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November 22, 2004

## BY HAND DELIVERY

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RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

2004 NOV 22 P 6:06

Re: In re Federal Home Loan Mortgage Corporation (Freddie Mac),  
MUR 5390

Dear Mr. Norton:

We write on behalf of our client, the Federal Home Loan Mortgage Corporation ("Freddie Mac"), in response to the Commission's September 30, 2004 letter informing us that it found reason to believe that Freddie Mac violated Section 441b of the Federal Election Campaign Act of 1971, as amended ("FECA"). Freddie Mac denies violating FECA and respectfully urges the Commission to take no further action.

As you know, this MUR was opened in response to an October 15, 2003 Complaint by Public Citizen against R. Mitchell Delk, Freddie Mac's former Senior Vice President for Government Relations,<sup>1</sup> and Epiphany Productions, Inc. ("Epiphany"). Public Citizen's Complaint did not allege any violations by Freddie Mac. Nonetheless, on April 16, 2004, Freddie Mac made a *sua sponte* submission to the Commission (hereinafter the "Submission"), with the participation of Mr. Delk, following an oral presentation to the staff by counsel for Freddie Mac and Mr. Delk. The Submission, which addressed a five-year statute of limitations period beginning May 1, 1999, summarized the factual findings of an internal review conducted by Covington & Burling. That review was prompted by an inquiry from Freddie Mac's safety and soundness regulator, the Office of Federal Housing Enterprise Oversight ("OFHEO"), and the subsequent Public Citizen Complaint.

The staff correctly notes in its Factual and Legal Analysis ("F&LA") that Freddie Mac did not draw legal conclusions in its *sua sponte* Submission. See F&LA at 1-2. Nor did Freddie

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<sup>1</sup> Mr. Delk was separated from Freddie Mac in March 2004.

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Mac assert that it had identified any violations of law. To the contrary, Freddie Mac made clear that it had chosen to make the Submission, despite having no legal obligation to do so, because it wanted to "eliminate any question regarding its commitment to avoid either the fact or appearance of any violation of the FECA." Submission at 20. In the wake of a variety of governmental investigations concerning accounting issues, Freddie Mac is committed to restoring public confidence through credible, transparent business practices and sound corporate governance. For that reason, rather than subject this matter to strictly internal consideration, Freddie Mac elected to make its review available to the Commission for independent scrutiny.

Freddie Mac respectfully submits, however, that in light of the documentary and other evidence presented in the Submission, which we incorporate herein by reference, additional facts adduced by sworn testimony, and well-settled law, there is no probable cause to believe that Freddie Mac violated FECA.

**I. Delk Fundraising Dinners**

**A. March 1999 Fundraising Dinners**

The staff alleged that an expense reimbursement processed by Freddie Mac in December 1999 reflected corporate reimbursement of fundraising events, in violation of Section 441b. As noted in the Submission, Freddie Mac's internal review identified a total of 79 dinners at Galileo restaurant in Washington, DC, during the relevant 5-year period that could potentially have been fundraising events hosted by Mr. Delk.<sup>2</sup> See Exhibit A (list of events). The list could be either over- or under-inclusive but represented Freddie Mac's best estimate based on the available documentary and other evidence. Of those 79 events, at least 77 appear to have been individual volunteer events.<sup>3</sup>

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<sup>2</sup> Two of these events, which took place on March 16 and March 23, 1999, actually took place outside the relevant statute of limitations period, but because in December 1999 Freddie Mac processed an expense reimbursement for expenses incurred by Mr. Delk at Galileo on those dates, Freddie Mac included those events on the list.

<sup>3</sup> Freddie Mac's April 16, 2004 Submission summarized the grounds for believing that those 77 events were individual volunteer activity events. See Submission at 7-11.

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The staff asserts with regard to the two remaining events on the list that "[Freddie Mac]<sup>4</sup> reimbursed Mitch Delk for the cost of fundraising dinners held on March 16 and March 23, 1999. Freddie Mac issued reimbursements for these events in December 1999 in the total amount of \$5,974.34. . . ." F&LA at 3-4. It is not clear, however, that the reimbursements in December 1999 were "for the cost of fundraising dinners held on March 16 and March 23, 1999," and Freddie Mac's Submission did not reach any such conclusion. Mr. Delk says that he does not remember who paid for these dinners, and Freddie Mac cannot rule out the *possibility* that the reimbursement was for the two fundraisers. In keeping with the Company's goal of avoiding even the appearance of impropriety, and in an abundance of caution, Freddie Mac therefore did accept Mr. Delk's offer to refund to the Company the reimbursement.

