

LIBOR investigation as it relates to FHFA-OIG

Item ID:	31558
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	Parker, Richard </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=35b52473fd4b4574add82079a96054be-Richard Par>
Cc:	Phillips, Wesley </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=C1881bcb698c45b096269b8112f87787-Wesley Phil>, Rhinesmith, Alan </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=98d654fcd31f48f7887a69bf4cc5b12d-Alan Rhines>, Wu, Simon </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=144fe221a23346a2820093edb75d9ec8-Simon Wu>, Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5f50330ff35406f9fb12c708e959aeb-Peter Emerz>, (b) (6) [redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=45ad7effd12a4beeb3be31b646cc60d6-(b) (6) [redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=51139b51f8894abaa27345ff7295a3ca-(b) (6) [redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Ee404ea9fa5044ef9bd01bdfeb014378-(b) (6) [redacted]
Subject:	LIBOR investigation as it relates to FHFA-OIG
Sent:	July 5, 2012 4:18 PM
Received:	July 5, 2012 4:18 PM

Hi Old Salt, Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises. Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

Attachment #1

Libor Proposal.docx

Original view

2 pages (displayed on pages 3 to 4)

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

1625 Eye Street, N.W., Washington DC 20006

5 July 2012

To	Richard Parker
From	Timothy Lee
Subject	Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac

Cc	[redacted] (b) (6)	Peter Emerzian	Wesley Phillips
	[redacted] (b) (6)	[redacted]	
	Alan Rhinesmith	Simon Wu	

[redacted] (b) (5)

(b) (5)

[redacted]

FW: LIBOR investigation as it relates to FHFA-OIG

Item ID:	31557
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	[redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E660b93d0cc6429fb7617255a898bac0-[redacted]>
Subject:	FW: LIBOR investigation as it relates to FHFA-OIG
Sent:	July 5, 2012 4:31 PM
Received:	July 5, 2012 4:29 PM

From: Lee, Timothy Sent: Thursday, July 05, 2012 4:19 PM To: Parker, Richard Cc: Phillips, Wesley; Rhinesmith, Alan; Wu, Simon; Emerzian, Peter; [redacted] Subject: LIBOR investigation as it relates to FHFA-OIG Hi Old Salt, Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises. Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

Attachment #1

Libor Proposal.docx

Original view

2 pages (displayed on pages 3 to 4)

OFFICE OF INSPECTOR GENERAL
Federal Housing Finance Agency

1625 Eye Street, N.W., Washington DC 20006

5 July 2012

To Richard Parker

From Timothy Lee

Subject Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac

Cc [redacted] (b) (6) Peter Emerzian Wesley Phillips
[redacted] (b) (6) [redacted]
Alan Rhinesmith Simon Wu

[redacted] (b) (5)

(b) (5)

[redacted]

LIBOR scandal

Item ID:	31556
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	[redacted]
Subject:	LIBOR scandal
Sent:	July 6, 2012 8:44 AM
Received:	July 6, 2012 8:44 AM

Hi [redacted], If you have a free moment, could you give me a call? I have some thoughts about the LIBOR scandal that I wanted to run by you. Hope you enjoyed your holiday and that all remains well. Best, Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

Order of magnitude

Item ID: 31555

From: Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>

To: [redacted] (b) (6) </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Ee404ea9fa5044ef9bd01bdfeb014378-(b) (6) [redacted]

Subject: Order of magnitude

Sent: July 6, 2012 10:42 AM

Received: July 6, 2012 10:42 AM

It’s early yet, but it appears my order of magnitude guess seems a reasonable one. From the Economist : Yet a second sort of LIBOR-rigging has also emerged in the Barclays settlement. Barclays and, apparently, many other banks submitted dishonestly low estimates of bank borrowing costs over at least two years, including during the depths of the financial crisis. In terms of the scale of manipulation, this appears to have been far more egregious—at least in terms of the numbers. Almost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too low on average . That could create the biggest liabilities for the banks involved (although there is also a twist in this part of the story involving the regulators). ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

Department of Justice - Barclays Bank PLC Admits Misconduct Related to Submissions for the London Interbank Offered Rate and the Euro Interbank Offered Rate and Agrees to Pay $160 Million Penalty

Item ID:	31540
From:	Emerzian, Peter [redacted] (b) (6)
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	Department of Justice - Barclays Bank PLC Admits Misconduct Related to Submissions for the London Interbank Offered Rate and the Euro Interbank Offered Rate and Agrees to Pay $160 Million Penalty
Sent:	July 6, 2012 12:08 PM
Received:	July 6, 2012 12:08 PM

WASHINGTON – Barclays Bank PLC, a financial institution headquartered in London, has entered into an agreement with the Department of Justice to pay a $160 million penalty to resolve violations arising from Barclays's submissions for the London InterBank Offered Rate (LIBOR) and the Euro Interbank Offered Rate (EURIBOR), which are benchmark interest rates used in financial markets around the world, announced Assistant Attorney General Lanny A. Breuer of the Justice Department's Criminal Division and Assistant Director in Charge James W. McJunkin of the FBI's Washington Field Office. As part of the agreement with the Department of Justice, Barclays has admitted and accepted responsibility for its misconduct set forth in a statement of facts that is incorporated into the agreement.Â According to the agreement, Barclays provided LIBOR and EURIBOR submissions that, at various times, were false because they improperly took into account the trading positions of its derivative traders, or reputational concerns about negative media attention relating to its LIBOR submissions.Â The Justice Department's criminal investigation into the manipulation of LIBOR and EURIBOR by other financial institutions and individuals is ongoing.Â The agreement requires Barclays to continue cooperating with the department in its ongoing investigation. "LIBOR and EURIBOR are critically important benchmark interest rates," said Assistant Attorney General Breuer. "Because mortgages, student loans, financial derivatives, and other financial products rely on LIBOR and EURIBOR as reference rates, the manipulation of submissions used to calculate those rates can have significant negative effects on consumers and financial markets worldwide.Â For years, traders at Barclays encouraged the manipulation of LIBOR and EURIBOR submissions in order to benefit their financial positions; and, in the midst of the financial crisis, Barclays management directed that U.S. Dollar LIBOR submissions be artificially lowered.Â For this illegal conduct, Barclays is paying a significant price.Â To the bank's credit, Barclays also took a significant step toward accepting responsibility for its conduct by being the first institution to provide extensive and meaningful cooperation to the government.Â Its efforts have substantially assisted the Criminal Division in our ongoing investigation of individuals and other financial institutions in this matter." "Barclays Bank's illegal activity involved manipulating its submissions for benchmark interest rates in order to benefit its trading positions and the media's perception of the bank's financial health," said Assistant Director in Charge McJunkin.Â "Today's announcement is the result of the hard work of the FBI Special Agents, financial analysts and forensic accountants as well as the prosecutors who dedicated significant time and resources to investigating this case." Barclays was one of the financial institutions that contributed rates used in the calculation of LIBOR and EURIBOR.Â The contributed rates are generally meant to reflect each bank's assessment of the rates at which it could borrow unsecured interbank funds.Â For LIBOR, the highest and lowest 25% of contributed rates are excluded from the calculation and the remaining rates are averaged to calculate the fixed rates.Â For EURIBOR, the highest and lowest 15% are excluded and the remaining 70% are averaged to calculate the fixed rates. Futures, options, swaps, and other derivative financial instruments traded in the over-the-counter market and on exchanges worldwide are settled based on LIBOR.Â Further, mortgages, credit cards, student loans and other consumer lending products often use LIBOR as a reference rate.Â According to the agreement, an individual bank's LIBOR or EURIBOR submission cannot appropriately be influenced by the financial positions of its derivatives traders or the bank's concerns about public perception of its financial health due to its LIBOR submissions. According to the agreement, between 2005 and 2007, and then occasionally thereafter through 2009, certain Barclays traders requested that the Barclays LIBOR and EURIBOR submitters contribute rates that would benefit the financial positions held by those traders.Â The requests were made by traders in New York and London, via electronic messages, telephone conversations and in-person conversations.Â The employees responsible for the LIBOR and EURIBOR submissions accommodated those requests on numerous occasions in submitting the bank's contributions.Â On some occasions, Barclays's submissions affected the fixed rates. In addition, between August 2005 and May 2008, certain Barclays traders communicated with traders at other financial institutions, including other banks on the LIBOR and EURIBOR panels, to request LIBOR and EURIBOR submissions that would be favorable to their or their counterparts' trading positions, according to the agreement. When the requests of traders for favorable LIBOR and EURIBOR submissions were taken into account by the rate submitters, Barclays's rate submissions were false and misleading. Further, according to the agreement, between approximately August 2007 and January 2009, in response to initial and ongoing press speculation that Barclays's high U.S. Dollar LIBOR submissions at the time might reflect liquidity problems at Barclays, members of Barclays management directed that Barclays's Dollar LIBOR submissions be lowered.Â This management instruction often resulted in Barclays's submission of false rates that did not reflect its perceived cost of obtaining interbank funds.Â While the purpose of this particular conduct was to influence Barclays's rate submissions, as opposed to the resulting fixes, there were some occasions when Barclays's submissions affected the fixed rates. The agreement and monetary penalty recognize Barclays's extraordinary cooperation.Â Barclays made timely, voluntary and complete disclosure of its misconduct.Â After government authorities began investigating allegations that banks had engaged in manipulation of benchmark interest rates, Barclays was the first bank to cooperate in a meaningful way in disclosing its conduct relating to LIBOR and EURIBOR.Â Barclays's disclosure included relevant facts that at the time were not known to the government.Â Barclays's cooperation has been extensive, in terms of the quality and type of information and assistance provided, and has been of substantial value in furthering the department's ongoing criminal investigation.Â Barclays has made a commitment to future cooperation with the department and other government authorities in the United States and the United Kingdom.Â Assistant Attorney General Breuer further stated, "As today's agreement reflects, we are committed to holding companies accountable for their misconduct while, at the same time, giving meaningful credit to companies that provide full and valuable cooperation in our investigations." In addition, Barclays has implemented a series of compliance measures and will implement additional internal controls regarding its submission of LIBOR and EURIBOR contributions, as required by the Commodity Futures Trading Commission (CFTC).Â Barclays will also continue to be supervised and monitored by the FSA. The agreement and monetary penalty further recognize certain mitigating factors to Barclays's misconduct.Â At times, Barclays employees raised concerns with the British Bankers' Association, the United Kingdom Financial Services Authority (FSA), the Bank of England, and the Federal Reserve Bank of New York in late 2007 and in 2008 that the Dollar LIBOR rates submitted by contributing banks, including Barclays, were too low and did not accurately reflect the market.Â Further, during this time, notwithstanding Barclays's improperly low Dollar LIBOR submissions, those submissions were often higher than the contributions used in the calculation of the fixed rates. As a result of Barclays's admission of its misconduct, its extraordinary cooperation, its remediation efforts and certain mitigating and other factors, the department agreed not to prosecute Barclays for providing false LIBOR and EURIBOR contributions, provided that Barclays satisfies its ongoing obligations under the agreement for a period of two years.Â The non-prosecution agreement applies only to Barclays and not to any employees or officers of Barclays or any other individuals. In a related matter, the CFTC brought attempted manipulation and false reporting charges against Barclays, which the bank agreed to settle. The CFTC imposed a $200 million penalty and required Barclays to implement detailed measures designed to ensure the integrity and reliability of its benchmark interest rate submissions. The FSA issued a Final Notice regarding its enforcement action against Barclays, and has imposed a penalty of Â£59.5 million against it. The case is being handled by Deputy Chief Daniel Braun, Assistant Chiefs Rebecca Rohr and Robertson Park, Trial Attorney Alexander Berlin, and Special Trial Attorney Luke Marsh of the Criminal Division's Fraud Section.Â The investigation is being conducted by the FBI's Washington Field Office, jointly with the Antitrust Division of the Department of Justice. The Department acknowledges and expresses its appreciation for the significant assistance provided by the CFTC's Division of Enforcement, which referred the conduct to the Department, as well as the FSA's Enforcement and Financial Crime Division. This agreement is part of efforts underway by President Barack Obama's Financial Fraud Enforcement Task Force.Â President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes.Â The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources.Â The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information about the task force visit: www.stopfraud.gov.

Attachment #1
image001.png
Image

Peter C. Emerzian
Deputy Inspector General for Investigations
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024
Office: [redacted] (b) (6)
Mobile: [redacted]

RE: Department of Justice - Barclays Bank PLC Admits Misconduct Related to Submissions for the London Interbank Offered Rate and the Euro Interbank Offered Rate and Agrees to Pay $160 Million Penalty

Item ID:	31552
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	Emerzian, Peter </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=E5f50330ff35406f9fb12c708e959aeb-Peter Emerz>
Subject:	RE: Department of Justice - Barclays Bank PLC Admits Misconduct Related to Submissions for the London Interbank Offered Rate and the Euro Interbank Offered Rate and Agrees to Pay $160 Million Penalty
Sent:	July 6, 2012 12:10 PM
Received:	July 6, 2012 12:10 PM

Yep.Â That’s the release quoted in the memo. From: Emerzian, Peter Sent: Friday, July 06, 2012 12:09 PM To: Lee, Timothy Subject: Department of Justice - Barclays Bank PLC Admits Misconduct Related to Submissions for the London Interbank Offered Rate and the Euro Interbank Offered Rate and Agrees to Pay $160 Million Penalty WASHINGTON – Barclays Bank PLC, a financial institution headquartered in London, has entered into an agreement with the Department of Justice to pay a $160 million penalty to resolve violations arising from Barclays’s submissions for the London InterBank Offered Rate (LIBOR) and the Euro Interbank Offered Rate (EURIBOR), which are benchmark interest rates used in financial markets around the world, announced Assistant Attorney General Lanny A. Breuer of the Justice Department’s Criminal Division and Assistant Director in Charge James W. McJunkin of the FBI’s Washington Field Office. As part of the agreement with the Department of Justice, Barclays has admitted and accepted responsibility for its misconduct set forth in a statement of facts that is incorporated into the agreement. According to the agreement, Barclays provided LIBOR and EURIBOR submissions that, at various times, were false because they improperly took into account the trading positions of its derivative traders, or reputational concerns about negative media attention relating to its LIBOR submissions. The Justice Department’s criminal investigation into the manipulation of LIBOR and EURIBOR by other financial institutions and individuals is ongoing. The agreement requires Barclays to continue cooperating with the department in its ongoing investigation. “LIBOR and EURIBOR are critically important benchmark interest rates,” said Assistant Attorney General Breuer. “Because mortgages, student loans, financial derivatives, and other financial products rely on LIBOR and EURIBOR as reference rates, the manipulation of submissions used to calculate those rates can have significant negative effects on consumers and financial markets worldwide. For years, traders at Barclays encouraged the manipulation of LIBOR and EURIBOR submissions in order to benefit their financial positions; and, in the midst of the financial crisis, Barclays management directed that U.S. Dollar LIBOR submissions be artificially lowered. For this illegal conduct, Barclays is paying a significant price. To the bank’s credit, Barclays also took a significant step toward accepting responsibility for its conduct by being the first institution to provide extensive and meaningful cooperation to the government. Its efforts have substantially assisted the Criminal Division in our ongoing investigation of individuals and other financial institutions in this matter.” “Barclays Bank’s illegal activity involved manipulating its submissions for benchmark interest rates in order to benefit its trading positions and the media’s perception of the bank’s financial health,” said Assistant Director in Charge McJunkin. “Today’s announcement is the result of the hard work of the FBI Special Agents, financial analysts and forensic accountants as well as the prosecutors who dedicated significant time and resources to investigating this case.” Barclays was one of the financial institutions that contributed rates used in the calculation of LIBOR and EURIBOR. The contributed rates are generally meant to reflect each bank’s assessment of the rates at which it could borrow unsecured interbank funds. For LIBOR, the highest and lowest 25% of contributed rates are excluded from the calculation and the remaining rates are averaged to calculate the fixed rates. For EURIBOR, the highest and lowest 15% are excluded and the remaining 70% are averaged to calculate the fixed rates. Futures, options, swaps, and other derivative financial instruments traded in the over-the-counter market and on exchanges worldwide are settled based on LIBOR. Further, mortgages, credit cards, student loans and other consumer lending products often use LIBOR as a reference rate. According to the agreement, an individual bank's LIBOR or EURIBOR submission cannot appropriately be influenced by the financial positions of its derivatives traders or the bank's concerns about public perception of its financial health due to its LIBOR submissions. According to the agreement, between 2005 and 2007, and then occasionally thereafter through 2009, certain Barclays traders requested that the Barclays LIBOR and EURIBOR submitters contribute rates that would benefit the financial positions held by those traders. The requests were made by traders in New York and London, via electronic messages, telephone conversations and in-person conversations. The employees responsible for the LIBOR and EURIBOR submissions accommodated those requests on numerous occasions in submitting the bank's contributions. On some occasions, Barclays's submissions affected the fixed rates. In addition, between August 2005 and May 2008, certain Barclays traders communicated with traders at other financial institutions, including other banks on the LIBOR and EURIBOR panels, to request LIBOR and EURIBOR submissions that would be favorable to their or their counterparts' trading positions, according to the agreement. When the requests of traders for favorable LIBOR and EURIBOR submissions were taken into account by the rate submitters, Barclays's rate submissions were false and misleading. Further, according to the agreement, between approximately August 2007 and January 2009, in response to initial and ongoing press speculation that Barclays's high U.S. Dollar LIBOR submissions at the time might reflect liquidity problems at Barclays, members of Barclays management directed that Barclays's Dollar LIBOR submissions be lowered. This management instruction often resulted in Barclays's submission of false rates that did not reflect its perceived cost of obtaining interbank funds. While the purpose of this particular conduct was to influence Barclays's rate submissions, as opposed to the resulting fixes, there were some occasions when Barclays's submissions affected the fixed rates. The agreement and monetary penalty recognize Barclays's extraordinary cooperation. Barclays made timely, voluntary and complete disclosure of its misconduct. After government authorities began investigating allegations that banks had engaged in manipulation of benchmark interest rates, Barclays was the first bank to cooperate in a meaningful way in disclosing its conduct relating to LIBOR and EURIBOR. Barclays's disclosure included relevant facts that at the time were not known to the government. Barclays's cooperation has been extensive, in terms of the quality and type of information and assistance provided, and has been of substantial value in furthering the department's ongoing criminal investigation. Barclays has made a commitment to future cooperation with the department and other government authorities in the United States and the United Kingdom. Assistant Attorney General Breuer further stated, "As today's agreement reflects, we are committed to holding companies accountable for their misconduct while, at the same time, giving meaningful credit to companies that provide full and valuable cooperation in our investigations." In addition, Barclays has implemented a series of compliance measures and will implement additional internal controls regarding its submission of LIBOR and EURIBOR contributions, as required by the Commodity Futures Trading Commission (CFTC). Barclays will also continue to be supervised and monitored by the FSA. The agreement and monetary penalty further recognize certain mitigating factors to Barclays's misconduct. At times, Barclays employees raised concerns with the British Bankers' Association, the United Kingdom Financial Services Authority (FSA), the Bank of England, and the Federal Reserve Bank of New York in late 2007 and in 2008 that the Dollar LIBOR rates submitted by contributing banks, including Barclays, were too low and did not accurately reflect the market. Further, during this time, notwithstanding Barclays's improperly low Dollar LIBOR submissions, those submissions were often higher than the contributions used in the calculation of the fixed rates. As a result of Barclays's admission of its misconduct, its extraordinary cooperation, its remediation efforts and certain mitigating and other factors, the department agreed not to prosecute Barclays for providing false LIBOR and EURIBOR contributions, provided that Barclays satisfies its ongoing obligations under the agreement for a period of two years. The non-prosecution agreement applies only to Barclays and not to any employees or officers of Barclays or any other individuals. In a related matter, the CFTC brought attempted manipulation and false reporting charges against Barclays, which the bank agreed to settle. The CFTC imposed a $200 million penalty and required Barclays to implement detailed measures designed to ensure the integrity and reliability of its benchmark interest rate submissions. The FSA issued a Final Notice regarding its enforcement action against Barclays, and has imposed a penalty of Â£59.5 million against it. The case is being handled by Deputy Chief Daniel Braun, Assistant Chiefs Rebecca Rohr and Robertson Park, Trial Attorney Alexander Berlin, and Special Trial Attorney Luke Marsh of the Criminal Division's Fraud Section. The investigation is being conducted by the FBI's Washington Field Office, jointly with the Antitrust Division of the Department of Justice. The Department acknowledges and expresses its appreciation for the significant assistance provided by the CFTC's Division of Enforcement, which referred the conduct to the Department, as well as the FSA's Enforcement and Financial Crime Division. This agreement is part of efforts underway by President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information about the task force visit: www.stopfraud.gov .