While Freddie Mac clearly reimbursed Mr. Delk for expenses at Galileo on March 16 and March 23, 1999, the evidence that the reimbursement was for the fundraising events on those evenings is inconclusive. *First*, it is Freddie Mac's understanding that Mr. Delk on various occasions held more than one event on a single night at Galileo. These might include, for example, both an individual volunteer fundraising event in one room and a corporate, legislative-related event in another room. It is therefore not possible to infer, based merely on the fact that Freddie Mac reimbursed Mr. Delk for expenses at Galileo on a particular evening, that the reimbursement was intended to defray the cost of a fundraising event held on that evening.

*Second*, the expense reimbursement form submitted by Mr. Delk in December 1999 does not make clear whether the reimbursement requests related to fundraising events. While the staff notes that certain individuals listed on the reimbursement form submitted by Mr. Delk appear to have made contributions to the political committees for which the two fundraising dinners were held, others listed apparently made no contributions.

It is of course the Commission, not Freddie Mac, that bears the burden of proving that the reimbursement was used to defray the cost of two specific March 1999 fundraising events, as opposed to other events taking place on the same evenings. The statute of limitations for the reimbursement will soon run. Moreover, the policy underlying statutes of limitation -- namely, the difficulty of obtaining credible evidence based on fading memories of distant events -- counsels against placing any great weight on these two particular Galileo dinners. In view of the thin and fading record, the Commission should not find probable cause to believe Freddie Mac made a prohibited corporate expenditure in connection with these two fundraising events.

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<sup>4</sup> The F&LA actually states that "*Galileo* reimbursed Mitch Delk. . . ." We assume that this is a typographical error. Freddie Mac is not aware of any reimbursement to Mitch Delk by Galileo in connection with these dinners. We understand the staff to be suggesting that *Freddie Mac's* December 1999 reimbursement to Mitch Delk was for the purpose of defraying the cost of fundraising dinners.

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**B. Epiphany Productions, Inc.**

In June 1999, Freddie Mac entered into a consulting agreement with Epiphany.<sup>5</sup> Under the consulting agreement, Epiphany was to "provide political and public policy council [sic] to Freddie Mac." See Exhibit B (Epiphany/Freddie Mac Contract). Epiphany received a monthly retainer for these services. The staff implies, incorrectly, that Epiphany's monthly retainer was paid in exchange for "organizational services" rendered to Mr. Delk in connection with his volunteer fundraising dinners. See F&LA at 4.

While Epiphany did also provide services to Mr. Delk in connection with his individual volunteer fundraisers at Galileo, Freddie Mac's internal review found no evidence that the corporate retainer was paid for that purpose. Rather, as described below, there is ample evidence that Epiphany rendered legitimate and substantial services to Freddie Mac under its contract, having nothing whatever to do with Mr. Delk's fundraising events, for which it was compensated by the monthly retainer.

FECA did not prohibit Mr. Delk from arranging with Epiphany in his individual capacity to use Epiphany for personal services at the same time that it earned its monthly retainer for separate services rendered to Freddie Mac.<sup>6</sup> Epiphany provided Freddie Mac's Government Relations department with a range of valuable services. Until the Bipartisan Campaign Reform Act ("BCRA") banned building fund donations to national parties, effective November 6, 2002, Epiphany played an important role in counseling Freddie Mac's Government Relations department concerning such donations. See Exhibit D (Declaration of R. Mitchell Delk) at ¶3; Exhibit E (Declaration of Julie Wadler) at ¶2. In addition to advising Freddie Mac concerning building fund donations, in some instances Julie Wadler, Epiphany's president, a former senior finance official of the National Republican Congressional Committee ("NRCC"), personally conveyed Freddie Mac's building fund donations to the party committees. See Exhibit D (Delk Decl.) at ¶3; Exhibit E (Wadler Decl.) at ¶2.

Ms. Wadler also regularly made herself available, and continues to make herself available, to advise Freddie Mac lobbyists and executives on matters related to House

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<sup>5</sup> The initial contract between Freddie Mac and Epiphany was dated June 22, 1999, although the term of the contract began on April 1, 1999.