Attachment #1

image001.png

Image

Peter C. Emerzian
Deputy Inspector General for Investigations
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024
Office: [redacted] (b) (6)
Mobile:

Re: LIBOR scandal

Item ID:	31539
From:	[redacted]
To:	Timothy.Lee@fhfaoig.gov <Timothy.Lee@fhfaoig.gov>
Subject:	Re: LIBOR scandal
Sent:	July 6, 2012 1:30 PM
Received:	July 6, 2012 1:30 PM

Hi Tim, good to hear from you. Hope you had a nice 4th. Would love to hear your thoughts. I'm out of the office (mini-vacation). Can we talk on Monday? I'm tied up till noon but free to speak any time after that. If Mon works for you let me know the time and I'll give you a call. [redacted]

Message sent from a Blackberry device
From : Lee, Timothy <Timothy.Lee@fhfaoig.gov>
To : [redacted]
Sent : Fri Jul 06 08:44:59 2012 Subject : LIBOR scandal
Hi [redacted],
If you have a free moment, could you give me a call? I have some thoughts about the LIBOR scandal that I wanted to run by you. Hope you enjoyed your holiday and that all remains well.
Best,
Tim

Timothy Lee
Senior Policy Advisor
202-730-2821
timothy.lee@fhfaoig.gov

RE: LIBOR scandal

Item ID:	31550
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	[redacted]
Subject:	RE: LIBOR scandal
Sent:	July 6, 2012 2:27 PM
Received:	July 6, 2012 2:27 PM

Monday, any time you like after noon. If I don’t pick up, leave a voicemail because I will be nearby. Attached is a memo I drafted up for internal consideration – there are some conceptual connections that NYSAG may be interested in. From: [redacted] Sent: Friday, July 06, 2012 1:30 PM To: Lee, Timothy Subject: Re: LIBOR scandal Hi Tim, good to hear from you. Hope you had a nice 4th. Would love to hear your thoughts. I'm out of the office (mini-vacation). Can we talk on Monday? I'm tied up till noon but free to speak any time after that. If Mon works for you let me know the time and I'll give you a call. [redacted] Message sent from a Blackberry device From : Lee, Timothy < Timothy.Lee@fhfaoig.gov > To : [redacted] Sent : Fri Jul 06 08:44:59 2012 Subject : LIBOR scandal Hi [redacted], If you have a free moment, could you give me a call? I have some thoughts about the LIBOR scandal that I wanted to run by you. Hope you enjoyed your holiday and that all remains well. Best, Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

Attachment #1

Libor Proposal Sanitized.pdf

Original view

3 pages (displayed on pages 3 to 5)

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

5 July 2012

To Richard Parker

From Timothy Lee

Subject Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac

Cc (b) (6) Peter Emerzian Wesley Phillips
(b) (6) [redacted]
Alan Rhinesmith Simon Wu

(b) (5)

(b) (5)

[redacted]

[v] See, for example, http://www.businessweek.com/news/2012-07-05/wall-street-bank-investors-in-dark-on-libor-liability

FW: Saddler's thoughts on LIBOR investigation

Item ID:	31538
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	FW: Saddler's thoughts on LIBOR investigation
Sent:	July 9, 2012 5:45 PM
Received:	July 9, 2012 5:45 PM

Thoughts? From: Baker, Brian Sent: Monday, July 09, 2012 4:54 PM To: Parker, Richard Subject: Saddler's thoughts on LIBOR investigation FYI From: Saddler, Bryan Sent: Monday, July 09, 2012 4:49 PM To: Baker, Brian Subject: RE: LIBOR investigation as it relates to FHFA-OIG [redacted] Thanks From: Baker, Brian Sent: Monday, July 09, 2012 10:54 AM To: Saddler, Bryan Subject: FW: LIBOR investigation as it relates to FHFA-OIG From: Parker, Richard Sent: Monday, July 09, 2012 10:53 AM To: Baker, Brian Subject: FW: LIBOR investigation as it relates to FHFA-OIG FYI - R From: Lee, Timothy Sent: Thursday, July 05, 2012 4:19 PM To: Parker, Richard Cc: Phillips, Wesley; Rhinesmith, Alan; Wu, Simon; Emerzian, Peter; [redacted] Subject: LIBOR investigation as it relates to FHFA-OIG Hi Old Salt, Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises. Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

RE: Saddler's thoughts on LIBOR investigation

Item ID:	31549
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	Parker, Richard </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	RE: Saddler's thoughts on LIBOR investigation
Sent:	July 10, 2012 7:53 AM
Received:	July 10, 2012 7:53 AM

Hi Old Salt, I agree with Bryan that, at this point, [redacted] (b) (5) the Economist asserts that "almost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too low", [redacted] (b) (5) Pollard and Hart. [redacted] (b) (5) Bryan [redacted] (b) (5) Bryan [redacted] (b) (5) Tim From: Parker, Richard Sent: Monday, July 09, 2012 5:46 PM To: Lee, Timothy Subject: FW: Saddler's thoughts on LIBOR investigation Thoughts? From: Baker, Brian Sent: Monday, July 09, 2012 4:54 PM To: Parker, Richard Subject: Saddler's thoughts on LIBOR investigation FYI From: Saddler, Bryan Sent: Monday, July 09, 2012 4:49 PM To: Baker, Brian Subject: RE: LIBOR investigation as it relates to FHFA-OIG [redacted] (b) (5) Thanks From: Baker, Brian Sent: Monday, July 09, 2012 10:54 AM To: Saddler, Bryan Subject: FW: LIBOR investigation as it relates to FHFA-OIG From: Parker, Richard Sent: Monday, July 09, 2012 10:53 AM To: Baker, Brian Subject: FW: LIBOR investigation as it relates to FHFA-OIG FYI - R From: Lee, Timothy Sent: Thursday, July 05, 2012 4:19 PM To: Parker, Richard Cc: Phillips, Wesley; Rhinesmith, Alan; Wu, Simon; Emerzian, Peter; [redacted] (b) (6) Subject: LIBOR investigation as it relates to FHFA-OIG Hi Old Salt, Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises. Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

RE: Saddler's thoughts on LIBOR investigation

Item ID:	31537
From:	Parker, Richard [redacted] (b) (6) >
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Saddler's thoughts on LIBOR investigation
Sent:	July 10, 2012 8:07 AM
Received:	July 10, 2012 8:07 AM

Cogent thoughts.
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
7/10/2012 7:53 AM
To:
Parker, Richard
Subject:
RE: Saddler's thoughts on LIBOR investigation
Hi Old Salt,
I agree with Bryan that, at this point, [redacted] (b) (5) the
Economist asserts that â€œalmost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too lowâ€, [redacted] (b) (5) Pollard and Hart. [redacted] (b) (5). Bryan [redacted] (b) (5) Bryan [redacted] (b) (5)
Tim
From: Parker, Richard
Sent: Monday, July 09, 2012 5:46 PM
To: Lee, Timothy
Subject: FW: Saddler's thoughts on LIBOR investigation
Thoughts?
From: Baker, Brian

Sent: Monday, July 09, 2012 4:54 PM
To: Parker, Richard
Subject: Saddler's thoughts on LIBOR investigation
FYI
From: Saddler, Bryan
Sent: Monday, July 09, 2012 4:49 PM
To: Baker, Brian
Subject: RE: LIBOR investigation as it relates to FHFA-OIG

(b) (5)

[redacted] Thanks

From: Baker, Brian
Sent: Monday, July 09, 2012 10:54 AM
To: Saddler, Bryan
Subject: FW: LIBOR investigation as it relates to FHFA-OIG
From: Parker, Richard
Sent: Monday, July 09, 2012 10:53 AM
To: Baker, Brian
Subject: FW: LIBOR investigation as it relates to FHFA-OIG
FYI - R
From: Lee, Timothy
Sent: Thursday, July 05, 2012 4:19 PM
To: Parker, Richard
Cc: Phillips, Wesley; Rhinesmith, Alan; Wu, Simon; Emerzian, Peter; [redacted] (b) (6)
Subject: LIBOR investigation as it relates to FHFA-OIG
Hi Old Salt,
Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises.
Tim

Timothy Lee
Senior Policy Advisor
202-730-2821
timothy.lee@fhfaoig.gov

LIBOR Scandal

Item ID:	31536
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	[redacted]
Subject:	LIBOR Scandal
Sent:	July 10, 2012 3:58 PM
Received:	July 10, 2012 3:58 PM

The Senate Banking Committee gets into the game. This is an interesting development. http://fhfa.ewb.dowjones.com/FHFA/Article/Default.aspx?an=BBYER00020120710e87b000ul Richard Parker Director, Policy, Oversight & Review Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, D.C. 20024 Tel: [redacted]

RE: LIBOR Scandal

Item ID:	31548
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	Parker, Richard </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=35b52473fd4b4574add82079a96054be-Richard Par>
Cc:	[redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=Ee404ea9fa5044ef9bd01bdfeb014378-[redacted]
Subject:	RE: LIBOR Scandal
Sent:	July 11, 2012 7:49 AM
Received:	July 11, 2012 7:49 AM

Yeah. Some unfortunate soul is going to have Article 92 read out to him by a Congressman in front of the cameras before this is over. In other news , the municipalities and their litigators seem to be getting fired up. Notably, according to the article, the argument they make for damages is exactly the one I laid out in the memo. I may not be a sea-lawyer like you guys, but I know a ripoff when I see one. From: Parker, Richard Sent: Tuesday, July 10, 2012 3:58 PM To: Lee, Timothy Cc: Hinkley, Robert Subject: LIBOR Scandal The Senate Banking Committee gets into the game. This is an interesting development. http://fhfa.ewb.dowjones.com/FHFA/Article/Default.aspx?an=BBYER00020120710e87b000ul Richard Parker Director, Policy, Oversight & Review Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, D.C. 20024 Tel: [redacted]

LIBOR scandal and Fannie/Freddie MBS

Item ID:	31534
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	LIBOR scandal and Fannie/Freddie MBS
Sent:	July 11, 2012 9:49 AM
Received:	July 11, 2012 9:49 AM

Tim, I know it is just coming out, but has there been and discussion around the LIBOR scandal and how it has impacted the rates paid by borrowers and then to investors of Fannie/Freddie MBS? Thanks [redacted] Office of Audits Office of Inspector General Federal Housing Finance Agency 400 7 th Street SW, Room 2171 Washington, DC 20024 Voice: [redacted]

RE: LIBOR scandal and Fannie/Freddie MBS

Item ID:	31546
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	[redacted] </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=7b398ee2570b43fd8e18135a846f524e-Erik-[redacted]
Subject:	RE: LIBOR scandal and Fannie/Freddie MBS
Sent:	July 11, 2012 9:53 AM
Received:	July 11, 2012 9:53 AM

Ha! Funny you should ask. Attached is a memo sent around OPOR on Monday morning. This is just the swaps portion – both the receive floating leg and the effect on mark to market, and therefore the PSPAs. On the conceptual radar, but tougher to nail down for now, are the effects on swaption pricing (remember, a distorted LIBOR curve will affect both rate and implied vol), the Enterprises' floating rate CMO book, and liability for floating rate CMOs on which the Enterprises serve as trustee. Excellent situational awareness on your part for asking. From: [redacted] Sent: Wednesday, July 11, 2012 9:50 AM To: Lee, Timothy Subject: LIBOR scandal and Fannie/Freddie MBS Tim, I know it is just coming out, but has there been and discussion around the LIBOR scandal and how it has impacted the rates paid by borrowers and then to investors of Fannie/Freddie MBS? Thanks [redacted] Office of Audits Office of Inspector General Federal Housing Finance Agency 400 7 th Street SW, Room 2171 Washington, DC 20024 Voice: [redacted]

Attachment #1

Libor Proposal.pdf

Original view

3 pages (displayed on pages 3 to 5)

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

5 July 2012

To Richard Parker

From Timothy Lee

Subject Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac

Cc [redacted] (b) (6) Peter Emerzian Wesley Phillips
[redacted] (b) (6) [redacted]
Alan Rhinesmith Simon Wu

[redacted] (b) (5)

(b) (5)

[redacted]

[v] See, for example, http://www.businessweek.com/news/2012-07-05/wall-street-bank-investors-in-dark-on-libor-liability

FW: Saddler's thoughts on LIBOR investigation

Item ID:	31533
From:	Parker, Richard [redacted] (b) (6)
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	FW: Saddler's thoughts on LIBOR investigation
Sent:	July 11, 2012 1:31 PM
Received:	July 11, 2012 1:31 PM

FYI - R From: Parker, Richard Sent: Wednesday, July 11, 2012 1:31 PM To: DiSanto, Emilia Subject: FW: Saddler's thoughts on LIBOR investigation Tim's analysis is, IMHO, right-on. - R From: Lee, Timothy Sent: Tuesday, July 10, 2012 7:53 AM To: Parker, Richard Subject: RE: Saddler's thoughts on LIBOR investigation Hi Old Salt, I agree with Bryan that, at this point, [redacted] (b) (5) the Economist asserts that "almost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too low", [redacted] (b) (5) Pollard and Hart. [redacted] (b) (5) Bryan [redacted] (b) (5) Bryan [redacted] (b) (5) Tim From: Parker, Richard Sent: Monday, July 09, 2012 5:46 PM To: Lee, Timothy Subject: FW: Saddler's thoughts on LIBOR investigation Thoughts? From: Baker, Brian Sent: Monday, July 09, 2012 4:54 PM To: Parker, Richard Subject: Saddler's thoughts on LIBOR investigation FYI From: Saddler, Bryan Sent: Monday, July 09, 2012 4:49 PM To: Baker, Brian Subject: RE: LIBOR investigation as it relates to FHFA-OIG [redacted] (b) (5) Thanks From: Baker, Brian Sent: Monday, July 09, 2012 10:54 AM To: Saddler, Bryan Subject: FW: LIBOR investigation as it relates to FHFA-OIG From: Parker, Richard Sent: Monday, July 09, 2012 10:53 AM To: Baker, Brian Subject: FW: LIBOR investigation as it relates to FHFA-OIG FYI - R From: Lee, Timothy Sent: Thursday, July 05, 2012 4:19 PM To: Parker, Richard Cc: Phillips, Wesley; Rhinesmith, Alan; Wu, Simon; Emerzian, Peter; [redacted] (b) (6) Subject: LIBOR investigation as it relates to FHFA-OIG Hi Old Salt, Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises. Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

RE: LIBOR Developments

Item ID: 31532
From: Parker, Richard [redacted] (b) (6)
To: Saddler, Bryan [redacted] (b) (6)
Cc: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: LIBOR Developments
Sent: July 12, 2012 9:39 AM
Received: July 12, 2012 9:39 AM

Thanks, Bryan. I didn’t get to read the paper yet today, but I’m going to snag a copy to read with lunch. I’ve enclosed a .pdf I culled from yesterday’s NYT that illustrates how the LIBOR rate is set, how it affects individuals/institutions, and how the misconduct occurred. Hope you’re enjoying your time off. – Rich From: Saddler, Bryan Sent: Thursday, July 12, 2012 9:20 AM To: Parker, Richard Subject: LIBOR Developments Rich: If you haven’t already, check out page A13 of today’s The Washington Post . It includes a story about a Federal lawsuit filed by Baltimore City against Barclays and at least four other banks, and its claim is characterized as being completely parallel to Tim’s theory (with the exception of the potential defendants not being limited to Barclays). Thus: [redacted] (b) (5) you or George [redacted] (b) (5) Thanks, Bryan Saddler Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 [redacted] (b) (6)

Attachment #1

Behind the Libor Scandal_NYT_07-09-2012.pdf

Original view

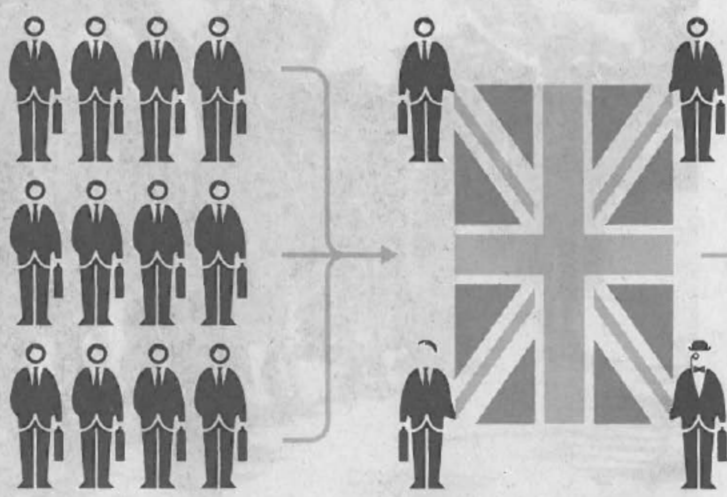
2 pages (displayed on pages 3 to 4)

Behind the Libor Scandal

A settlement between the British bank Barclays and regulators may be the first in a series of cases against other banks who may have manipulated the Libor.

The **Libor** is a **benchmark interest rate** that affects how consumers and companies borrow money across the world. The rate is set by the British Bankers' Association (B.B.A.), an industry group in London.

HOW THE RATE IS SET



Banks submit figures

Each weekday, leading banks around the world each submit a figure to the B.B.A. based on the rate at which they estimate they could borrow funds from other banks.

British Bankers' Association

The B.B.A. throws out the highest and lowest 25 percent of submissions and averages the remaining rates. This is the Libor.

The Libor

It is calculated for 10 different currencies and 15 borrowing periods. There are 18 banks that submit rates for the U.S. dollar Libor.

WHAT IS AFFECTED BY THE RATE

Derivatives

The Libor is often used to price financial instruments like swaps transactions and futures contracts. At least an estimated $350 trillion in derivatives and other financial products are tied to it.

Loans

To calculate interest rates, some lenders use the Libor as a base and add additional interest based on the borrower. When the Libor goes up, rates and payments on loans tied to it can rise as well.

Student Loans

About half of variable-rate private student loans are tied to the Libor.

Mortgages

Of the mortgages in the United States that are adjustable-rate, about 45 percent of prime mortgages and 80 percent of subprime have interest rates based on the Libor.

First Business Page

bank's chairman, Mar-
said he also would re-
g with one of Mr. Dia-
p deputies, Jerry del
orry, angry and disap-
Mr. Diamond told the
tary committee last
day, British politicians
heir ire at Mr. Agius,
ied at the hearing for
two hours. Lawmak-
d mainly on the actions
mond, wondering what
g inside the bank.
mmittee, in part, 'ad-
e newly released docu-
t show British regula-
er concerns about Mr.
er to Mr. Agius in late
or Sants, the chief ex-
f Britain's Financial
Authority, pushed for
ond, who had been re-
ped as chief executive,
"increased level of en-
" with authorities. He
t regulators expected
ing Barclays chief, who
in early 2011, to have a
en and transparent re-
" with them.
ts also cautioned about
ing chief's chumminess
Barclays deputies. Mr.
helped build Barclays'
t bank into a global
d regulators wanted to
at he would exercise
"clarity in oversight"
lose colleagues, Mr. del
nd Rich Ricci, who re-
r. Diamond as the co-
he unit.
ns about the bank's cul-
sted.
l, Adair Turner, chair-
e Financial Services Au-
rote a letter to Mr. Agi-
sing what the regulator
as overly aggressive
at the bank. He pointed
s' efforts to avoid pay-
d $774 million in corpo-
and some of the bank's
g methods.
ys often seems to be
to gain advantage

through the use of complex structures, or through regulatory approaches which are at the aggressive end of interpretation of the relevant rules and regulations," Mr. Turner wrote.

In his testimony on Tuesday, Mr. Agius said that Mr. Turner's letter showed the bank's "strained" relationship with the Financial Services Authority. "What that letter is saying is that we overdid it," Mr. Agius said.

The correspondence between Barclays and British regulators appears to contradict evidence that Mr. Diamond gave last week to the same parliamentary committee.

In his testimony, Mr. Diamond indicated that the bank maintained a good relationship with

The bank's ex-chief came under scrutiny before a scandal.

the British regulator. He also said that he did not recall that the regulator had raised concerns about the bank's activities or its internal culture.

"I knew nothing about it at the time that I was appointed," Mr. Diamond told the parliamentary committee last week.

British politicians repeatedly asked Mr. Agius on Tuesday whether Mr. Diamond had been completely forthcoming during his testimony.

"Would you say that Mr. Diamond lied to this committee?" David Ruffley, a member of Parliament, asked Mr. Agius.

"I can't comment on Mr. Diamond's testimony," the Barclays chairman said.

In light of the concerns about Mr. Diamond's testimony, Mr. Diamond might be recalled to give further evidence next week. Senior officials from the Financial Services Authority also are expected to testify.

In his testimony, Mr. Agius gave more detail about the inner workings of the British bank. The Barclays chairman, who said he was first told about the investigations into the bank's Libor activities in April 2010, said the bank's board did not make decisions involving the setting of the Libor. Instead, issues related to the rate were left to lower-level executives, he told lawmakers.

When asked why senior managers did not question decisions to report artificially low rates, Mr. Agius said that the bank handled many difficult situations after the collapse of Lehman Brothers in 2008.

"I think it reflects the extraordinary times," he said.

At the beginning of his testimony, Mr. Agius said that Mr. Diamond would give up his deferred stock bonuses.

Still, Mr. Diamond will receive around $3.1 million, including one year's pay and a cash payment. The agreement is roughly double what he is contractually owed.

"We want to retain such good will as we can with him," Mr. Agius said.

Mr. Agius, who became Barclays' chairman in 2007, was asked to detail the circumstances of Mr. Diamond's resignation.

He told the committee that in early July he and Michael Rake, one of the bank's independent directors, talked to Mervyn A. King, the governor of the Bank of England, about the rate-manipulation scandal. During the conversation, Mr. King indicated that Mr. Diamond no longer had the support of the Financial Services Authority, according to Mr. Agius's testimony. But Mr. King said Barclays' board would have to make the final decision about Mr. Diamond's future.

After the conversation with Mr. King, Mr. Agius held a conference call with the bank's nonexecutive directors, who decided to ask Mr. Diamond to resign. After calling Mr. King to inform him of the board's decision, the chairman visited Mr. Diamond at his house.

"I left confident that he would resign," Mr. Agius said.

Banks submit figures
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British Bankers' Association
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Mortgages
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WHAT BARCLAYS DID

1 Between 2005 and 2007, employees in Barclays' trading units convinced employees responsible for submitting Libor rates to alter the bank's rates based on their derivatives trading positions to bolster their own profits.

2 Certain traders at Barclays coordinated with other banks to alter their rates as well.

3 Later, during the height of the financial crisis, Barclays submitted artificially low rates to give the impression that the bank could borrow money more cheaply and was healthier than it was.

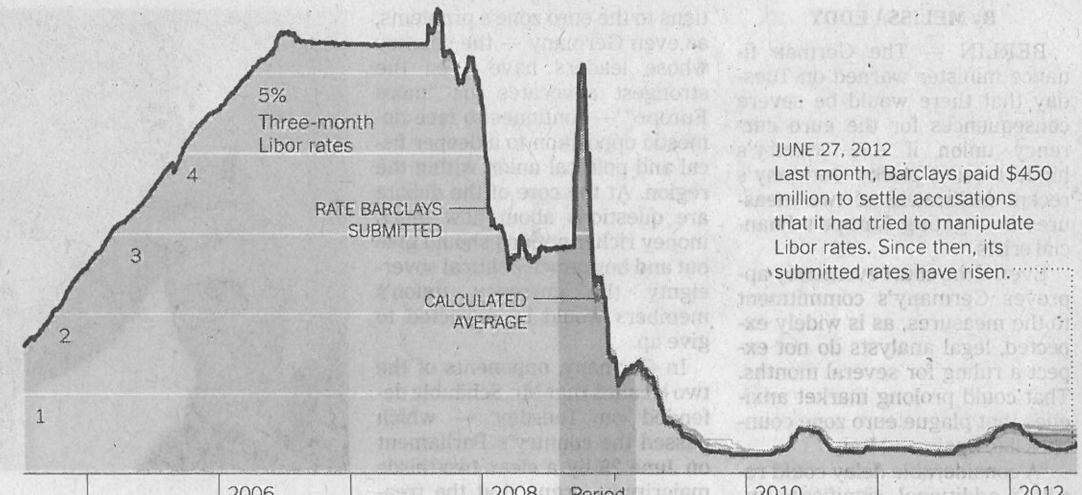
Two Kinds of Manipulation

From **2005 to 2007**, swaps traders often asked the Barclays employees who submit the rates to provide figures that would benefit the traders, instead of submitting the rates the bank would actually pay to borrow money.

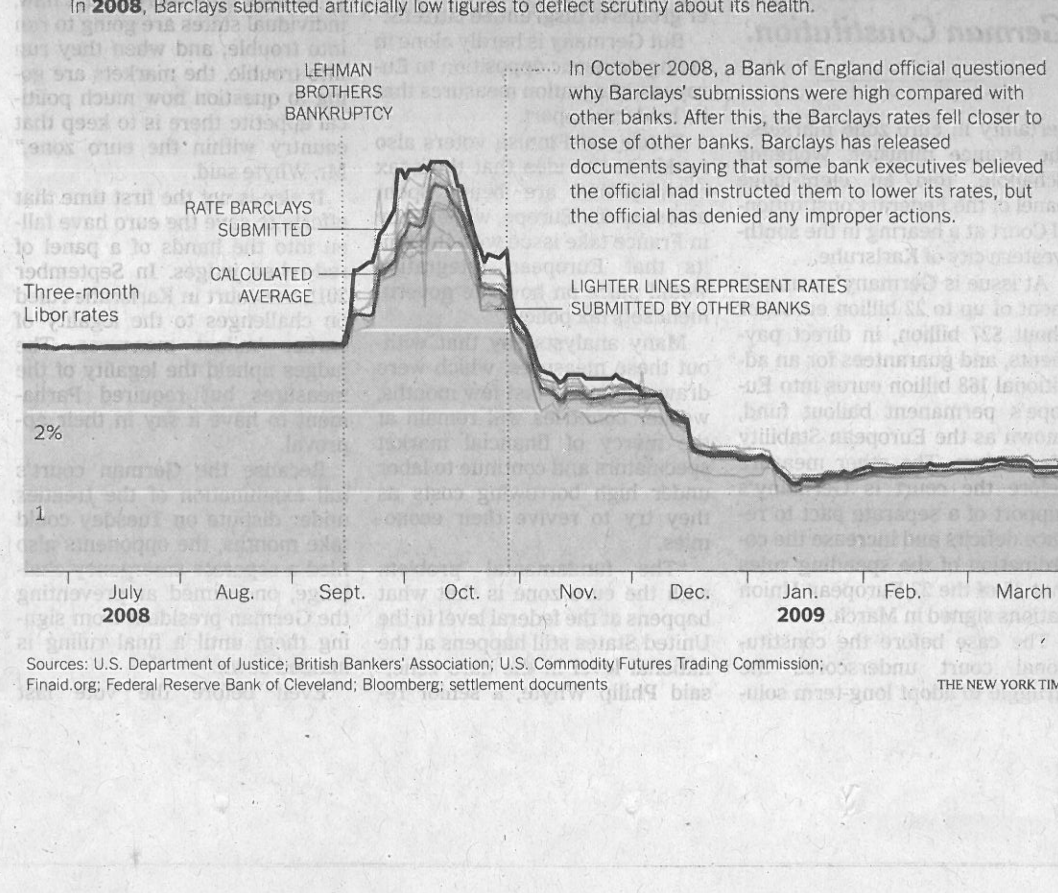
SEPT. 13, 2006
"Hi Guys, We got a big position in 3m libor for the next 3 days. Can we please keep the lib or fixing at 5.39 for the next few days. It would really help. **We do not want it to fix any higher than that.** Tks a lot."
— Senior trader in New York to submitter

DEC. 14, 2006
"For Monday we are very long 3m cash here in NY and would like the setting to be set **as low as possible** ... thanks"
— Trader in New York to submitter

JULY 29, 2007
"Pls go for 5.36 libor again, very important that the setting comes **as high as possible** ..... thanks."
— Trader in New York to submitter



In **2008**, Barclays submitted artificially low figures to deflect scrutiny about its health.



Sources: U.S. Department of Justice; British Bankers' Association; U.S. Commodity Futures Trading Commission; Finaid.org; Federal Reserve Bank of Cleveland; Bloomberg; settlement documents

THE NEW YORK TIMES

Understanding Libor

By MICHAEL J. de la MERCED

ndon interbank offered rate, more com-
own as Libor, is one of the most important
in the financial world. But until the Bar-
ndal, it received scant public attention.
primer.

: Libor?

s the average interest rate at which banks
w from each other. London is mentioned
ne because the benchmark is set in that

ally, Libor is one of the main rates used to
e the borrowing costs for trillions of dol-
ans. Interest rates on some mortgages,
oans and credit card accounts go up or
en Libor moves. Often the rates are ad-
nually or quarterly, rather than every day.

as Libor created, and by whom?

early 1980s, banks started looking for a
benchmark to calculate the prices on an
nancial products, and the British Bankers
on, an industry trade group, began pub-
bor on Jan. 1, 1986.
ea was that instead of constantly haggling
interest rates that would be charged for
types of loans, banks would have a uni-
chmark. There are actually 150 different
es published every day. They cover 10 cur-
nd 15 maturities.

Libor calculated?

United States-dollar-denominated Libor,
n a dozen banks — including Citigroup,
n Chase, Bank of America, Barclays, UBS
rland and others — estimate how much in-
ey would pay to borrow money on a short-
is from other institutions. While the pro-
ll overseen by the British Bankers Associ-
e calculations are now performed by
Reuters.
on Reuters discards the four highest and
est submissions as outliers, and averages
ining ones.
ta provider then publishes its calculations,
around 11:30 a.m. London time, along
h bank's submissions. On Tuesday, the
nth United States dollar Libor rate, one of
common Libor metrics, stood at 0.4576
During the financial crisis of 2008, that
to nearly 5 percent. At the time, banks
ed lending to each other much riskier, and

thus wouldn't lend unless they got a high interest rate in return.

Q. *What are examples of how Libor is used?*

A. Banks often ask borrowers to pay Libor plus an added amount of interest, reflecting the credit risk of the borrower.

Many mortgage lenders in the United States rely on Libor to determine the interest rates they charge for adjustable-rate mortgages. Typically, an adjustable-rate mortgage might be 2 to 3 percentage points over the six-month Libor rate.

Big corporations with strong credit typically would pay roughly 1 percentage point or less over Libor because they are considered safer bets than individual mortgage borrowers.

Q. *How has Libor's use evolved over time?*

A. Libor was primarily created as a benchmark for banks to determine borrowing costs — and it is largely used in the same manner today, albeit for a broader group of financial products. For instance, many banks now used Libor to set the prices on derivatives, the complicated financial instruments tied to commodities, interest rates, currencies and other assets.

Q. *Why is Libor important?*

A. After more than two decades, Libor still remains one of the most highly cited benchmarks in the financial world.

The British Bankers Association has promoted the rate-setting process as highly transparent and impartial, making Libor a good benchmark for various financial products. The group has argued that no one institution can single-handedly alter the calculations behind the rate.

But amid the rate-manipulation scandal, the integrity of Libor has been called into question. In late June, Barclays agreed to pay $450 million to settle accusations by regulators that it had submitted false Libor rates to bolster its bottom line and deflect scrutiny about its health.

Q. *Is Libor changing as a result of the rate manipulation scandal?*

A. It's unclear at the moment. After regulators unveiled their settlement with Barclays, the B.B.A. said that it was "shocked" by the revelations and was reviewing all aspects of the Libor-setting process.

RE: LIBOR Developments

Item ID:	31545
From:	Lee, Timothy </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=D9770D766B6642C4AC0F9F116D0B180D-TIMOTHY LEE>
To:	Parker, Richard </O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	RE: LIBOR Developments
Sent:	July 16, 2012 9:07 AM
Received:	July 16, 2012 9:07 AM

Re (1), have we spoken with anyone at FHFA directly? I know a couple of people who are likely to be on top of this already, but have not confirmed pending instructions. It's a bit odd that Bryan thought I limited the potential defendants to Barclays, when in fact I take pains to list out the Enterprise derivatives counterparties who contribute to the LIBOR calculation. Also, regardless of FHFA's management decisions the prospect of fraud seems to open the door for OI. News reports indicate that a criminal investigation is already underway at DOJ . To use a military analogy: If a heavy cruiser at a known location is damaged and taking on water as the Super Hornets circle overhead, the prospect of hustling over and jamming a Mk 48 up its @ss - before the brown shoe crowd takes all of the credit - should warm the little nuclear-powered heart of any sailor with even a bit of killer instinct. I'll leave the specifics of that to the lawyers, though. From: Parker, Richard Sent: Thursday, July 12, 2012 9:40 AM To: Saddler, Bryan Cc: Lee, Timothy Subject: RE: LIBOR Developments Thanks, Bryan. I didn't get to read the paper yet today, but I'm going to snag a copy to read with lunch. I've enclosed a .pdf I culled from yesterday's NYT that illustrates how the LIBOR rate is set, how it affects individuals/institutions, and how the misconduct occurred. Hope you're enjoying your time off. – Rich From: Saddler, Bryan Sent: Thursday, July 12, 2012 9:20 AM To: Parker, Richard Subject: LIBOR Developments Rich: If you haven't already, check out page A13 of today's The Washington Post . It includes a story about a Federal lawsuit filed by Baltimore City against Barclays and at least four other banks, and its claim is characterized as being completely parallel to Tim's theory (with the exception of the potential defendants not being limited to Barclays). Thus: (b) (5) [redacted] you or George (b) (5) [redacted] Thanks, Bryan Saddler Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 (b) (6) [redacted]

RE: LIBOR Developments

Item ID:	31530
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	DiSanto, Emilia [redacted]
Subject:	RE: LIBOR Developments
Sent:	July 16, 2012 4:42 PM
Received:	July 16, 2012 4:42 PM

Tim, [redacted]. In the meantime I have added this project to the Inventory. Thanks for surfacing this submarine for us. Nice work. Rich Richard Parker Director, Policy, Oversight & Review Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, D.C. 20024 Tel: [redacted] From: Lee, Timothy Sent: Monday, July 16, 2012 9:08 AM To: Parker, Richard Subject: RE: LIBOR Developments Re (1), have we spoken with anyone at FHFA directly? I know a couple of people who are likely to be on top of this already, but have not confirmed pending instructions. It's a bit odd that Bryan thought I limited the potential defendants to Barclays, when in fact I take pains to list out the Enterprise derivatives counterparties who contribute to the LIBOR calculation. Also, regardless of FHFA's management decisions the prospect of fraud seems to open the door for OI. News reports indicate that a criminal investigation is already underway at DOJ . To use a military analogy: If a heavy cruiser at a known location is damaged and taking on water as the Super Hornets circle overhead, the prospect of hustling over and jamming a Mk 48 up its @ss - before the brown shoe crowd takes all of the credit - should warm the little nuclear-powered heart of any sailor with even a bit of killer instinct. I'll leave the specifics of that to the lawyers, though. From: Parker, Richard Sent: Thursday, July 12, 2012 9:40 AM To: Saddler, Bryan Cc: Lee, Timothy Subject: RE: LIBOR Developments Thanks, Bryan. I didn't get to read the paper yet today, but I'm going to snag a copy to read with lunch. I've enclosed a .pdf I culled from yesterday's NYT that illustrates how the LIBOR rate is set, how it affects individuals/institutions, and how the misconduct occurred. Hope you're enjoying your time off. – Rich From: Saddler, Bryan Sent: Thursday, July 12, 2012 9:20 AM To: Parker, Richard Subject: LIBOR Developments Rich: If you haven't already, check out page A13 of today's The Washington Post . It includes a story about a Federal lawsuit filed by Baltimore City against Barclays and at least four other banks, and its claim is characterized as being completely parallel to Tim's theory (with the exception of the potential defendants not being limited to Barclays). Thus: [redacted] you or George [redacted] Thanks, Bryan Saddler Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 ([redacted]

FW: LIBOR Developments

Item ID:	31563
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	DiSanto, Emilia </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d94639648c304c1d8447667da03493cb-Emilia DiSa>
Subject:	FW: LIBOR Developments
Sent:	August 6, 2012 1:41 PM
Received:	August 6, 2012 1:41 PM