<sup>6</sup> Freddie Mac does not believe it is the best practice for a corporate employee to use an existing corporate vendor to render personal services to that employee. Accordingly, Freddie Mac has since adopted a written corporate policy generally prohibiting that practice. See Exhibit C (Corporate Policy). However, at the time in question, there was no such corporate policy prohibiting Mr. Delk from using Epiphany, and such use was perfectly legal so long as Epiphany was not compensated by Freddie Mac for personal services to Mr. Delk.

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Republican Members and the House Republican leadership, with which she is intimately familiar based on her high-level NRCC service and other experience. *See* Exhibit F (Declaration of Rob Zimmer) at ¶3; Exhibit D (Delk Decl.) at ¶2; Exhibit E (Wadler Decl.) at ¶2. For example, she regularly consults with Freddie Mac lobbyists concerning which Republican Members to approach, and how to approach them. She provides strategic advice on issues of concern to Freddie Mac and regarding the best ways to navigate the House legislative process. She has helped arrange meetings between Freddie Mac officials and Republican Members. *See* Exhibit D (Delk Decl.) at ¶2.

In addition, Epiphany provided, and continues to provide, event-planning services for major corporate events, such as inaugural receptions and non-fundraising, corporate dinners honoring important legislators and public figures. For example, Epiphany organized and conducted a non-fundraising dinner at Galileo in May 2003 to honor former Senator Alfonse D'Amato. In addition, Epiphany organized and conducted an inaugural reception sponsored by Freddie Mac in January 2001 and receptions during the 2000 and 2004 Republican National Conventions. *See* Exhibit E (Wadler Decl.) at ¶3; Exhibit D (Delk Decl.) at ¶4.

Epiphany is one of a number of consulting firms paid monthly retainers by Freddie Mac, principally in exchange for periodic advice and counsel related to the Company's legislative efforts. Unlike many of the other firms that are paid monthly retainers, Epiphany not only provides advice but also offers skilled event-planning services. There is no question that the monthly retainer paid to Epiphany purchased substantial and valuable services, at a price at least comparable to that of other consulting firms providing similar services. Long after Mr. Delk's volunteer fundraising events have ended, Epiphany continues to provide services to Freddie Mac under its consulting contract, at the same \$25,000 per month retainer. *See* Exhibit F (Zimmer Decl.) at ¶3, 5.

Freddie Mac found no evidence that Epiphany charged Freddie Mac for organizing the fundraisers for Mr. Delk. During the late summer of 2002, Mr. Delk did discover that Epiphany had mistakenly billed Freddie Mac for certain expenses related to a number of his fundraisers over a period of months. These expenses included the cost of sending "blast fax" invitations. He sought and obtained reimbursement from Epiphany, which admitted that the expenses had been wrongly billed to the Company. *See* Exhibit G (August 8, 2002 refund letter from Epiphany).<sup>7</sup>

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<sup>7</sup> An additional refund of expenses billed to Freddie Mac that could possibly have related to Mr. Delk's personal fundraising events was received by Freddie Mac on February 5, 2004, after additional invoices were discovered during Freddie Mac's internal review process. Freddie Mac requested the refund because it could not determine the basis for the charges. *See* Exhibit H (refund check). Finally, in an abundance of caution, Freddie Mac has requested reimbursement of an additional \$442.54, an amount from two Epiphany invoices for which Freddie Mac has been unable to receive a full explanation, but has not yet confirmed receipt of the reimbursement.

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While Freddie Mac did initially pay these charges, it did so inadvertently because they were inter-mixed with legitimate fees charged for services rendered to Freddie Mac. As soon as the error by Epiphany was discovered, the charges were refunded. The refund reflects Freddie Mac's and Epiphany's common understanding that these charges related to Mr. Delk's individual volunteer activities and not to any services rendered to Freddie Mac.<sup>8</sup>

In sum, the staff's assertion that Freddie Mac paid Epiphany for organizational services related to Mr. Delk's fundraisers is incorrect and unsupported by the evidence. No corporate contribution resulted from Freddie Mac payments to Epiphany.