Hi Em, Per our discussion, please see the email chain and attached original memo. It’s interesting to note that the 5-25bp hunch expressed in the memo agrees broadly with the Economist’s estimate subsequently of 30-40bp during 4Q08. That would imply a shortchanging on the order of $200 million in 4Q08. Tim From: Parker, Richard Sent: Monday, July 16, 2012 4:42 PM To: Lee, Timothy Cc: DiSanto, Emilia Subject: RE: LIBOR Developments Tim, (b) (6) [redacted] (b) (5) [redacted]. In the meantime I have added this project to the Inventory. Thanks for surfacing this submarine for us. Nice work. Rich Richard Parker Director, Policy, Oversight & Review Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, D.C. 20024 Tel: (b) (6) [redacted] From: Lee, Timothy Sent: Monday, July 16, 2012 9:08 AM To: Parker, Richard Subject: RE: LIBOR Developments Re (1), have we spoken with anyone at FHFA directly? I know a couple of people who are likely to be on top of this already, but have not confirmed pending instructions. It’s a bit odd that Bryan thought I limited the potential defendants to Barclays, when in fact I take pains to list out the Enterprise derivatives counterparties who contribute to the LIBOR calculation. Also, regardless of FHFA’s management decisions the prospect of fraud seems to open the door for OI. News reports indicate that a criminal investigation is already underway at DOJ . To use a military analogy: If a heavy cruiser at a known location is damaged and taking on water as the Super Hornets circle overhead, the prospect of hustling over and jamming a Mk 48 up its @ss - before the brown shoe crowd takes all of the credit - should warm the little nuclear-powered heart of any sailor with even a bit of killer instinct. I’ll leave the specifics of that to the lawyers, though. From: Parker, Richard Sent: Thursday, July 12, 2012 9:40 AM To: Saddler, Bryan Cc: Lee, Timothy Subject: RE: LIBOR Developments Thanks, Bryan. I didn’t get to read the paper yet today, but I’m going to snag a copy to read with lunch. I’ve enclosed a .pdf I culled from yesterday’s NYT that illustrates how the LIBOR rate is set, how it affects individuals/institutions, and how the misconduct occurred. Hope you’re enjoying your time off. – Rich From: Saddler, Bryan Sent: Thursday, July 12, 2012 9:20 AM To: Parker, Richard Subject: LIBOR Developments Rich: If you haven’t already, check out page A13 of today’s The Washington Post . It includes a story about a Federal lawsuit filed by Baltimore City against Barclays and at least four other banks, and its claim is characterized as being completely parallel to Tim’s theory (with the exception of the potential defendants not being limited to Barclays). Thus: (b) (5) [redacted] you or George (b) (5) [redacted] Thanks, Bryan Saddler Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 (b) (6) [redacted] From: Lee, Timothy Sent: 7/10/2012 7:53 AM To: Parker, Richard Subject: RE: Saddler's thoughts on LIBOR investigation Hi Old Salt, I agree with Bryan that, at this point, (b) (5) [redacted] the Economist asserts that “almost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too low”, (b) (5) [redacted] Pollard and Hart. [redacted] (b) (5) [redacted] Bryan [redacted] (b) (5) [redacted] Bryan [redacted] (b) (5) [redacted] The ambulance is there on the street; who better than you lawyers to figure out exactly how to chase it? Tim From: Parker, Richard Sent: Monday, July 09, 2012 5:46 PM To: Lee, Timothy Subject: FW: Saddler's thoughts on LIBOR investigation Thoughts? From: Baker, Brian Sent: Monday, July 09, 2012 4:54 PM To: Parker, Richard Subject: Saddler's thoughts on LIBOR investigation FYI From: Saddler, Bryan Sent: Monday, July 09, 2012 4:49 PM To: Baker, Brian Subject: RE: LIBOR investigation as it relates to FHFA-OIG [redacted] (b) (5) [redacted] Thanks From: Baker, Brian Sent: Monday, July 09, 2012 10:54 AM To: Saddler, Bryan Subject: FW: LIBOR investigation as it relates to FHFA-OIG From: Parker, Richard Sent: Monday, July 09, 2012 10:53 AM To: Baker, Brian Subject: FW: LIBOR investigation as it relates to FHFA-OIG FYI - R From: Lee, Timothy Sent: Thursday, July 05, 2012 4:19 PM To: Parker, Richard Cc: Phillips, Wesley; Rhinesmith, Alan; Wu, Simon; Emerzian, Peter; [redacted] (b) (6) [redacted] Subject: LIBOR investigation as it relates to FHFA-OIG Hi Old Salt, Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises. Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

Attachment #1

Libor Proposal.docx

Original view

2 pages (displayed on pages 4 to 5)

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

5 July 2012

To Richard Parker

From Timothy Lee

Subject Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac

Cc

[redacted] (b) (6)	Peter Emerzian	Wesley Phillips
[redacted] (b) (6)	[redacted]	
Alan Rhinesmith	Simon Wu	

[redacted] (b) (5)

(b) (5)

[redacted]

FW: LIBOR Developments

Item ID:	31565
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	FW: LIBOR Developments
Sent:	August 6, 2012 2:03 PM
Received:	August 6, 2012 2:03 PM

Hi Old Salt, Per Emilia's walk-in request this afternoon. I think she plans to forward this to Mike Stephens. Tim From: Lee, Timothy Sent: Monday, August 06, 2012 1:42 PM To: DiSanto, Emilia Subject: FW: LIBOR Developments Hi Em, Per our discussion, please see the email chain and attached original memo. It's interesting to note that the 5-25bp hunch expressed in the memo agrees broadly with the Economist's estimate subsequently of 30-40bp during 4Q08. That would imply a shortchanging on the order of $200 million in 4Q08. Tim From: Parker, Richard Sent: Monday, July 16, 2012 4:42 PM To: Lee, Timothy Cc: DiSanto, Emilia Subject: RE: LIBOR Developments Tim, (b) (6) [redacted]. Thanks for surfacing this submarine for us. Nice work. Rich Richard Parker Director, Policy, Oversight & Review Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, D.C. 20024 Tel (b) (6) [redacted] From: Lee, Timothy Sent: Monday, July 16, 2012 9:08 AM To: Parker, Richard Subject: RE: LIBOR Developments Re (1), have we spoken with anyone at FHFA directly? I know a couple of people who are likely to be on top of this already, but have not confirmed pending instructions. It's a bit odd that Bryan thought I limited the potential defendants to Barclays, when in fact I take pains to list out the Enterprise derivatives counterparties who contribute to the LIBOR calculation. Also, regardless of FHFA's management decisions the prospect of fraud seems to open the door for OI. News reports indicate that a criminal investigation is already underway at DOJ . To use a military analogy: If a heavy cruiser at a known location is damaged and taking on water as the Super Hornets circle overhead, the prospect of hustling over and jamming a Mk 48 up its @ss - before the brown shoe crowd takes all of the credit - should warm the little nuclear-powered heart of any sailor with even a bit of killer instinct. I'll leave the specifics of that to the lawyers, though. From: Parker, Richard Sent: Thursday, July 12, 2012 9:40 AM To: Saddler, Bryan Cc: Lee, Timothy Subject: RE: LIBOR Developments Thanks, Bryan. I didn't get to read the paper yet today, but I'm going to snag a copy to read with lunch. I've enclosed a .pdf I culled from yesterday's NYT that illustrates how the LIBOR rate is set, how it affects individuals/institutions, and how the misconduct occurred. (b) (6) [redacted]. – Rich From: Saddler, Bryan Sent: Thursday, July 12, 2012 9:20 AM To: Parker, Richard Subject: LIBOR Developments Rich: If you haven't already, check out page A13 of today's The Washington Post . It includes a story about a Federal lawsuit filed by Baltimore City against Barclays and at least four other banks, and its claim is characterized as being completely parallel to Tim's theory (with the exception of the potential defendants not being limited to Barclays). Thus: (b) (5) [redacted] Thanks, Bryan Saddler Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 (b) (6) [redacted] From: Lee, Timothy Sent: 7/10/2012 7:53 AM To: Parker, Richard Subject: RE: Saddler's thoughts on LIBOR investigation Hi Old Salt, I agree with Bryan that, at this point, (b) (5) [redacted] the Economist asserts that "almost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too low", (b) (5) [redacted]

[redacted] (b) (5) Pollard and Hart. [redacted] (b) (5) Bryan [redacted] (b) (5) Bryan [redacted] (b) (5) Tim From: Parker, Richard Sent: Monday, July 09, 2012 5:46 PM To: Lee, Timothy Subject: FW: Saddler's thoughts on LIBOR investigation Thoughts? From: Baker, Brian Sent: Monday, July 09, 2012 4:54 PM To: Parker, Richard Subject: Saddler's thoughts on LIBOR investigation FYI From: Saddler, Bryan Sent: Monday, July 09, 2012 4:49 PM To: Baker, Brian Subject: RE: LIBOR investigation as it relates to FHFA-OIG [redacted] (b) (5) Thanks From: Baker, Brian Sent: Monday, July 09, 2012 10:54 AM To: Saddler, Bryan Subject: FW: LIBOR investigation as it relates to FHFA-OIG From: Parker, Richard Sent: Monday, July 09, 2012 10:53 AM To: Baker, Brian Subject: FW: LIBOR investigation as it relates to FHFA-OIG FYI - R From: Lee, Timothy Sent: Thursday, July 05, 2012 4:19 PM To: Parker, Richard Cc: Phillips, Wesley; Rhinesmith, Alan; Wu, Simon; Emerzian, Peter; [redacted] (b) (6) Subject: LIBOR investigation as it relates to FHFA-OIG Hi Old Salt, Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises. Tim ----- Timothy Lee Senior Policy Advisor 202-730-2821 timothy.lee@fhfaoig.gov

Attachment #1

Libor Proposal.docx

Original view

2 pages (displayed on pages 4 to 5)

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

5 July 2012

To Richard Parker

From Timothy Lee

Subject Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac

Cc [redacted] Peter Emerzian Wesley Phillips
[redacted] [redacted]
Alan Rhinesmith Simon Wu

[redacted]

(b) (5)

[redacted]

RE: LIBOR Developments

Item ID:	31567
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: LIBOR Developments
Sent:	August 6, 2012 2:21 PM
Received:	August 6, 2012 2:21 PM

Roger, Skipper.
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
8/6/2012 2:03 PM
To:
Parker, Richard
Subject:
FW: LIBOR Developments
Hi Old Salt,
Per Emiliaâ€™s walk-in request this afternoon. I think she plans to forward this to Mike Stephens.
Tim
From: Lee, Timothy
Sent: Monday, August 06, 2012 1:42 PM
To: DiSanto, Emilia
Subject: FW: LIBOR Developments
Hi Em,
Per our discussion, please see the email chain and attached original memo. Itâ€™s interesting to note that the 5-25bp hunch expressed in the memo agrees broadly with the
Economistâ€™s estimate subsequently of 30-40bp during 4Q08. That would imply a shortchanging on the order of $200 million in 4Q08.
Tim
From: Parker, Richard
Sent: Monday, July 16, 2012 4:42 PM
To: Lee, Timothy
Cc: DiSanto, Emilia
Subject: RE: LIBOR Developments
Tim,
[redacted]
Thanks for surfacing this submarine for us. Nice work.
Rich
Richard Parker
Director, Policy, Oversight & Review
Office of the Inspector General
Federal Housing Finance Agency
400 7 th Street, SW
Washington, D.C. 20024
Tel: [redacted]
Cell [redacted]

From: Lee, Timothy
Sent: Monday, July 16, 2012 9:08 AM
To: Parker, Richard
Subject: RE: LIBOR Developments
Re [redacted] (b) (5)
Bryan [redacted] (b) (5)
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Super Hornets circle overhead, the prospect of hustling over and jamming a
Mk 48 up its @ss - before the
brown shoe crowd takes all of the credit - should warm the little nuclear-powered heart of any sailor with even a bit of killer instinct. Iâ€™ll leave the specifics of that to the
lawyers, though.
From: Parker, Richard
Sent: Thursday, July 12, 2012 9:40 AM
To: Saddler, Bryan
Cc: Lee, Timothy
Subject: RE: LIBOR Developments
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From: Saddler, Bryan
Sent: Thursday, July 12, 2012 9:20 AM
To: Parker, Richard
Subject: LIBOR Developments
Rich: If you havenâ€™t already, check out page A13 of todayâ€™s
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you or George [redacted] (b) (5)
Thanks,
Bryan Saddler
Office of Inspector General
Federal Housing Finance Agency
400 7 th Street, SW
Washington, DC 20024
[redacted] (b) (6)
From:
Lee, Timothy
Sent:
7/10/2012 7:53 AM
To:

Parker, Richard
Subject:
RE: Saddler's thoughts on LIBOR investigation
Hi Old Salt,
I agree with Bryan that, at this point, [redacted] (b) (5), the
Economist asserts that â€œalmost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too lowâ€, [redacted] (b) (5) Pollard and Hart.
[redacted] (b) (5). Bryan [redacted] (b) (5) Bryan [redacted] (b) (5). The ambulance is there on the street; who better than you lawyers to figure out exactly
how to chase it?
Tim
From: Parker, Richard
Sent: Monday, July 09, 2012 5:46 PM
To: Lee, Timothy
Subject: FW: Saddler's thoughts on LIBOR investigation
Thoughts?
From: Baker, Brian
Sent: Monday, July 09, 2012 4:54 PM
To: Parker, Richard
Subject: Saddler's thoughts on LIBOR investigation
FYI
From: Saddler, Bryan
Sent: Monday, July 09, 2012 4:49 PM
To: Baker, Brian
Subject: RE: LIBOR investigation as it relates to FHFA-OIG
[redacted] (b) (5) Thanks
From: Baker, Brian
Sent: Monday, July 09, 2012 10:54 AM

To: Saddler, Bryan
Subject: FW: LIBOR investigation as it relates to FHFA-OIG
From: Parker, Richard
Sent: Monday, July 09, 2012 10:53 AM
To: Baker, Brian
Subject: FW: LIBOR investigation as it relates to FHFA-OIG
FYI - R
From: Lee, Timothy
Sent: Thursday, July 05, 2012 4:19 PM
To: Parker, Richard
Cc: Phillips, Wesley; Rhinesmith, Alan; Wu, Simon; Emerzian, Peter; [redacted] (b) (6)
Subject: LIBOR investigation as it relates to FHFA-OIG
Hi Old Salt,
Please find attached a memo discussing how the unfolding LIBOR scandal may relate to FHFA and the Enterprises.
Tim

Timothy Lee
Senior Policy Advisor
202-730-2821
timothy.lee@fhfaoig.gov

RE: Libor Issue

Item ID: 31568
From: Parker, Richard [redacted]
To: Stephens, Michael [redacted]>, Wu, Simon [redacted], Seide, David [redacted]
Cc: DiSanto, Emilia [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Libor Issue
Sent: August 6, 2012 3:11 PM
Received: August 6, 2012 3:11 PM

Got it. Tx, Mike. -R
Sent from my Windows Phone
From:
Stephens, Michael
Sent:
8/6/2012 3:07 PM
To:
Wu, Simon; Seide, David
Cc:
Parker, Richard; DiSanto, Emilia
Subject:
RE: Libor Issue
I was unaware that Tim Lee was already looking into this. Let me look over his Memo and lets cancel the meeting.
Thanks.
From: Wu, Simon
Sent: Monday, August 06, 2012 1:24 PM
To: Seide, David
Cc: Stephens, Michael; Parker, Richard
Subject: RE: Libor Issue
Sounds good.
From: Seide, David
Sent: Monday, August 06, 2012 1:24 PM
To: Wu, Simon
Cc: Stephens, Michael; Parker, Richard
Subject: RE: Libor Issue
3 pm?
From: Wu, Simon
Sent: Monday, August 06, 2012 1:23 PM
To: Seide, David
Cc: Stephens, Michael; Parker, Richard
Subject: RE: Libor Issue
Sure. Are you free around 2?
From: Seide, David
Sent: Monday, August 06, 2012 1:19 PM
To: Wu, Simon
Cc: Stephens, Michael; Parker, Richard
Subject: Libor Issue
Hi Simon,
When you have a moment can you stop by to discuss? Thanks.
David Z. Seide

Director of Special Projects
Federal Housing Finance Agency-Office of Inspector General
(b) (6) [redacted]

FW: LIBOR Developments

Item ID:	31569
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=[redacted]
Subject:	FW: LIBOR Developments
Sent:	August 6, 2012 4:11 PM
Received:	August 6, 2012 4:11 PM

From: Lee, Timothy Sent: Monday, August 06, 2012 1:42 PM To: DiSanto, Emilia Subject: FW: LIBOR Developments Hi Em, Per our discussion, please see the email chain and attached original memo. It's interesting to note that the 5-25bp hunch expressed in the memo agrees broadly with the Economist's estimate subsequently of 30-40bp during 4Q08. That would imply a shortchanging on the order of $200 million in 4Q08. Tim From: Parker, Richard Sent: Monday, July 16, 2012 4:42 PM To: Lee, Timothy Cc: DiSanto, Emilia Subject: RE: LIBOR Developments Tim, [redacted]. Thanks for surfacing this submarine for us. Nice work. Rich Richard Parker Director, Policy, Oversight & Review Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, D.C. 20024 Tel: [redacted] From: Lee, Timothy Sent: Monday, July 16, 2012 9:08 AM To: Parker, Richard Subject: RE: LIBOR Developments Re (1), have we spoken with anyone at FHFA directly? I know a couple of people who are likely to be on top of this already, but have not confirmed pending instructions. It's a bit odd that Bryan thought I limited the potential defendants to Barclays, when in fact I take pains to list out the Enterprise derivatives counterparties who contribute to the LIBOR calculation. Also, regardless of FHFA's management decisions the prospect of fraud seems to open the door for OI. News reports indicate that a criminal investigation is already underway at DOJ . To use a military analogy: If a heavy cruiser at a known location is damaged and taking on water as the Super Hornets circle overhead, the prospect of hustling over and jamming a Mk 48 up its @ss - before the brown shoe crowd takes all of the credit - should warm the little nuclear-powered heart of any sailor with even a bit of killer instinct. I'll leave the specifics of that to the lawyers, though. From: Parker, Richard Sent: Thursday, July 12, 2012 9:40 AM To: Saddler, Bryan Cc: Lee, Timothy Subject: RE: LIBOR Developments Thanks, Bryan. I didn't get to read the paper yet today, but I'm going to snag a copy to read with lunch. I've enclosed a .pdf I culled from yesterday's NYT that illustrates how the LIBOR rate is set, how it affects individuals/institutions, and how the misconduct occurred. [redacted]. – Rich From: Saddler, Bryan Sent: Thursday, July 12, 2012 9:20 AM To: Parker, Richard Subject: LIBOR Developments Rich: If you haven't already, check out page A13 of today's The Washington Post . It includes a story about a Federal lawsuit filed by Baltimore City against Barclays and at least four other banks, and its claim is characterized as being completely parallel to Tim's theory (with the exception of the potential defendants not being limited to Barclays). Thus: [redacted] you or George [redacted] Thanks, Bryan Saddler Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 [redacted] From: Lee, Timothy Sent: 7/10/2012 7:53 AM To: Parker, Richard Subject: RE: Saddler's thoughts on LIBOR investigation Hi Old Salt, I agree with Bryan that, at this point, [redacted] "almost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too low", [redacted]

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OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

5 July 2012

To Richard Parker

From Timothy Lee

Subject Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac

Cc (b) (6) Peter Emerzian Wesley Phillips
(b) (6) [redacted]
Alan Rhinesmith Simon Wu

(b) (5)

(b) (5)

[redacted]

RE: LIBOR Developments

Item ID:	31572
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: LIBOR Developments
Sent:	August 6, 2012 4:13 PM
Received:	August 6, 2012 4:13 PM

Tx From: Lee, Timothy Sent: Monday, August 06, 2012 4:12 PM To: Hinkley, Robert Subject: FW: LIBOR Developments From: Lee, Timothy Sent: Monday, August 06, 2012 1:42 PM To: DiSanto, Emilia Subject: FW: LIBOR Developments Hi Em, Per our discussion, please see the email chain and attached original memo. It's interesting to note that the 5-25bp hunch expressed in the memo agrees broadly with the Economist's estimate subsequently of 30-40bp during 4Q08. That would imply a shortchanging on the order of $200 million in 4Q08. Tim From: Parker, Richard Sent: Monday, July 16, 2012 4:42 PM To: Lee, Timothy Cc: DiSanto, Emilia Subject: RE: LIBOR Developments Tim, [redacted] [redacted] Thanks for surfacing this submarine for us. Nice work. Rich Richard Parker Director, Policy, Oversight & Review Office of the Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, D.C. 20024 Tel: [redacted] From: Lee, Timothy Sent: Monday, July 16, 2012 9:08 AM To: Parker, Richard Subject: RE: LIBOR Developments Re (1), have we spoken with anyone at FHFA directly? I know a couple of people who are likely to be on top of this already, but have not confirmed pending instructions. It's a bit odd that Bryan thought I limited the potential defendants to Barclays, when in fact I take pains to list out the Enterprise derivatives counterparties who contribute to the LIBOR calculation. Also, regardless of FHFA's management decisions the prospect of fraud seems to open the door for OI. News reports indicate that a criminal investigation is already underway at DOJ . To use a military analogy: If a heavy cruiser at a known location is damaged and taking on water as the Super Hornets circle overhead, the prospect of hustling over and jamming a Mk 48 up its @ss - before the brown shoe crowd takes all of the credit - should warm the little nuclear-powered heart of any sailor with even a bit of killer instinct. I'll leave the specifics of that to the lawyers, though. From: Parker, Richard Sent: Thursday, July 12, 2012 9:40 AM To: Saddler, Bryan Cc: Lee, Timothy Subject: RE: LIBOR Developments Thanks, Bryan. I didn't get to read the paper yet today, but I'm going to snag a copy to read with lunch. I've enclosed a .pdf I culled from yesterday's NYT that illustrates how the LIBOR rate is set, how it affects individuals/institutions, and how the misconduct occurred. Hope you're enjoying your time off. – Rich From: Saddler, Bryan Sent: Thursday, July 12, 2012 9:20 AM To: Parker, Richard Subject: LIBOR Developments Rich: If you haven't already, check out page A13 of today's The Washington Post . It includes a story about a Federal lawsuit filed by Baltimore City against Barclays and at least four other banks, and its claim is characterized as being completely parallel to Tim's theory (with the exception of the potential defendants not being limited to Barclays). Thus: [redacted] you or George [redacted] . Thanks, Bryan Saddler Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 [redacted] From: Lee, Timothy Sent: 7/10/2012 7:53 AM To: Parker, Richard Subject: RE: Saddler's thoughts on LIBOR investigation Hi Old Salt, I agree with Bryan that, at this point, [redacted] the Economist asserts that "almost all the banks in the LIBOR panels were submitting rates that may have been 30-40 basis points too low", [redacted],

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LIBOR

Item ID: 31573
From: Parker, Richard [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: Wu, Simon [redacted]
Subject: LIBOR
Sent: August 6, 2012 5:05 PM
Received: August 6, 2012 5:05 PM

Tim, pls take the lead in reaching out to the GSEs re: their involvement with LIBOR, i.e., the effects o them, etc. You may consult Simon in this regard, though he has other, more pressing work to do right now. Call if you have any questions -- and pls let IGSUPPORT know that your office phone does not ring through. Tx, R Sent from my Windows Phone

RE: LIBOR

Item ID:	31574
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	RE: LIBOR
Sent:	August 7, 2012 7:58 AM
Received:	August 7, 2012 7:58 AM

Hi Rich, Between you and me, [redacted] o [redacted] Tim From: Parker, Richard Sent: Monday, August 06, 2012 5:05 PM To: Lee, Timothy Cc: Wu, Simon Subject: LIBOR Tim, pls take the lead in reaching out to the GSEs re: their involvement with LIBOR, i.e., the effects o them, etc. You may consult Simon in this regard, though he has other, more pressing work to do right now. Call if you have any questions -- and pls let IGSUPPORT know that your office phone does not ring through. Tx, R Sent from my Windows Phone

CFTC Weighs in on Libor

Item ID:	31576
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Seide, David [redacted]
Subject:	CFTC Weighs in on Libor
Sent:	August 7, 2012 12:34 PM
Received:	August 7, 2012 12:34 PM

In case you guys didn't see this. [redacted] August 6, 2012 Libor, Naked and Exposed By GARY GENSLER Washington AMERICANS who save for the future, use credit cards or borrow money for tuition, cars and homes deserve assurance that the interest rates on their savings and loans are set in a reliable and honest way. That's why the revelation that the British bank Barclays attempted to manipulate the London interbank offered rate , or Libor — one of the benchmark rates used to determine the cost of borrowing around the world — is so disturbing. But the Barclays case isn't only about misconduct by large financial institutions. It also raises questions about the reliability and accuracy of these key interest rates, which are largely determined by the private sector, without significant government oversight. When you save money in a money market fund or short-term bond fund, or take out a mortgage or a small-business loan, the rate you receive or pay is often based, directly or indirectly, on Libor. It's the reference rate for nearly half of adjustable-rate mortgages in the United States; for about 70 percent of the American futures market; and for a majority of the American swaps market, where businesses hedge risks from changes in interest rates. Libor is supposed to be the average rate at which the largest banks honestly believe they can borrow from one another unsecured (that is, without posting collateral). Libor was set up in the 1980s when banks regularly made loans to other banks on that basis. However, the number of banks willing to lend to one another on such terms has been sharply reduced because of economic turmoil, including the 2008 global financial crisis, the European debt crisis that began in 2010, and the downgrading of large banks' credit ratings this year. Banks have shifted toward secured borrowing and, on occasion, borrowing from central banks like the Federal Reserve and the European Central Bank. As Mervyn King, the governor of the Bank of England, said of Libor in 2008: "It is, in many ways, the rate at which banks do not lend to each other." These changes in the markets raise questions about the integrity of this important benchmark. First, why is Libor so different from another benchmark interest rate for borrowing in United States dollars — Euribor, or euro interbank offered rate? Both rates are calculated on the basis of banks' answers to roughly the same question. For Libor, a bank is asked at what rate it thinks it can borrow, while for Euribor, a bank is asked at what rate it thinks other banks are able to borrow. And yet the Euribor for dollar borrowings is about twice as high as the comparable Libor. Second, why have Libor and other benchmark rates typically not been aligned, since 2008, with the borrowing rates that would be implied by foreign exchange markets? A long-established financial theory known as interest rate parity says that the difference in interest rates between two countries should be roughly in line with the expected change in exchange rates between the countries' currencies. (If it isn't, that opens an opportunity for arbitrage, the practice of taking advantage of price differences.) Until 2007, as the theory predicted, the difference between the borrowing rate in one currency and the lending rate in another could typically be derived from foreign currency exchange rates. In the last few years, that hasn't been the case, and this divergence between theory and practice has yet to be adequately explained. Third, why is the volatility of the dollar -denominated Libor so much lower than the volatility of other short-term credit market rates? Just like stocks and bonds, short-term interest rates experience a certain volatility. But Libor has less severe swings than comparable rates. In addition, the variation in rates that some banks submit to the British Bankers' Association — the private group that oversees Libor — don't seem to match the variation in the rates for their credit default swaps (financial instruments that are similar to insurance and are one measure of a bank's credit risk). There have been times when the swap rates have widened for particular banks (suggesting a growing credit risk) even as their Libor submissions have remained stable (suggesting that the banks' borrowing costs haven't changed). Anyone saving or borrowing for the future has a real stake in the integrity of Libor and in the answers to these questions. 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RE: CFTC Weighs in on Libor

Item ID:	31577
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=ee404ea9fa5044ef9bd01bdfeb014378-[redacted]
Cc:	Seide, David </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=cfa4f6b9e6d0471b9611c0ed682b53eb-David Seide>
Subject:	RE: CFTC Weighs in on Libor
Sent:	August 7, 2012 12:35 PM
Received:	August 7, 2012 12:35 PM

The thought of switching to a new benchmark means revising all those contracts, rewriting all that software, coming up with a substitute for the Eurodollar hedges used to set up interest rate swaps. It makes my head hurt just to think about it. From: [redacted] Sent: Tuesday, August 07, 2012 12:34 PM To: Lee, Timothy Cc: Seide, David Subject: CFTC Weighs in on Libor In case you guys didn't see this. [redacted] August 6, 2012 Libor, Naked and Exposed By GARY GENSLER Washington AMERICANS who save for the future, use credit cards or borrow money for tuition, cars and homes deserve assurance that the interest rates on their savings and loans are set in a reliable and honest way. That's why the revelation that the British bank Barclays attempted to manipulate the London interbank offered rate , or Libor — one of the benchmark rates used to determine the cost of borrowing around the world — is so disturbing. But the Barclays case isn't only about misconduct by large financial institutions. It also raises questions about the reliability and accuracy of these key interest rates, which are largely determined by the private sector, without significant government oversight. When you save money in a money market fund or short-term bond fund, or take out a mortgage or a small-business loan, the rate you receive or pay is often based, directly or indirectly, on Libor. It's the reference rate for nearly half of adjustable-rate mortgages in the United States; for about 70 percent of the American futures market; and for a majority of the American swaps market, where businesses hedge risks from changes in interest rates. Libor is supposed to be the average rate at which the largest banks honestly believe they can borrow from one another unsecured (that is, without posting collateral). Libor was set up in the 1980s when banks regularly made loans to other banks on that basis. 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Attorney Advisor FHFA Office of Inspector General 400 7 th Street, SW Washington, DC 20024 Tel: [redacted] (b) (6)

RE: CFTC Weighs in on Libor

Item ID:	31580
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	Seide, David [redacted]
Subject:	RE: CFTC Weighs in on Libor
Sent:	August 7, 2012 12:37 PM
Received:	August 7, 2012 12:37 PM

Interesting observation. Consider the alternative described by Gensler—contracts which reference a hollow index ripe for manipulation. Or, have I missed something. [redacted] From: Lee, Timothy Sent: Tuesday, August 07, 2012 12:36 PM To: [redacted] Cc: Seide, David Subject: RE: CFTC Weighs in on Libor The thought of switching to a new benchmark means revising all those contracts, rewriting all that software, coming up with a substitute for the Eurodollar hedges used to set up interest rate swaps. It makes my head hurt just to think about it. From: [redacted] Sent: Tuesday, August 07, 2012 12:34 PM To: Lee, Timothy Cc: Seide, David Subject: CFTC Weighs in on Libor In case you guys didn't see this [redacted] August 6, 2012 Libor, Naked and Exposed By GARY GENSLER Washington AMERICANS who save for the future, use credit cards or borrow money for tuition, cars and homes deserve assurance that the interest rates on their savings and loans are set in a reliable and honest way. That's why the revelation that the British bank Barclays attempted to manipulate the London interbank offered rate , or Libor — one of the benchmark rates used to determine the cost of borrowing around the world — is so disturbing. But the Barclays case isn't only about misconduct by large financial institutions. It also raises questions about the reliability and accuracy of these key interest rates, which are largely determined by the private sector, without significant government oversight. When you save money in a money market fund or short-term bond fund, or take out a mortgage or a small-business loan, the rate you receive or pay is often based, directly or indirectly, on Libor. It's the reference rate for nearly half of adjustable-rate mortgages in the United States; for about 70 percent of the American futures market; and for a majority of the American swaps market, where businesses hedge risks from changes in interest rates. 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(b) (6) [redacted] Attorney Advisor FHFA Office of Inspector General 400 7 th Street, SW Washington, DC 20024 Tel: (b) (6) [redacted]

RE: CFTC Weighs in on Libor

Item ID:	31581
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=ee404ea9fa5044ef9bd01bdfeb014378-[redacted]
Cc:	Seide, David </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=cfa4f6b9e6d0471b9611c0ed682b53eb-David Seide>
Subject:	RE: CFTC Weighs in on Libor
Sent:	August 7, 2012 12:43 PM
Received:	August 7, 2012 12:43 PM

Can't argue that point. Maybe fed funds as baseline floating rate, with a suitable CDS index spread laid on for existing LIBOR contracts. Let me consider that some more. From: Hinkley, Robert Sent: Tuesday, August 07, 2012 12:38 PM To: Lee, Timothy Cc: Seide, David Subject: RE: CFTC Weighs in on Libor Interesting observation. Consider the alternative described by Gensler—contracts which reference a hollow index ripe for manipulation. Or, have I missed something. [redacted] From: Lee, Timothy Sent: Tuesday, August 07, 2012 12:36 PM To: Hinkley, Robert Cc: Seide, David Subject: RE: CFTC Weighs in on Libor The thought of switching to a new benchmark means revising all those contracts, rewriting all that software, coming up with a substitute for the Eurodollar hedges used to set up interest rate swaps. It makes my head hurt just to think about it. 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RE: Are you in the office today?

Item ID:	31582
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Friedman, Timothy <Timothy.Friedman@fhfa.gov>
Subject:	RE: Are you in the office today?
Sent:	August 8, 2012 8:43 AM
Received:	August 8, 2012 8:43 AM

Folks here have asked about the LIBOR thing, and I suggested the smart thing to do would be for me to touch base with you and Jamie. Will you be in the office tomorrow? From: Friedman, Timothy [mailto:Timothy.Friedman@fhfa.gov] Sent: Wednesday, August 08, 2012 8:42 AM To: Lee, Timothy Subject: Re: Are you in the office today? Hi, Tim. I'm at FNM today on an exam. What can I help you with? From : Timothy Lee Sent : Wednesday, August 08, 2012 08:35 AM To : Friedman, Timothy Subject : Are you in the office today? If so, could I swing by for a moment? Thanks, Tim

RE: Are you in the office today?

Item ID:	31583
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Friedman, Timothy <Timothy.Friedman@fhfa.gov>
Subject:	RE: Are you in the office today?
Sent:	August 8, 2012 9:23 AM
Received:	August 8, 2012 9:23 AM

Bright and early is my preference. When are you normally in the office? From: Friedman, Timothy [mailto:Timothy.Friedman@fhfa.gov] Sent: Wednesday, August 08, 2012 9:13 AM To: Lee, Timothy Subject: Re: Are you in the office today? Yes, I will be in tomorrow. Let me know what time works for you. Tim From : Timothy Lee Sent : Wednesday, August 08, 2012 08:43 AM To : Friedman, Timothy Subject : RE: Are you in the office today? Folks here have asked about the LIBOR thing, and I suggested the smart thing to do would be for me to touch base with you and Jamie. Will you be in the office tomorrow? From: Friedman, Timothy [mailto:Timothy.Friedman@fhfa.gov] Sent: Wednesday, August 08, 2012 8:42 AM To: Lee, Timothy Subject: Re: Are you in the office today? Hi, Tim. I'm at FNM today on an exam. What can I help you with? From : Timothy Lee Sent : Wednesday, August 08, 2012 08:35 AM To : Friedman, Timothy Subject : Are you in the office today? If so, could I swing by for a moment? Thanks, Tim Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error. Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error: permanently delete the e-mail and any attachments, and do not save, copy, disclose, or rely on any part of the information contained in this e-mail or its attachments. Please call 202-649-3800 if you have questions.

LIBOR complaints

Item ID:	31584
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	LIBOR complaints
Sent:	August 8, 2012 11:19 AM
Received:	August 8, 2012 11:19 AM

http://www.lieffcabraser.com/media/pnc/4/media.904.pdf
http://newsandinsight.thomsonreuters.com/uploadedFiles/Reuters_Content/2012/05_-_May/Libor_Consolidated_Amended_Complaint.pdf
http://www.whafh.com/modules/case/docs/3020_cid_3_Initial%20Complaint.pdf
http://clients.oakbridgeins.com/clients/blog/liboratcomp.pdf http://clients.oakbridgeins.com/clients/blog/libor51.pdf
http://clients.oakbridgeins.com/clients/blog/libor86.pdf There are also some claims filed based in antritrust violations, but I don’t think that’s what you’re interested in.