## II. Camper Fundraising Events

### A. The Leger Company, Inc.

Clarke Camper, then Vice President of Government Relations for Freddie Mac, also engaged in individual volunteer fundraising activity with the assistance of an event-planner. During 2003, he held five fundraising events for Democratic candidates that were organized by Liz Leger of The Leger Company, Inc. Separately, in January 2003, Freddie Mac hired The Leger Company to provide "political, state, and legislative counseling services." See Exhibit I (Leger Company/Freddie Mac Contract). According to Ms. Leger, Mr. Camper told her that any assistance she provided to him in connection with his fundraisers was for him personally and was not covered under her contract with Freddie Mac. See Exhibit J (Leger Decl.) at ¶5.

Mr. Camper appears to have taken steps to separate his corporate work and his individual volunteer fundraising activity. For example, he does not appear to have used his Freddie Mac e-mail account to send the invitations, nor did he submit expenses associated with the fundraisers to Freddie Mac for reimbursement. Ms. Leger likewise did not bill Freddie Mac for her services or expenses in connection with Mr. Camper's fundraisers, but did bill the relevant campaigns. See *id.*

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<sup>8</sup> The staff mentions \$360 in taxi fares for which Mr. Delk sought reimbursement, in connection with trips to and from Galileo on the same evening that he held fundraising events at the restaurant. These taxi fares clearly represent an exceedingly small use of corporate resources. Moreover, the Commission should not assume that every taxi fare to Galileo on the night of a fundraising event is attributable to the fundraising event. As noted above, Mr. Delk sometimes held corporate, non-fundraising events at Galileo that were separate from his individual volunteer fundraising dinners. He would certainly have been permitted to take a taxi at the Company's expense to attend the corporate event, and no corporate contribution would result from the fact that there also happened to be a fundraising event at Galileo on the same night.

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The staff mistakenly suggests that on one occasion Ms. Leger billed Freddie Mac for an expense related to Mr. Camper's fundraisers. A March 26, 2003 invoice from The Leger Company reflects a charge to Freddie Mac of \$2,902.42 for dishes and related items described as "Catering Acquisition Expenses." See Exhibit K (Declaration of Danna Fischer) at Exhibit 2. The staff's observation that "Freddie Mac did not deny that it purchased the dishes for use in connection with the Camper/Leger fundraising events. . . ," F&LA at 7, is correct so far as it goes. Freddie Mac did not deny it because there was no evidence suggesting that the dishes were purchased "for use in connection with the Camper/Leger fundraising events." To the contrary, Freddie Mac had requested that Ms. Leger help establish a corporate kitchen and conference room facility at Freddie Mac's Washington office, including the purchase of dishes and silverware, so that the office could host corporate events and possibly PAC events. At the time, the Company was evaluating whether to form a PAC.<sup>9</sup> See Exhibit K (Fischer Decl.) at ¶8; Exhibit J (Leger Decl.) at ¶3. According to Ms. Leger, she was not instructed to buy dishes for Mr. Camper's personal fundraisers. See Exhibit J (Leger Decl.) at ¶4.

While Mr. Camper may have used the dishes on the three occasions that he held his personal fundraising events during 2003 in the Freddie Mac conference room, such use was clearly occasional, isolated, or incidental, within the meaning of 11 C.F.R. § 114.9(a). Indeed, the staff itself acknowledged that "[t]he use of a conference room for the fundraising meals seems occasional, isolated, or incidental and, therefore, permissible under the Commission's regulations." F&LA at 7. Use of the dishes in the conference room on those same occasions was therefore clearly occasional, isolated, or incidental as well.

Under its Freddie Mac contract, The Leger Company provided a range of services to the Government Relations department. For example, after BCRA banned building fund donations to the national political parties, Ms. Leger kept Freddie Mac's Democratic lobbyists advised of developments at the Democratic party committees and allied Democratic groups such as the Democratic Leadership Council ("DLC"). In the case of the DLC, she helped arrange for and coordinated the participation of a Freddie Mac lobbyist in a DLC event. See Exhibit L (Declaration of Kirsten Johnson-Obey) at ¶2; Exhibit J (Leger Decl.) at ¶2. Freddie Mac understood that Ms. Leger had prior experience in organizing a PAC. Ms. Leger advised Freddie Mac personnel concerning the possibility of establishing a PAC. See Exhibit J (Leger Decl.) at ¶3; Exhibit K (Fischer Decl.) at ¶8.

#### **B. Staff Time**

The staff noted that one Freddie Mac employee helped book the conference room for one of Mr. Camper's fundraising events. Danna Fischer, then Controller of the Government

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<sup>9</sup> Freddie Mac did not form a PAC at that time, but did form and register a PAC in July 2004.

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Relations department, forwarded an e-mail from Ms. Leger to the receptionist to ensure that the conference room would in fact be free at the time that Mr. Camper intended to hold his personal event. --See Exhibit K (Fischer Decl.) at Exhibit-1. The reception desk reported to Ms. Fischer at that time. See *id.* at ¶5. Ms. Fischer forwarded the email (an act that likely took 30 seconds or one minute of her time) merely to be sure that the receptionist was attentive to the need to reserve the conference room. See *id.* at ¶6. Ms. Fischer would have taken the same action, regardless of whether the event was a fundraising event, in a ministerial effort to ensure efficient use of the Company's conference facility. Indeed, she reminded the receptionist to take care to avoid double booking the room on other occasions entirely unrelated to fundraising. See *id.* at ¶4. According to Ms. Fischer, she was not instructed, directed, or ordered by any Freddie Mac employee, including Mr. Camper, to book a conference room or to engage in any other activities related to personal political fundraising. See *id.* at ¶6.

Surely the staff does not mean to suggest that such *de minimis* use of Ms. Fischer's email account for the routine purpose of overseeing bookings of a conference room constituted a violation of Section 441b. Clearly it did not, and to treat it as a use of corporate resources constituting a contribution would, we respectfully submit, impose a rather unrealistic and impractical standard.<sup>10</sup>

#### C. Signage

The staff also notes that in one instance, Freddie Mac's production facilities were used to prepare two signs for an individual fundraising event hosted by Mr. Camper. The cost of printing these two signs is difficult to estimate at this late date. The incremental cost to Freddie Mac likely did not exceed \$200, and may have been less. In light of the staff's reference to this expense in the F&LA, Freddie Mac has now sought and Mr. Camper has agreed to provide a reimbursement check in that amount.

#### D. Progressive Strategies, Inc.

On November 2, 2001, Freddie Mac entered into a consulting contract with Progressive Strategies, Inc., to retain the services of a former Democratic National Committee official, Scott Freda. This was prior to enactment of BCRA and one year prior to the effective date of BCRA's ban on corporate donations to national political parties. According to Mr. Camper, Mr. Freda did not organize any of his individual volunteer fundraising events. While documentary evidence indicates that Mr. Freda solicited some contributions to candidates in conjunction with Mr.

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<sup>10</sup> The staff noted that "on at least one occasion," another Freddie Mac employee sent an email invitation in connection with a personal fundraising event by Mr. Camper. See F&LA at 6. While the employee did apparently use a personal e-mail account to send invitations from home, this by itself reflects *de minimis* activity.



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Camper, Mr. Camper stated that Mr. Freda did so in his individual capacity and not as part of the retention by Freddie Mac of Progressive Strategies.

The mere fact that Mr. Freda was retained by Freddie Mac would not preclude his continuing to remain politically active on a volunteer basis, even in connection with an individual volunteer fundraising event hosted by a Freddie Mac employee. It is of course common for former party officials to continue their personal fundraising activities after they leave party employment and pursue consulting opportunities. The facts described in the F&LA do not on their face establish any violation of FECA.

### III. Alleged Corporate Facilitation of Contributions

The Commission also found reason to believe that Freddie Mac engaged in prohibited corporate facilitation of contributions. This allegation centers around the solicitation of contributions by Mr. Delk and Mr. Camper from Freddie Mac's then-Chief Executive Officer ("CEO"), Leland Brendsel, and a handful of other senior executives. Unlike previous cases in which the Commission has found corporate facilitation, however, the evidence here does not suggest the existence of any large-scale, systematic effort by senior executives to solicit contributions from subordinates and to direct subordinates to coordinate the effort using corporate resources. To the contrary, Mr. Delk and Mr. Camper have said that they engaged as individual volunteers in periodic solicitations of a small group of their superiors; that in some, but by no means all, instances a courier service hired by the Company was used to convey contribution checks to campaign committees; and that a single executive assistant played a periodic role in conveying messages or transmitting checks.