Follow-up

Item ID: 31585

From: Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>

To: (b) (6)

Subject: Follow-up

Sent: August 8, 2012 12:39 PM

Received: August 8, 2012 12:39 PM

Hi (b) (6), As a follow-up, I would like to arrange a short conversation with the right person, perhaps (b) (6), to discuss Fannie's view of any impact the LIBOR episode featuring Barclays et al may have on the company, and whether it has considered any steps to date. Thanks as always for your help. Best, Tim

RE: Tim, would you please send the questions you'd have for [redacted] by return e-mail

Item ID:	31586
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted]
Subject:	RE: Tim, would you please send the questions you'd have for [redacted] by return e-mail
Sent:	August 8, 2012 2:20 PM
Received:	August 8, 2012 2:20 PM

It’s a brief call centering on whether Freddie has given thought, at this point, to any possible impact on the firm from the LIBOR scandal or possible steps. From: [redacted] Sent: Wednesday, August 08, 2012 2:18 PM To: Lee, Timothy Subject: Tim, would you please send the questions you'd have for [redacted] by return e-mail Tim, I'm trying to see if I can set up a conference call over the next couple of days. If I can't get on the schedule for Friday morning, how do Monday and Tuesday look for you. Please send the questions by return e-mail, as I'd like to run them by [redacted] and our counsel prior. Thanks, [redacted] Jones Branch Dr., MS 434 McLean, VA 22102

Attachment #1

image001.gif

Image

Freddie Mac

We make home possible ®

Attachment #2
image002.gif
Image

LIBOR

Item ID:	31587
Sent:	August 8, 2012 3:49 PM
Received:	August 8, 2012 3:49 PM
Type:	Calendar Entry

Accepted: LIBOR/Barclays Call

Item ID:	31588
Sent:	August 8, 2012 3:52 PM
Received:	August 8, 2012 3:52 PM
Type:	Calendar Entry

LIBOR

Item ID:	31589
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	LIBOR
Sent:	August 8, 2012 4:16 PM
Received:	August 8, 2012 4:16 PM

Hi Old Salt, Per our conversation, I have a phone call lined up with Freddie for tomorrow afternoon. Fannie promises to get back to me with a time to speak as well. Tim

RE: LIBOR

Item ID:	31590
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: LIBOR
Sent:	August 8, 2012 4:20 PM
Received:	August 8, 2012 4:20 PM

HOOAH. Well done, Skipper. Keep me in the loop. Tx -R
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
8/8/2012 4:16 PM
To:
Parker, Richard
Subject:
LIBOR
Hi Old Salt,
Per our conversation, I have a phone call lined up with Freddie for tomorrow afternoon. Fannie promises to get back to me with a time to speak as well.
Tim

LIBOR

Item ID:	31591
Sent:	August 9, 2012 7:57 AM
Received:	August 9, 2012 7:57 AM
Type:	Calendar Entry

LIBOR

Item ID: 31592
From: Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To: Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Cc: DiSanto, Emilia </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d94639648c304c1d8447667da03493cb-Emilia DiSa>
Subject: LIBOR
Sent: August 9, 2012 10:07 AM
Received: August 9, 2012 10:07 AM

Hi Old Salt, Following up on an earlier, informal conversation with Tim Friedman upstairs, I caught up with him again this morning. [redacted] (b) (5) Pollard.) [redacted] (b) (5). Separate conversations are scheduled for this afternoon at Freddie Mac and pending at Fannie Mae. Stand by. Tim

RE: LIBOR

Item ID:	31595
From:	Parker, Richard [redacted] (b) (6)
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: LIBOR
Sent:	August 9, 2012 10:14 AM
Received:	August 9, 2012 10:14 AM

Great! Nice work. Pls stay on it. Tx-R
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
8/9/2012 10:07 AM
To:
Parker, Richard
Cc:
DiSanto, Emilia
Subject:
LIBOR
Hi Old Salt,
Following up on an earlier, informal conversation with Tim Friedman upstairs, I caught up with him again this morning.
[redacted] (b) (5) Pollard.)
[redacted] (b) (5)
Separate conversations are scheduled for this afternoon at Freddie Mac and pending at Fannie Mae. Stand by.
Tim

FW: Voice Mail from 2023537950 (31 seconds)

Item ID:	31594
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	FW: Voice Mail from [redacted] (31 seconds)
Sent:	August 9, 2012 10:16 AM
Received:	August 9, 2012 10:16 AM

Hi Old Salt, FYI. Tim PS. Note the bit about “Barkley’s manipulation.” Manipulating LIBOR? $200 million and up. Having a Chief Counsel who is more familiar with the 1990 Philadelphia 76ers than who the players are in fixed-income capital markets? Priceless. From: Stephens, Michael Sent: Thursday, August 09, 2012 9:28 AM To: Saddler, Bryan; Linick, Steve Cc: Emerzian, Peter; DiSanto, Emilia; Lee, Timothy; Seide, David Subject: RE: Voice Mail from [redacted] (31 seconds) [redacted] Tim Lee [redacted] Pollard [redacted] Peter, see the email string below. Bryan, [redacted] Peter’s [redacted] Thanks. From: Saddler, Bryan Sent: Wednesday, August 08, 2012 9:50 PM To: Stephens, Michael; Linick, Steve Subject: RE: Voice Mail from [redacted] (31 seconds) Cool. Thanks. Sent from my Windows Phone From: Stephens, Michael Sent: 8/8/2012 8:22 PM To: Linick, Steve; Saddler, Bryan Subject: RE: Voice Mail from [redacted] (31 seconds) [redacted] Sent from my Windows Phone From: Linick, Steve Sent: 8/8/2012 7:45 PM To: Saddler, Bryan Cc: Stephens, Michael Subject: RE: Voice Mail from [redacted] (31 seconds) Tx for reminding me. I think Mike and Peter [redacted] I know Mike has been asked about this issue by rmbs task force. Mike [redacted] Sent from my Windows Phone From: Saddler, Bryan Sent: 8/8/2012 11:13 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steven: [redacted] Pollard)? Thanks, B From: Saddler, Bryan Sent: Thursday, July 26, 2012 8:49 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steve: Attached is an voicemail from [redacted]; you remember him, yes? [redacted] Alfred [redacted] Thanks, Bryan From: Microsoft Outlook On Behalf Of [redacted] Sent: Wednesday, July 25, 2012 4:29 PM To: Saddler, Bryan Subject: Voice Mail from [redacted] (31 seconds) Voice Mail Preview: Bryan go ahead cougher from the department justice I'm calling on and [redacted] we have a moment would you give me a call at [redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye. Created by Microsoft Speech Technology. Learn More... You received a voice mail from [redacted]

Accepted: LIBOR

Item ID:	31596
Sent:	August 9, 2012 11:26 AM
Received:	August 9, 2012 11:26 AM
Type:	Calendar Entry

Libor

Item ID:	31597
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Cc:	DiSanto, Emilia </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d94639648c304c1d8447667da03493cb-Emilia DiSa>, Rhinesmith, Alan </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=98d654fcd31f48f7887a69bf4cc5b12d-Alan Rhines>
Subject:	Libor
Sent:	August 9, 2012 4:31 PM
Received:	August 9, 2012 4:31 PM

Hi Old Salt, Just off the phone with [redacted] (b) (6) at Fannie Mae. [redacted] (b) (5). Freddie Mac called back and pushed for mid-next week on their call. I noted that all I want is 15 minutes, but there is a possibility that I may be unable to get them on the phone this week. Still working the problem. Tim

RE: Libor

Item ID: 31598
From: Parker, Richard (b) (6) [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject: RE: Libor
Sent: August 9, 2012 4:47 PM
Received: August 9, 2012 4:47 PM

Oustanding. Tx, Skipper
Sent from my Windows Phone
From:
Lee, Timothy
Sent:
8/9/2012 4:31 PM
To:
Parker, Richard
Cc:
DiSanto, Emilia; Rhinesmith, Alan
Subject:
Libor
Hi Old Salt,
Just off the phone with (b) (6) [redacted] at Fannie Mae. (b) (5) [redacted]
Freddie Mac called back and pushed for mid-next week on their call. I noted that all I want is 15 minutes, but there is a possibility that I may be unable to get them on the phone this week. Still working the problem.
Tim

FW: Voice Mail from [redacted] (31 seconds)

Item ID: 31599
From: Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To: Bloch, David </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=fad4faf3677f4ce297d7bfaaed3a13ef-David Bloch>
Subject: FW: Voice Mail from [redacted] (31 seconds)
Sent: August 10, 2012 7:54 AM
Received: August 10, 2012 7:54 AM

I'll fill you in on this upon your return. From: Stephens, Michael Sent: Thursday, August 09, 2012 8:02 PM To: DiSanto, Emilia; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter Cc: Lee, Timothy; Parker, Richard Subject: RE: Voice Mail from [redacted] (31 seconds) I need better than this. What is the cause and affect. Thanks Sent from my Windows Phone From: DiSanto, Emilia Sent: 8/9/2012 5:11 PM To: Stephens, Michael; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter Cc: Lee, Timothy; Parker, Richard; DiSanto, Emilia Subject: RE: Voice Mail from [redacted] (31 seconds) Tim had a conversation with Fannie today on LIBOR. The short answer according to Tim is [redacted] The conversation with Freddie is likely to happen next week. em From: Stephens, Michael Sent: Thursday, August 09, 2012 9:28 AM To: Saddler, Bryan; Linick, Steve Cc: Emerzian, Peter; DiSanto, Emilia; Lee, Timothy; Seide, David Subject: RE: Voice Mail from [redacted] (31 seconds) [redacted] Tim Lee [redacted] I emailed Pollard but have not received a reply. Peter, see the email string below. Bryan, I think [redacted] [redacted] [redacted] Peter's [redacted]. Thanks. From: Saddler, Bryan Sent: Wednesday, August 08, 2012 9:50 PM To: Stephens, Michael; Linick, Steve Subject: RE: Voice Mail from [redacted] (31 seconds) Cool. Thanks. Sent from my Windows Phone From: Stephens, Michael Sent: 8/8/2012 8:22 PM To: Linick, Steve; Saddler, Bryan Subject: RE: Voice Mail from [redacted] (31 seconds) Yes.have made progress on this issue. [redacted] Sent from my Windows Phone From: Linick, Steve Sent: 8/8/2012 7:45 PM To: Saddler, Bryan Cc: Stephens, Michael Subject: RE: Voice Mail from 2023537950 (31 seconds) Tx for reminding me. I think Mike and Peter [redacted] [redacted] I know Mike has been asked about this issue by rmbs task force. Mike, can you run with this Sent from my Windows Phone From: Saddler, Bryan Sent: 8/8/2012 11:13 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steven: [redacted] Pollard)? Thanks, B From: Saddler, Bryan Sent: Thursday, July 26, 2012 8:49 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steve: Attached is an voicemail from [redacted]; you remember him, yes? [redacted] Alfred [redacted] Thanks, Bryan From: Microsoft Outlook On Behalf Of [redacted] Sent: Wednesday, July 25, 2012 4:29 PM To: Saddler, Bryan Subject: Voice Mail from [redacted] (31 seconds) Voice Mail Preview: Bryan go ahead cougher from the department justice [redacted] we have a moment would you give me a call at [redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye. Created by Microsoft Speech Technology. Learn More... You received a voice mail from [redacted] Caller-Id:

(b) (6)

FW: Voice Mail from [redacted] (31 seconds)

Item ID:	31600
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	FW: Voice Mail from 2023537950 (31 seconds)
Sent:	August 10, 2012 8:09 AM
Received:	August 10, 2012 8:09 AM

Hi Old Salt, Heads up that this came across the tape. I have to confess that it's unclear to me what "cause and affect[sic]" refer to in this context. With respect to "need[ing] better than this", my frank view [redacted] It's on the radar at FHFA and the Enterprises, as it should be, [redacted] and I agree with that. [redacted] Tim From: Stephens, Michael Sent: Thursday, August 09, 2012 8:02 PM To: DiSanto, Emilia; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter Cc: Lee, Timothy; Parker, Richard Subject: RE: Voice Mail from [redacted] (31 seconds) I need better than this. What is the cause and affect. Thanks Sent from my Windows Phone From: DiSanto, Emilia Sent: 8/9/2012 5:11 PM To: Stephens, Michael; Saddler, Bryan; Linick, Steve; Seide, David; Emerzian, Peter Cc: Lee, Timothy; Parker, Richard; DiSanto, Emilia Subject: RE: Voice Mail from [redacted] (31 seconds) Tim had a conversation with Fannie today on LIBOR. The short answer according to Tim is [redacted] The conversation with Freddie is likely to happen next week. em From: Stephens, Michael Sent: Thursday, August 09, 2012 9:28 AM To: Saddler, Bryan; Linick, Steve Cc: Emerzian, Peter; DiSanto, Emilia; Lee, Timothy; Seide, David Subject: RE: Voice Mail from [redacted] (31 seconds) [redacted] Tim Lee [redacted] I emailed Pollard but have not received a reply. Peter, see the email string below. Bryan, [redacted] [redacted] [redacted] Peter's [redacted] Thanks. From: Saddler, Bryan Sent: Wednesday, August 08, 2012 9:50 PM To: Stephens, Michael; Linick, Steve Subject: RE: Voice Mail from [redacted] (31 seconds) Cool. Thanks. Sent from my Windows Phone From: Stephens, Michael Sent: 8/8/2012 8:22 PM To: Linick, Steve; Saddler, Bryan Subject: RE: Voice Mail from [redacted] (31 seconds) Yes.have made progress on this issue. Will inform doj Sent from my Windows Phone From: Linick, Steve Sent: 8/8/2012 7:45 PM To: Saddler, Bryan Cc: Stephens, Michael Subject: RE: Voice Mail from [redacted] (31 seconds) Tx for reminding me. I think Mike and Peter [redacted] [redacted] I know Mike has been asked about this issue by rmbs task force. Mike, can you run with this Sent from my Windows Phone From: Saddler, Bryan Sent: 8/8/2012 11:13 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steven: It dawned on me that I have not gotten back to [redacted] about his inquiry. [redacted]

[redacted] Pollard)? Thanks, B From: Saddler, Bryan Sent: Thursday, July 26, 2012 8:49 AM To: Linick, Steve Cc: Stephens, Michael Subject: FW: Voice Mail from [redacted] (31 seconds) Steve: Attached is an voicemail from [redacted] you remember him, yes? [redacted] Alfred [redacted] Thanks, Bryan From: Microsoft Outlook On Behalf Of [redacted] Sent: Wednesday, July 25, 2012 4:29 PM To: Saddler, Bryan Subject: Voice Mail from [redacted] (31 seconds) Voice Mail Preview: Bryan go ahead cougher from the department justice I'm calling on and [redacted] we have a moment would you give me a call at [redacted] and perhaps you could put me in touch with the right people to talk to you thanks bye. Created by Microsoft Speech Technology. Learn More... You received a voice mail from [redacted]

thanks

Item ID: 31601
From: DiSanto, Emilia [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: Parker, Richard [redacted]
Subject: thanks
Sent: August 10, 2012 9:37 AM
Received: August 10, 2012 9:37 AM

You did a terrific job presenting mike with your thoughts on LIBOR..touche!

RE: thanks

Item ID:	31602
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	DiSanto, Emilia </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d94639648c304c1d8447667da03493cb-Emilia DiSa>
Cc:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	RE: thanks
Sent:	August 10, 2012 9:39 AM
Received:	August 10, 2012 9:39 AM

Always happy to help! From: DiSanto, Emilia Sent: Friday, August 10, 2012 9:38 AM To: Lee, Timothy Cc: Parker, Richard Subject: thanks You did a terrific job presenting mike with your thoughts on LIBOR..touche!

Libor

Item ID: 31603
From: Stephens, Michael [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: DiSanto, Emilia [redacted]
Subject: Libor
Sent: August 10, 2012 9:54 AM
Received: August 10, 2012 9:54 AM

I left a message for [redacted]. I told him you would call him and feel free to have an open discussion with him. Thanks.

FW: Libor

Item ID:	31604
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>
Subject:	FW: Libor
Sent:	August 10, 2012 9:57 AM
Received:	August 10, 2012 9:57 AM

Hi Peter, Just got this and it's apropos. Could I swing by for a 10 minute conversation when you free up? Tim From: Stephens, Michael Sent: Friday, August 10, 2012 9:54 AM To: Lee, Timothy Cc: DiSanto, Emilia Subject: Libor I left a message for [redacted] (b) (6). I told him you would call him and feel free to have an open discussion with him. Thanks.

RE: Libor

Item ID:	31606
From:	Emerzian, Peter <Peter.Emerzian@fhfaoig.gov>
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Libor
Sent:	August 10, 2012 9:58 AM
Received:	August 10, 2012 9:58 AM

yes From: Lee, Timothy Sent: Friday, August 10, 2012 9:58 AM To: Emerzian, Peter Subject: FW: Libor Hi Peter, Just got this and it's apropos. Could I swing by for a 10 minute conversation when you free up? Tim From: Stephens, Michael Sent: Friday, August 10, 2012 9:54 AM To: Lee, Timothy Cc: DiSanto, Emilia Subject: Libor I left a message for [redacted] (b) (6). I told him you would call him and feel free to have an open discussion with him. Thanks.

Attachment #1
image001.png
Image

Peter C. Emerzian
Deputy Inspector General for Investigations
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024
Office: [redacted] (b) (6)
Mobile: [redacted]

RE: Libor

Item ID:	31607
From:	DiSanto, Emilia [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: Libor
Sent:	August 10, 2012 10:13 AM
Received:	August 10, 2012 10:13 AM

Tim—be sure you have another person present during the conversation please From: Stephens, Michael Sent: Friday, August 10, 2012 9:54 AM To: Lee, Timothy Cc: DiSanto, Emilia Subject: Libor I left a message for [redacted]. I told him you would call him and feel free to have an open discussion with him. Thanks.

RE: Libor

Item ID:	31608
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	DiSanto, Emilia </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d94639648c304c1d8447667da03493cb-Emilia DiSa>
Subject:	RE: Libor
Sent:	August 10, 2012 10:30 AM
Received:	August 10, 2012 10:30 AM

Will strive to set up a time with [redacted] early next week, as I've lined up this afternoon for errands. Have already reached out to Peter Emerzian about finding a suitable conversation partner. From: DiSanto, Emilia Sent: Friday, August 10, 2012 10:14 AM To: Lee, Timothy Subject: RE: Libor Tim—be sure you have another person present during the conversation please From: Stephens, Michael Sent: Friday, August 10, 2012 9:54 AM To: Lee, Timothy Cc: DiSanto, Emilia Subject: Libor I left a message for [redacted]. I told him you would call him and feel free to have an open discussion with him. Thanks.

LIBOR conversation with DOJ

Item ID:	31609
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Stephens, Michael </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=2da0367840de4f2c8c5ac168562ab556-Michael Ste>
Cc:	DiSanto, Emilia </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d94639648c304c1d8447667da03493cb-Emilia DiSa>, Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>, Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>, [redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81-[redacted]>
Subject:	LIBOR conversation with DOJ
Sent:	August 10, 2012 11:43 AM
Received:	August 10, 2012 11:43 AM

Hi Mike, [redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: LIBOR conversation with DOJ

Item ID:	31610
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Stephens, Michael [redacted]
Cc:	DiSanto, Emilia [redacted], Emerzian, Peter [redacted], [redacted]
Subject:	RE: LIBOR conversation with DOJ
Sent:	August 10, 2012 11:51 AM
Received:	August 10, 2012 11:51 AM

Tim,

Continued good staff work. Let me know if I need to shift around your other priorities to keep this effort on track. Keel it up. Tx,

Rich

Sent from my Windows Phone

From:

Lee, Timothy

Sent:

8/10/2012 11:43 AM

To:

Stephens, Michael

Cc:

DiSanto, Emilia; Parker, Richard; Emerzian, Peter; [redacted]

Subject:

LIBOR conversation with DOJ

Hi Mike,

[redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation.