In evaluating allegations of corporate facilitation, the Commission has looked for evidence of a "collective enterprise" rather than episodic, volunteer efforts by individual executives. See MUR 3540 (Prudential Securities, Inc.), Conciliation Agreement at 5 ("The 'individual volunteer activity' exemption does not, however, extend to *collective enterprises where the top executives of a corporation direct their subordinates in fundraising projects*, use the resources of the corporation, such as lists of vendors and customers, or solicit whole classes of corporate executives and employees.") (emphasis added); MUR 3672 (Cherry Communications, Inc.), Conciliation Agreement at 3 (same); see also MURs 1690 and 2668. No such "collective enterprise" existed here, however.

Mr. Delk's and Mr. Camper's solicitation of contributions from the CEO does not look anything like the Commission's corporate facilitation precedents. Neither has said that they solicited campaign contributions at the direction or order of any Freddie Mac director, officer, or employee. Their solicitations of Freddie Mac employees appear to have been directed solely to members of the Company's restricted class. In some cases, solicitees transmitted contributions on their own to the relevant campaign committees. In other cases, solicitees sent checks to Mr. Delk or Mr. Camper, who then conveyed them to the campaigns. Mere transmittal of checks by Mr. Delk and Mr. Camper to the campaigns did not constitute prohibited corporate facilitation

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because an individual volunteer, who solicits contributions on his own behalf and not in his corporate capacity, may collect contribution checks. To the extent that Mr. Delk, Mr. Camper, or other executives used a Company courier service to convey personal contribution checks to a campaign, this resulted in an extremely limited and incidental use of corporate resources and hardly bears the hallmarks of a "collective enterprise" or "fundraising project."

When Mr. Delk or Mr. Camper solicited contributions from Mr. Brendsel or other high-level Freddie Mac executives, they would sometimes convey messages through the Executive Assistant to Mr. Brendsel. The Executive Assistant in some instances also used couriers to send Mr. Brendsel's personal campaign contribution checks to Mr. Delk, Mr. Camper, or to the campaigns. The Executive Assistant routinely took messages for Mr. Brendsel, regarding Company matters and personal matters alike. The mere fact they she conveyed messages between members of the Company's restricted class regarding personal campaign contributions could hardly be deemed to constitute prohibited corporate facilitation by Freddie Mac. The amount of time spent by the Executive Assistant on passing messages, calling for couriers, and keeping track of Mr. Brendsel's contributions -- duties she routinely engaged in with regard to personal charitable contributions or other personal matters of the then-CEO -- was *de minimis*.

The staff does not suggest that in soliciting contributions from Mr. Brendsel and a few of the other Freddie Mac executives, Mr. Delk and Mr. Camper made use of "lists of vendors and customers" or "solicit[ed] whole classes of corporate executives and employees." See MUR 3540. In contrast, in MUR 3672, the CEO of Cherry Communications, Inc. wrote to the company's regional managers and business associates using corporate letterhead instructing them to send contributions to his secretary. The CEO "recruited other [company] officials in the fundraising effort." He apparently tasked subordinates with coordinating the fundraising effort, resulting in a corporate memorandum to "all satellite offices" soliciting contributions. The company arranged for discount travel by contributors to a fundraising event. The CEO "initiated the fundraising effort, and corporate officials and executives conducted, coordinated, and directed the endeavor." See MUR 3672 (Cherry Communications Conciliation Agreement). We have nothing like that here.

Mr. Delk's and Mr. Camper's solicitation activities did not rise to the level of a "collective enterprise" by Freddie Mac and therefore should not be deemed to constitute corporate facilitation.

#### IV. Republican Governors Association "Building Fund" Donations

In October 2002, Freddie Mac made a \$150,000 donation to the Republican Governors Association ("RGA"). According to Mr. Delk, this donation, which was made shortly before BCRA banned building fund donations, was the second installment of a March 2002 \$250,000

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commitment of support for the Eisenhower Building Fund that he made to the RGA on behalf of Freddie Mac.<sup>11</sup> Freddie Mac donated \$100,000 to the RGA for the building fund in March 2002. In an affidavit submitted by Mr. Delk's counsel, the Honorary Finance Chairman for the RGA, Wayne Berman,<sup>12</sup> likewise asserts that the two donations were part of a single commitment designated for the building fund.