Tim

Timothy Lee

Senior Policy Advisor, FHFA-OIG

202-730-2821

RE: LIBOR conversation with DOJ

Item ID: 31619
From: Stephens, Michael [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: DiSanto, Emilia [redacted], Parker, Richard [redacted], Emerzian, Peter [redacted]
Subject: RE: LIBOR conversation with DOJ
Sent: August 10, 2012 1:26 PM
Received: August 10, 2012 1:26 PM

Excellent. Thank you From: Lee, Timothy Sent: Friday, August 10, 2012 11:44 AM To: Stephens, Michael Cc: DiSanto, Emilia; Parker, Richard; Emerzian, Peter; [redacted] Subject: LIBOR conversation with DOJ Hi Mike, [redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: LIBOR conversation with DOJ

Item ID:	31618
From:	Stephens, Michae [redacted]
To:	Parker, Richard [redacted], Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	DiSanto, Emilia [redacted], Emerzian, Peter [redacted]
Subject:	RE: LIBOR conversation with DOJ
Sent:	August 10, 2012 1:33 PM
Received:	August 10, 2012 1:33 PM

Rich, I think a discussion with Civil is all we need at this time. Please set up a meeting with Steve next week to discuss, Em and Tim are up on it. Invite OI From: Parker, Richard Sent: Friday, August 10, 2012 11:52 AM To: Lee, Timothy; Stephens, Michael Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Tim, Continued good staff work. Let me know if I need to shift around your other priorities to keep this effort on track. Keel it up. Tx, Rich Sent from my Windows Phone From: Lee, Timothy Sent: 8/10/2012 11:43 AM To: Stephens, Michael Cc: DiSanto, Emilia; Parker, Richard; Emerzian, Peter; [redacted] Subject: LIBOR conversation with DOJ Hi Mike, [redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: LIBOR conversation with DOJ

Item ID: 31617
From: Parker, Richard [redacted]
To: Stephens, Michael [redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: DiSanto, Emilia [redacted] Emerzian, Peter [redacted]
Subject: RE: LIBOR conversation with DOJ
Sent: August 10, 2012 1:34 PM
Received: August 10, 2012 1:34 PM

Roger all. Will do. - R From: Stephens, Michael Sent: Friday, August 10, 2012 1:33 PM To: Parker, Richard; Lee, Timothy Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Rich, I think a discussion with Civil is all we need at this time. Please set up a meeting with Steve next week to discuss, Em and Tim are up on it. Invite OI From: Parker, Richard Sent: Friday, August 10, 2012 11:52 AM To: Lee, Timothy; Stephens, Michael Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Tim, Continued good staff work. Let me know if I need to shift around your other priorities to keep this effort on track. Keel it up. Tx, Rich Sent from my Windows Phone From: Lee, Timothy Sent: 8/10/2012 11:43 AM To: Stephens, Michael Cc: DiSanto, Emilia; Parker, Richard; Emerzian, Peter; [redacted] Subject: LIBOR conversation with DOJ Hi Mike, [redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

FW: LIBOR conversation with DOJ

Item ID:	31616
From:	Parker, Richard [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	[redacted]
Subject:	FW: LIBOR conversation with DOJ
Sent:	August 10, 2012 1:36 PM
Received:	August 10, 2012 1:36 PM

Tim, [redacted]: See the below. Pls make this happen for me. Work it out amongst you as you see fit. Tim has the lead. Need feedback by COB. Tx, Rich From: Stephens, Michael Sent: Friday, August 10, 2012 1:33 PM To: Parker, Richard; Lee, Timothy Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Rich, I think a discussion with Civil is all we need at this time. Please set up a meeting with Steve next week to discuss, Em and Tim are up on it. Invite OI From: Parker, Richard Sent: Friday, August 10, 2012 11:52 AM To: Lee, Timothy; Stephens, Michael Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Tim, Continued good staff work. Let me know if I need to shift around your other priorities to keep this effort on track. Keel it up. Tx, Rich Sent from my Windows Phone From: Lee, Timothy Sent: 8/10/2012 11:43 AM To: Stephens, Michael Cc: DiSanto, Emilia; Parker, Richard; Emerzian, Peter; [redacted] Subject: LIBOR conversation with DOJ Hi Mike [redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

FW: LIBOR conversation with DOJ

Item ID:	31615
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>, [redacted]
Subject:	FW: LIBOR conversation with DOJ
Sent:	August 10, 2012 1:39 PM
Received:	August 10, 2012 1:39 PM

Tim, Would you like me to work with [redacted] to schedule a good time on Steve's calendar? If so, Please provide me with a list of all those who should be on the invite (I am not familiar with people in investigations). Thank you! Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error, permanently delete the e-mail and any attachments; and do not save, copy, disclose, or use any part of the information contained therein. Call the sender if you have questions. From: Parker, Richard Sent: Friday, August 10, 2012 1:36 PM To: Lee, Timothy Cc: [redacted] Subject: FW: LIBOR conversation with DOJ Tim, [redacted]: See the below. Pls make this happen for me. Work it out amongst you as you see fit. Tim has the lead. Need feedback by COB. Tx, Rich From: Stephens, Michael Sent: Friday, August 10, 2012 1:33 PM To: Parker, Richard; Lee, Timothy Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Rich, I think a discussion with Civil is all we need at this time. Please set up a meeting with Steve next week to discuss, Em and Tim are up on it. Invite OI From: Parker, Richard Sent: Friday, August 10, 2012 11:52 AM To: Lee, Timothy; Stephens, Michael Cc: DiSanto, Emilia; Emerzian, Peter [redacted] Subject: RE: LIBOR conversation with DOJ Tim, Continued good staff work. Let me know if I need to shift around your other priorities to keep this effort on track. Keel it up. Tx, Rich Sent from my Windows Phone From: Lee, Timothy Sent: 8/10/2012 11:43 AM To: Stephens, Michael Cc: DiSanto, Emilia; Parker, Richard; Emerzian, Peter; [redacted] Subject: LIBOR conversation with DOJ Hi Mike, [redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Attachment #1

image001.png

Image

[redacted]
Program Specialist
Office of Inspector General
Federal Housing Finance Agency
400 7th Street, SW, Room 3.265
Washington, DC 20024
Office: [redacted]
Mobile: [redacted]

FW: LIBOR conversation with DOJ

Item ID: 31613
From: [redacted]
To: [redacted]
Cc: [redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>, Parker, Richard [redacted]
Subject: FW: LIBOR conversation with DOJ
Sent: August 10, 2012 3:24 PM
Received: August 10, 2012 3:24 PM

[redacted] We would like to add an appointment on Steve's calendar for this meeting once Tim learns the availability of the DOJ representatives. It looks like the best times for the FHFA-OIG participants are 3:00 and 4:00 on Monday and 10:00 and 11:00 on Tuesday. Do you know if these times would work for Steve? Thank you, Jon From: Parker, Richard Sent: Friday, August 10, 2012 1:36 PM To: Lee, Timothy Cc: [redacted] Subject: FW: LIBOR conversation with DOJ Tim, [redacted]: See the below. Pls make this happen for me. Work it out amongst you as you see fit. Tim has the lead. Need feedback by COB. Tx, Rich From: Stephens, Michael Sent: Friday, August 10, 2012 1:33 PM To: Parker, Richard; Lee, Timothy Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Rich, I think a discussion with Civil is all we need at this time. Please set up a meeting with Steve next week to discuss, Em and Tim are up on it. Invite OI From: Parker, Richard Sent: Friday, August 10, 2012 11:52 AM To: Lee, Timothy; Stephens, Michael Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Tim, Continued good staff work. Let me know if I need to shift around your other priorities to keep this effort on track. Keel it up. Tx, Rich Sent from my Windows Phone From: Lee, Timothy Sent: 8/10/2012 11:43 AM To: Stephens, Michael Cc: DiSanto, Emilia; Parker, Richard; Emerzian, Peter; [redacted] Subject: LIBOR conversation with DOJ Hi Mike [redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

FW: LIBOR conversation with DOJ

Item ID:	31612
From:	[redacted]
To:	[redacted]
Cc:	[redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	FW: LIBOR conversation with DOJ
Sent:	August 10, 2012 3:34 PM
Received:	August 10, 2012 3:34 PM

[redacted] I misunderstood the order of events on the meetings. We'll follow up with more information on Monday. Thanks, [redacted] From: Parker, Richard Sent: Friday, August 10, 2012 3:28 PM To: [redacted] Subject: RE: LIBOR conversation with DOJ [redacted], [redacted] Steve [redacted] Steve [redacted]. OK? Rich From: [redacted] Sent: Friday, August 10, 2012 3:24 PM To: [redacted]; Lee, Timothy; Parker, Richard Subject: FW: LIBOR conversation with DOJ [redacted] We would like to add an appointment on Steve's calendar for this meeting once Tim learns the availability of the DOJ representatives. It looks like the best times for the FHFA-OIG participants are 3:00 and 4:00 on Monday and 10:00 and 11:00 on Tuesday. Do you know if these times would work for Steve? Thank you, [redacted] From: Parker, Richard Sent: Friday, August 10, 2012 1:36 PM To: Lee, Timothy Cc: [redacted] Subject: FW: LIBOR conversation with DOJ Tim, [redacted] See the below. Pls make this happen for me. Work it out amongst you as you see fit. Tim has the lead. Need feedback by COB. Tx, Rich From: Stephens, Michael Sent: Friday, August 10, 2012 1:33 PM To: Parker, Richard; Lee, Timothy Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Rich, I think a discussion with Civil is all we need at this time. Please set up a meeting with Steve next week to discuss, Em and Tim are up on it. Invite OI From: Parker, Richard Sent: Friday, August 10, 2012 11:52 AM To: Lee, Timothy; Stephens, Michael Cc: DiSanto, Emilia; Emerzian, Peter; [redacted] Subject: RE: LIBOR conversation with DOJ Tim, Continued good staff work. Let me know if I need to shift around your other priorities to keep this effort on track. Keel it up. Tx, Rich Sent from my Windows Phone From: Lee, Timothy Sent: 8/10/2012 11:43 AM To: Stephens, Michael Cc: DiSanto, Emilia; Parker, Richard; Emerzian, Peter; [redacted] Subject: LIBOR conversation with DOJ Hi Mike [redacted] and I are going to line up a time to speak on Monday afternoon or Tuesday morning; he owes me suggested time slots. Peter and/or [redacted] will also plan to sit in on the conversation. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

DOJ / FHFA OIG meeting to discuss LIBOR

Item ID: 31611
From: [redacted]
To: Timothy.Lee@fhfaoig.gov
Cc: [redacted]
Subject: DOJ / FHFA OIG meeting to discuss LIBOR
Sent: August 10, 2012 4:52 PM
Received: August 10, 2012 4:52 PM

Tim â€“ Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I wonâ€™t know until Monday â€“ sorry). Thanks again for offering to meet with us. â€“[redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message.

FW: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31620
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	FW: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 7:49 AM
Received:	August 13, 2012 7:49 AM

From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim – Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I won't know until Monday – sorry). Thanks again for offering to meet with us. – [redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31621
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted]
Cc:	[redacted]
Subject:	RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 8:20 AM
Received:	August 13, 2012 8:20 AM

That's fine – let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim – Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I won't know until Monday – sorry). Thanks again for offering to meet with us. –[redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID: 31622
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>, [redacted]
Cc: [redacted]
Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent: August 13, 2012 9:37 AM
Received: August 13, 2012 9:37 AM

Is it possible that we can meet tomorrow starting sometime between 9:30 and 10:15? From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Thatâ€™s fine â€“ let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I wonâ€™t know until Monday â€“ sorry). Thanks again for offering to meet with us. â€“[redacted]* * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31624
From:	[redacted]
To:	[redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>, [redacted]
Cc:	[redacted]
Subject:	RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 9:40 AM
Received:	August 13, 2012 9:40 AM

I have calls at 10:00 a.m. and 2:00 p.m. on Tuesday and should allow an hour for each. [redacted] U.S. Department of Justice Civil Division, Fraud Section 601 D Street, N.W., [redacted] Washington, D.C. 20004 Telephone: [redacted] Facsimile: [redacted] E-Mail: [redacted] This e-mail (including any attachments) is intended for the use of the individual or entity to which it is addressed. It may contain information that is privileged, confidential, or otherwise protected by applicable law. If the reader of this e-mail is not the intended recipient or the employee or agent responsible for delivering the e-mail to the intended recipient, you are hereby notified that any dissemination, distribution, copying or use of this e-mail or its contents is strictly prohibited. If you have received this e-mail in error, please notify us immediately by replying to this message, and please destroy all copies of this e-mail. P Please consider the environment before printing this email From: [redacted] Sent: Monday, August 13, 2012 9:37 AM To: Lee, Timothy; [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Is it possible that we can meet tomorrow starting sometime between 9:30 and 10:15? From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Thatâ€™s fine â€“ let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I wonâ€™t know until Monday â€“ sorry). Thanks again for offering to meet with us. â€“ [redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

FW: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31625
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81-[redacted]>
Cc:	Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>
Subject:	FW: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 9:44 AM
Received:	August 13, 2012 9:44 AM

Hi [redacted] I'm inclined to tee up an 0930 meeting tomorrow. We only need half an hour. Originally I was thinking of a phone call, but if they're offering a meeting, in my view it's worth the trip to meet people in person. What do you think? Tim From: [redacted] Sent: Monday, August 13, 2012 9:37 AM To: Lee, Timothy; [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Is it possible that we can meet tomorrow starting sometime between 9:30 and 10:15? From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR That's fine – let me know about Tuesday morning when you have a chance. Best, Tim From [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted]) Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim – Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I won't know until Monday – sorry). Thanks again for offering to meet with us. – [redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31626
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 10:43 AM
Received:	August 13, 2012 10:43 AM

Tim â€“ It turns out Tuesday afternoon would work better for us â€“ does that work for you? Say at 3:30? If not, do you have time on Wednesday? Sorry this is proving difficult. Finally, do you by any chance have a phone number for Mike Stevens over there? He left me a message but no phone number. Thanks [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Thatâ€™s fine â€“ let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I wonâ€™t know until Monday â€“ sorry). Thanks again for offering to meet with us. â€‘[redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31627
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted]
Cc:	[redacted]
Subject:	RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 10:50 AM
Received:	August 13, 2012 10:50 AM

Hi [redacted], You know, I was just about to propose 9:30 tomorrow morning. I doubt we would need much more than half an hour. [redacted] suggested a meeting – we can be by your offices if that is helpful. Tim From: [redacted] Sent: Monday, August 13, 2012 10:44 AM To: Lee, Timothy Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Tim – It turns out Tuesday afternoon would work better for us – does that work for you? Say at 3:30? If not, do you have time on Wednesday? Sorry this is proving difficult. Finally, do you by any chance have a phone number for Mike Stevens over there? He left me a message but no phone number. Thanks - [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] (CIV) Cc: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR That's fine – let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim – Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I won't know until Monday – sorry). Thanks again for offering to meet with us. –[redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31628
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	[redacted]
Subject:	RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 10:54 AM
Received:	August 13, 2012 10:54 AM

Let me see if I can move my other 9:30 call. I think I probably can. I will tell you as soon as I know. It would be great if you can come over here. From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 10:50 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Hi [redacted], You know, I was just about to propose 9:30 tomorrow morning. I doubt we would need much more than half an hour. [redacted] suggested a meeting â€“ we can be by your offices if that is helpful. Tim From [redacted] Sent: Monday, August 13, 2012 10:44 AM To: Lee, Timothy Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ It turns out Tuesday afternoon would work better for us â€“ does that work for you? Say at 3:30? If not, do you have time on Wednesday? Sorry this is proving difficult. Finally, do you by any chance have a phone number for Mike Stevens over there? He left me a message but no phone number. Thanks - [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Thatâ€™s fine â€“ let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I wonâ€™t know until Monday â€“ sorry). Thanks again for offering to meet with us. â€“[redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31629
From:	[redacted]
To:	[redacted] Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc:	[redacted]
Subject:	RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 11:09 AM
Received:	August 13, 2012 11:09 AM

I could meet at 9:30 here, as well, with the caveat that I will need to leave by 10:00 a.m. Thanks. [redacted] U.S. Department of Justice Civil Division, Fraud Section 601 D Street, N.W., [redacted] Washington, D.C. 20004 Telephone: [redacted] Facsimile: [redacted] E-Mail: [redacted] This e-mail (including any attachments) is intended for the use of the individual or entity to which it is addressed. It may contain information that is privileged, confidential, or otherwise protected by applicable law. If the reader of this e-mail is not the intended recipient or the employee or agent responsible for delivering the e-mail to the intended recipient, you are hereby notified that any dissemination, distribution, copying or use of this e-mail or its contents is strictly prohibited. If you have received this e-mail in error, please notify us immediately by replying to this message, and please destroy all copies of this e-mail. P Please consider the environment before printing this email From: [redacted] Sent: Monday, August 13, 2012 10:54 AM To: Lee, Timothy Cc: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Let me see if I can move my other 9:30 call. I think I probably can. I will tell you as soon as I know. It would be great if you can come over here. From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 10:50 AM To: [redacted] Cc: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Hi [redacted] You know, I was just about to propose 9:30 tomorrow morning. I doubt we would need much more than half an hour. [redacted] suggested a meeting â€“ we can be by your offices if that is helpful. Tim From: [redacted] Sent: Monday, August 13, 2012 10:44 AM To: Lee, Timothy Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ It turns out Tuesday afternoon would work better for us â€“ does that work for you? Say at 3:30? If not, do you have time on Wednesday? Sorry this is proving difficult. Finally, do you by any chance have a phone number for Mike Stevens over there? He left me a message but no phone number. Thanks - [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Thatâ€™s fine â€“ let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I wonâ€™t know until Monday â€“ sorry). Thanks again for offering to meet with us. â€‘[redacted] * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). 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If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

Accepted: Invitation: Conference call: FHFA - OIG - Question re: LIBOR (Aug 15 09:45 AM EDT in [redacted], passcode 7012809)

Item ID:	31630
Sent:	August 13, 2012 12:09 PM
Received:	August 13, 2012 12:09 PM
Type:	Calendar Entry

FW: Invitation: Conference call: FHFA - OIG - Question re: LIBOR (Aug 15 09:45 AM EDT in [redacted], passcode 7012809)

Item ID:	31632
Sent:	August 13, 2012 12:10 PM
Received:	August 13, 2012 12:10 PM
Type:	Calendar Entry

Care to sit in on this with me?
-----Original Appointment-----
From: [redacted]]
Sent: Monday, August 13, 2012 12:09 PM
To [redacted]/HQ/FHLMC; Lee, Timothy
Cc: [redacted]/HQ/FHLMC
Subject: Invitation: Conference call: FHFA - OIG - Question re: LIBOR (Aug 15 09:45 AM EDT in [redacted], passcode 7012809)
When: Wednesday, August 15, 2012 9:45 AM-10:00 AM Eastern.
Where: [redacted], passcode 7012809

Accepted: Invitation: Conference call: FHFA - OIG - Question re: LIBOR (Aug 15 09:45 AM EDT in [redacted], passcode 7012809)

Item ID:	31633
Sent:	August 13, 2012 12:11 PM
Received:	August 13, 2012 12:11 PM
Type:	Calendar Entry

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID: 31634
From: [redacted]
To: Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Cc: [redacted]
Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent: August 13, 2012 12:16 PM
Received: August 13, 2012 12:16 PM

Tim - Tomorrow at 9:30 would be fine. It would be great if you can come here. Ask for me at security and I will come down to collect you. -[redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 10:50 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Hi [redacted], You know, I was just about to propose 9:30 tomorrow morning. I doubt we would need much more than half an hour. [redacted] suggested a meeting â€“ we can be by your offices if that is helpful. Tim From: [redacted] Sent: Monday, August 13, 2012 10:44 AM To: Lee, Timothy Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ It turns out Tuesday afternoon would work better for us â€“ does that work for you? Say at 3:30? If not, do you have time on Wednesday? Sorry this is proving difficult. Finally, do you by any chance have a phone number for Mike Stevens over there? He left me a message but no phone number. Thanks - [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Thatâ€™s fine â€“ let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I wonâ€™t know until Monday â€“ sorry). Thanks again for offering to meet with us. â€“[redacted] * * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31635
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted]
Cc:	[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81-[redacted]>, Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>
Subject:	RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 12:17 PM
Received:	August 13, 2012 12:17 PM

H[redacted] Great. My colleague [redacted] will be joining us. What's the street address? Best, Tim From: [redacted] Sent: Monday, August 13, 2012 12:16 PM To: Lee, Timothy Cc: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Tim - Tomorrow at 9:30 would be fine. It would be great if you can come here. Ask for me at security and I will come down to collect you. -[redacted]From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 10:50 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Hi[redacted] You know, I was just about to propose 9:30 tomorrow morning. I doubt we would need much more than half an hour. [redacted] suggested a meeting – we can be by your offices if that is helpful. Tim From: [redacted] Sent: Monday, August 13, 2012 10:44 AM To: Lee, Timothy Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Tim – It turns out Tuesday afternoon would work better for us – does that work for you? Say at 3:30? If not, do you have time on Wednesday? Sorry this is proving difficult. Finally, do you by any chance have a phone number for Mike Stevens over there? He left me a message but no phone number. Thanks -[redacted]From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR That's fine – let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim – Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I won't know until Monday – sorry). Thanks again for offering to meet with us. – [redacted]* * * * * [redacted] Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.

RE: DOJ / FHFA OIG meeting to discuss LIBOR

Item ID:	31636
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: DOJ / FHFA OIG meeting to discuss LIBOR
Sent:	August 13, 2012 12:18 PM
Received:	August 13, 2012 12:18 PM

601 D Street, N.W. Washington, D.C. 20004 From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 12:17 PM To: [redacted] Emerzian, Peter Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Hi [redacted], Great. My colleague [redacted] will be joining us. Whatâ€™s the street address? Best, Tim From: [redacted] Sent: Monday, August 13, 2012 12:16 PM To: Lee, Timothy Cc: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Tim - Tomorrow at 9:30 would be fine. It would be great if you can come here. Ask for me at security and I will come down to collect you. - [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 10:50 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Hi [redacted] You know, I was just about to propose 9:30 tomorrow morning. I doubt we would need much more than half an hour. [redacted] suggested a meeting â€“ we can be by your offices if that is helpful. Tim From: [redacted] Sent: Monday, August 13, 2012 10:44 AM To: Lee, Timothy Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ It turns out Tuesday afternoon would work better for us â€“ does that work for you? Say at 3:30? If not, do you have time on Wednesday? Sorry this is proving difficult. Finally, do you by any chance have a phone number for Mike Stevens over there? He left me a message but no phone number. Thanks - [redacted] From: Lee, Timothy [mailto:Timothy.Lee@fhfaoig.gov] Sent: Monday, August 13, 2012 8:20 AM To: [redacted] Subject: RE: DOJ / FHFA OIG meeting to discuss LIBOR Thatâ€™s fine â€“ let me know about Tuesday morning when you have a chance. Best, Tim From: [redacted] Sent: Friday, August 10, 2012 4:52 PM To: Lee, Timothy Cc: [redacted] Subject: DOJ / FHFA OIG meeting to discuss LIBOR Tim â€“ Monday afternoon is unfortunately not good for the people at this end. I will try to see if Tuesday morning would work (but I wonâ€™t know until Monday â€“ sorry). Thanks again for offering to meet with us. â€“ [redacted] * * * * * [redacted] I Civil Division, Commercial Litigation Branch, Frauds Section United States Department of Justice Patrick Henry Building [redacted] 601 D. Street, N.W. Washington, D.C. 20004 [redacted] The information contained in this e-mail message is intended only for the personal and confidential use of the recipient(s) named above. This message may be an attorney-client communication and/or work product and as such is privileged and confidential. If the reader of this message is not the intended recipient or an agent responsible for delivering it to the intended recipient, you are hereby notified that you have received this document in error and that any review, dissemination, distribution, or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by e-mail and delete the original message. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error. Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any

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LIBOR meet and greet

Item ID:	31637
Sent:	August 13, 2012 12:19 PM
Received:	August 13, 2012 12:19 PM
Type:	Calendar Entry

LIBOR memo

Item ID:	31638
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted] (b) (6) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81-[redacted] (b) (6)
Cc:	Emerzian, Peter </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f50330ff35406f9fb12c708e959aeb-Peter Emerz>
Subject:	LIBOR memo
Sent:	August 13, 2012 1:18 PM
Received:	August 13, 2012 1:18 PM

Hi [redacted] (b) (6), Per our conversation, attached is the original memo from July 5. My thinking [redacted] (b) (5). I would like to know: · [redacted] (b) (5) We should [redacted] (b) (5). Happy to hear out your ideas and discuss further if you like; there are likely law enforcement aspects of this that you understand much better than I do. I tend to get into the office early in the summertime, so I will probably head out to the meeting from here. We can head over together if you like, or I will simply count on meeting you there. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Attachment #1

Libor Proposal.docx

Original view

2 pages (displayed on pages 3 to 4)

OFFICE OF INSPECTOR GENERAL

Federal Housing Finance Agency

400 7th Street, S.W., Washington DC 20024

5 July 2012

To	Richard Parker		
From	Timothy Lee		
Subject	Effect of LIBOR Bid-Rigging Investigation on Fannie Mae and Freddie Mac		
Cc	[redacted]	Peter Emerzian	Wesley Phillips
	[redacted]	[redacted]	
	Alan Rhinesmith	Simon Wu	

[redacted]

(b) (5)

[redacted]

Accepted: LIBOR meet and greet

Item ID:	31639
Sent:	August 13, 2012 3:57 PM
Received:	August 13, 2012 3:57 PM
Type:	Calendar Entry

RE: LIBOR memo

Item ID:	31643
From:	[redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	RE: LIBOR memo
Sent:	August 14, 2012 7:51 AM
Received:	August 14, 2012 7:51 AM

Tim: please call me so we may leave together. We can meet briefly before or talk about it while en route. Thanks, [redacted] Federal Housing Finance Agency Office of the Inspector General 400 7 th Street SW Washington, DC 20024 [redacted] -office [redacted] From: Lee, Timothy Sent: Monday, August 13, 2012 1:18 PM To [redacted] Cc: Emerzian, Peter Subject: LIBOR memo Hi [redacted], Per our conversation, attached is the original memo from July 5. My thinking is that [redacted]. I would like to know: · [redacted] We should also [redacted] Happy to hear out your ideas and discuss further if you like; there are likely law enforcement aspects of this that you understand much better than I do. I tend to get into the office early in the summertime, so I will probably head out to the meeting from here. We can head over together if you like, or I will simply count on meeting you there. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: LIBOR memo

Item ID:	31646
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted] (b) (6) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81-[redacted] (b) (6)>
Subject:	RE: LIBOR memo
Sent:	August 14, 2012 7:53 AM
Received:	August 14, 2012 7:53 AM

Will come by in about an hour From: [redacted] (b) (6) Sent: Tuesday, August 14, 2012 7:52 AM To: Lee, Timothy Subject: RE: LIBOR memo Tim: please call me so we may leave together. We can meet briefly before or talk about it while en route. Thanks, [redacted] (b) (6) Federal Housing Finance Agency Office of the Inspector General 400 7 th Street SW Washington, DC 20024 [redacted] (b) (6) From: Lee, Timothy Sent: Monday, August 13, 2012 1:18 PM To: Acevedo, Olga Cc: Emerzian, Peter Subject: LIBOR memo H[redacted] (b) (6) Per our conversation, attached is the original memo from July 5. My thinking [redacted] (b) (5) I would like to know: · [redacted] (b) (5) We should [redacted] (b) (5) Happy to hear out your ideas and discuss further if you like; there are likely law enforcement aspects of this that you understand much better than I do. I tend to get into the office early in the summertime, so I will probably head out to the meeting from here. We can head over together if you like, or I will simply count on meeting you there. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Invitation: Discussion w/FHFA OIG re: LIBOR (Aug 16 09:30 AM EDT in [redacted], passcode 7012809)

Item ID: 31649
Sent: August 14, 2012 8:53 AM
Received: August 14, 2012 8:53 AM
Type: Calendar Entry

LIBOR - DOJ meeting

Item ID:	31651
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Cc:	[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7c708af923dc48348ff2d1ae45bece6c-[redacted]>
Subject:	LIBOR - DOJ meeting
Sent:	August 14, 2012 12:38 PM
Received:	August 14, 2012 12:38 PM

Hi Old Salt, [redacted] and I sat down with DOJ this morning. Present at the meeting were [redacted] of the Commercial Litigation Branch. [redacted]. A few questions arose that I thought it best to put before the group: · [redacted] (I said that as a businessman, not a lawyer, I needed to fetch an answer to that question. It occurs to me that [redacted] or David Bloch, with their litigation backgrounds, may be well suited to contribute their views. [redacted].) · [redacted]. We should discuss. · [redacted] [redacted] [redacted] I will have [redacted] set up a briefing with Steve for additional discussion. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Accepted: Discussion of the DOJ Meeting on LIBOR

Item ID:	31652
Sent:	August 14, 2012 1:13 PM
Received:	August 14, 2012 1:13 PM
Type:	Calendar Entry

FW: Discussion of the DOJ Meeting on LIBOR

Item ID:	31653
Sent:	August 14, 2012 4:06 PM
Received:	August 14, 2012 4:06 PM
Type:	Calendar Entry

-----Original Appointment-----
From: Linick, Steve
Sent: Tuesday, August 14, 2012 1:09 PM
To: Linick, Steve; [redacted]; Lee, Timothy; Parker, Richard
Subject: Discussion of the DOJ Meeting on LIBOR
When: Wednesday, August 15, 2012 1:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: IG's Conference Room

DOJ LIBOR meeting

Item ID:	31654
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	DOJ LIBOR meeting
Sent:	August 14, 2012 4:08 PM
Received:	August 14, 2012 4:08 PM

Hi Rich, Attendees now include Steve, Mike, [redacted] (b) (6), you and me. If anyone should be added to the list, let me know. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Accepted: Invitation: Discussion w/FHFA OIG re: LIBOR (Aug 16 09:30 AM EDT in [redacted], passcode 7012809)

Item ID:	31655
Sent:	August 15, 2012 8:38 AM
Received:	August 15, 2012 8:38 AM
Type:	Calendar Entry

DRAFT note to DOJ as follow-up

Item ID:	31656
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Subject:	DRAFT note to DOJ as follow-up
Sent:	August 15, 2012 1:43 PM
Received:	August 15, 2012 1:43 PM

Hi (b) (6), [redacted] (b) (5) [redacted].

Regards, Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Attachment #1

LIBOR proposal.xlsx

Original view

2 pages (displayed on pages 3 to 4)

Cash Flow Shortfall from LIBOR Suppression

Enterprises Interest Rate Swaps

dollars in millions

Swap Notic	31-Dec-08	31-Mar-09	30-Jun-09	30-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10
Fannie Mae							
Pay Fixed S	546,916	620,850	650,447	435,693	382,600	315,857	317,259
Less: Recei	451,081	549,823	571,802	340,384	275,417	229,293	234,901
Plus: Basis	24,560	19,815	22,200	11,000	3,225	3,220	3,020
Net Receiv	120,395	90,842	100,845	106,309	110,408	89,784	85,378
Freddie Mac							
Less: Rece	266,685	336,207	284,244	320,458	271,403	255,940	349,545
Plus: Pay F	404,359	342,747	401,904	414,776	382,259	382,145	386,194
Plus: Basis Swaps		82,090	51,065	51,615	52,045	54,070	53,910
Net Receiv	137,674	88,630	168,725	145,933	162,901	180,275	90,559
Enterprises							
Net Receiv	258,069	179,472	269,570	252,242	273,309	270,059	175,937
Swap Cash Flow Shortfall - Quarterly Totals							
0.10%	64.5	44.9	67.4	63.1	68.3	67.5	44.0
0.20%	129.0	89.7	134.8	126.1	136.7	135.0	88.0
0.30%	193.6	134.6	202.2	189.2	205.0	202.5	132.0
0.40%	258.1	179.5	269.6	252.2	273.3	270.1	175.9
Swap Cash Flow Shortfall - Cumulative							
0.10%	64.5	109.4	176.8	239.8	308.2	375.7	419.7
0.20%	129.0	218.8	353.6	479.7	616.3	751.4	839.3
0.30%	193.6	328.2	530.3	719.5	924.5	1,127.0	1,259.0
0.40%	258.1	437.5	707.1	959.4	1,232.7	1,502.7	1,678.7

30-Sep-10	31-Dec-10	31-Mar-11	30-Jun-11	30-Sep-11	31-Dec-11	31-Mar-12	30-Jun-12
296,877	277,227	270,250	205,084	193,882	186,757	206,307	229,227
233,613	224,177	214,777	161,151	179,808	229,695	250,322	265,593
2,485	485	1,565	2,552	6,997	9,622	18,673	20,922
65,749	53,535	57,038	46,485	21,071	(33,316)	(25,342)	(15,444)
316,574	324,590	249,793	215,758	220,668	211,808	248,453	260,428
363,668	394,294	330,015	321,870	293,683	289,335	296,573	292,660
2,775	2,375	3,375	3,275	2,275	2,750	2,400	2,350
49,869	72,079	83,597	109,387	75,290	80,277	50,520	34,582
115,618	125,614	140,635	155,872	96,361	46,961	25,178	19,138
28.9	31.4	35.2	39.0	24.1	11.7	6.3	4.8
57.8	62.8	70.3	77.9	48.2	23.5	12.6	9.6
86.7	94.2	105.5	116.9	72.3	35.2	18.9	14.4
115.6	125.6	140.6	155.9	96.4	47.0	25.2	19.1
448.6	480.0	515.1	554.1	578.2	589.9	596.2	601.0
897.1	959.9	1,030.3	1,108.2	1,156.4	1,179.9	1,192.4	1,202.0
1,345.7	1,439.9	1,545.4	1,662.3	1,734.6	1,769.8	1,788.7	1,803.0
1,794.3	1,919.9	2,060.5	2,216.4	2,312.8	2,359.7	2,384.9	2,404.0

LIBOR

Item ID:	31657
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted]
Cc:	[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81-[redacted], Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>, [redacted]>
Subject:	LIBOR
Sent:	August 16, 2012 7:36 AM
Received:	August 16, 2012 7:36 AM

Hi [redacted], We, um, couldn't help but notice what you folks have been up to lately . We've taken notice of it ourselves, for the principal reason that if some of the allegations we see in the papers turn out to be well justified, Fannie Mae and Freddie Mac are out hundreds of millions of dollars. It's fair to say we are interested in keeping up with developments on this front. When you have a free moment, could you give me a buzz? Best, Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

FW: LIBOR

Item ID:	31658
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted] </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=45ad7effd12a4beeb3be31b646cc60d6-[redacted]>
Subject:	FW: LIBOR
Sent:	August 16, 2012 7:37 AM
Received:	August 16, 2012 7:37 AM

Hi [redacted] -- FYI From: Lee, Timothy Sent: Thursday, August 16, 2012 7:36 AM To: [redacted] Cc: [redacted]; Parker, Richard; [redacted] Subject: LIBOR Hi [redacted], We, um, couldn’t help but notice what you folks have been up to lately . We’ve taken notice of it ourselves, for the principal reason that if some of the allegations we see in the papers turn out to be well justified, Fannie Mae and Freddie Mac are out hundreds of millions of dollars. It’s fair to say we are interested in keeping up with developments on this front. When you have a free moment, could you give me a buzz? Best, Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

Libor

Item ID:	31659
From:	Wu, Simon [redacted]
To:	Lee, Timothy <Timothy.Lee@fhfaoig.gov>
Subject:	Libor
Sent:	August 16, 2012 9:32 AM
Received:	August 16, 2012 9:32 AM

BTW, thanks for Libor information you sent over yesterday. Question on your Libor damage analysis for the Enterprises, just curious, are we pretty sure that the banks (Barclay and such) manipulated the Libor rate downward all the time? Not upward? Simon Z. Wu, Ph.D. Chief Economist Office of Inspector General Federal Housing Finance Agency 400 7 th Street, SW Washington, DC 20024 Voice:[redacted] Confidentiality Notice: The information contained in this e-mail and any attachments may be confidential or privileged under applicable law, or otherwise may be protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this e-mail, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you have received this e-mail in error: permanently delete the e-mail and any attachments, and do not save, copy, disclose, or rely on any part of the information contained in this e-mail or its attachments. Please call the OIG at 202-730-4949 if you have any questions or are not an intended recipient of this email.

Re: LIBOR

Item ID:	31660
From:	[redacted]
To:	timothy.lee@fhfaoig.gov <timothy.lee@fhfaoig.gov>
Subject:	Re: LIBOR
Sent:	August 16, 2012 10:01 AM
Received:	August 16, 2012 10:01 AM

Tim Great to hear from you. I'm out this week but would love to catch up. How about Monday or Tuesday at 4. [redacted]
Message sent from a Blackberry device
From : Lee, Timothy <Timothy.Lee@fhfaoig.gov>
To : [redacted]
Cc : [redacted]>; Parker, Richard [redacted]
Sent : Thu Aug 16 07:36:25 2012 Subject : LIBOR
Hi [redacted],
We, um, couldn’t help but notice what
you folks have been up to lately . We’ve taken notice of it ourselves, for the principal reason that if some of the allegations we see in the papers turn out to be well justified, Fannie Mae and Freddie Mac are out hundreds of millions of dollars. It’s
fair to say we are interested in keeping up with developments on this front.
When you have a free moment, could you give me a buzz?
Best,
Tim

Timothy Lee
Senior Policy Advisor, FHFA-OIG
202-730-2821

LIBOR

Item ID:	31661
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	Parker, Richard </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=35b52473fd4b4574add82079a96054be-Richard Par>
Cc:	Rhinesmith, Alan </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=98d654fcd31f48f7887a69bf4cc5b12d-Alan Rhines> [redacted] (b) (6) </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=8e7806771e6a4a00bdc45eca75864a81-[redacted] (b) (6)>
Subject:	LIBOR
Sent:	August 16, 2012 10:15 AM
Received:	August 16, 2012 10:15 AM

Hi Old Salt, Alan and I finally had our conversation with Freddie. Like Fannie, they noted that FHFA has initially reached out to them. More interestingly, [redacted] (b) (7)(D), (b) (7)(E) (b) (7)(D) They also plan to take my loss analysis (drawn completely from public 10Ks and 10Qs) and have a look. Net-net, although I did not make any specific requests at the moment, they know we care about this, and certainly understand why. They asked that we coordinate with FHFA so they aren't burdened by multiple or conflicting requests. Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821

RE: LIBOR

Item ID:	31662
From:	Lee, Timothy </o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=d9770d766b6642c4ac0f9f116d0b180d-Timothy Lee>
To:	[redacted]
Subject:	RE: LIBOR
Sent:	August 16, 2012 10:16 AM
Received:	August 16, 2012 10:16 AM

Alas, I will be on Cape Cod next week. Perhaps the subsequent week, starting the 27 th ? From: [redacted] Sent: Thursday, August 16, 2012 10:01 AM To: Lee, Timothy Subject: Re: LIBOR Tim Great to hear from you. I'm out this week but would love to catch up. How about Monday or Tuesday at 4. [redacted] Message sent from a Blackberry device From : Lee, Timothy < Timothy.Lee@fhfaoig.gov > To : [redacted] ; Parker, Richard[redacted] Sent : Thu Aug 16 07:36:25 2012 Subject : LIBOR Hi Marc, We, um, couldn’t help but notice what you folks have been up to lately . We’ve taken notice of it ourselves, for the principal reason that if some of the allegations we see in the papers turn out to be well justified, Fannie Mae and Freddie Mac are out hundreds of millions of dollars. It’s fair to say we are interested in keeping up with developments on this front. When you have a free moment, could you give me a buzz? Best, Tim ----- Timothy Lee Senior Policy Advisor, FHFA-OIG 202-730-2821 Confidentiality Notice: The information in this email and any attachments may be confidential or privileged under applicable law, or otherwise protected from disclosure to anyone other than the intended recipient(s). Any use, distribution, or copying of this email, including any of its contents or attachments by any person other than the intended recipient, or for any purpose other than its intended use, is strictly prohibited. If you believe you received this email in error, please permanently delete it and any attachments, and do not save, copy, disclose, or rely on any part of the information. Please call the OIG at 202-730-4949 if you have any questions or to let us know you received this email in error.