According to both Mr. Delk and Mr. Berman, Mr. Delk had orally instructed Mr. Berman that the March and October donations were designated for the building fund account. The March donation was accompanied by a cover letter instructing the RGA to deposit the donation in the building fund. Freddie Mac has not been able to locate any cover letter associated with the October donation.

The RGA properly deposited the March 2002 donation into the building fund. The \$150,000 second installment, however, was improperly deposited by the RGA into a non-building fund account. In addition, the RGA improperly reported the donation as a personal donation from Mr. Delk rather than from Freddie Mac. According to Mr. Delk, when he discovered the RGA's mistake, he sought a refund. In June 2003, the RGA refunded the \$150,000 October donation.

While Freddie Mac is acutely aware that it has encountered problems in the past in ensuring that non-federal donations were deposited by national party committees in the proper building fund accounts, and received a February 20, 2004 admonishment letter from the Commission in MUR 5197, it would be unfair to hold Freddie Mac accountable for the errors committed by the RGA in its handling of an otherwise proper donation in this instance.

*First*, the October donation was made against the backdrop of prior dealings between Freddie Mac, the RGA, and the Eisenhower Building Fund, and an understanding among them that Freddie Mac donations were designated for deposit in the building fund.

*Second*, both Mr. Delk and Mr. Berman say that Mr. Delk specifically designated both the March and October donations for deposit in the building fund in conversations with Mr. Berman, the RGA's fundraising agent. At the time, the Commission's regulations required that the donation be "specifically designated to defray any cost incurred for construction or purchase of any office facility which is not acquired for the purpose of influencing the election of any candidate. . . ." See 11 C.F.R. § 100.7(b)(12) (2002). While it is the best practice, there was no

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<sup>11</sup> The Eisenhower Building Fund was maintained by the RNC, but in October 2002, the RGA was housed at the RNC and still raised funds for the RNC's building fund.

<sup>12</sup> Mr. Berman was also a consultant to Freddie Mac, through Berman Enterprises, Inc., which was on retainer to the Government Relations department.

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requirement that such designation be reflected on the check itself or on an accompanying transmittal letter, however. When the Commission has intended to require written designation or attribution of a contribution on the check itself or in an accompanying writing, it has done so explicitly. *See, e.g.*, 11 C.F.R. § 110.1(k) (2002) (requiring that joint contribution by spouses "shall include the signatures of each individual on the check . . . or in a separate writing"). The regulations governing building fund donations require specific designation, but in no way preclude such specific designation from being communicated orally to the recipient, as both Mr. Delk and Mr. Berman say occurred here.

*Third*, the RGA's mistake was discovered and the amount was refunded in full less than eight months after the donation was made.

While the staff suggests that Freddie Mac may not have followed its internal policy governing donations of non-federal funds, this of course is a discretionary compliance policy, not a regulatory or statutory requirement. Even assuming that Mr. Delk or other Freddie Mac employees failed to comply with the Company's internal policy regarding building fund donations, violation of the internal policy is not tantamount to a violation of FECA. Freddie Mac takes very seriously the need to improve and enforce its internal campaign finance law compliance policies, which is why it has worked hard to refine and tighten internal controls. As a matter of policy, weaknesses in documenting compliance with a corporation's own internal procedures should not form the basis for a probable cause finding by the Commission.

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Under these circumstances, there is no basis for finding probable cause to believe that Freddie Mac violated the FECA. We respectfully request that the Commission take no further action against Freddie Mac. The Commission should certainly weigh in the balance Freddie Mac's pursuit of the facts and voluntary disclosure to the Commission.

Respectfully submitted,



Robert K. Kelner  
Scott F. Gast

*Counsel for Freddie Mac*

cc: Tracey Ligon, Esq.

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# Potential Mitchell Individual Volunteer Fundraising Dinners

Date	Contribution Recipient	Location
March 16, 1999	KOMPAC	Galileo
March 23, 1999	ARMPAC	Galileo
May 18, 1999	Representative Tom Davis	Galileo
July 29, 1999	Rely on Your Beliefs PAC	Galileo
October 21, 1999	Representative Ed Royce	Galileo
April 6, 2000	Representative John Sweeny	Galileo
April 12, 2000	Representative Billy Tauzin	Galileo
May 3, 2000	Representative Pete King	Galileo
May 22, 2000	Representative Marge Roukema	Galileo
May 23, 2000	Senator John Ashcroft	Galileo
June 27, 2000	Representative Spencer Bachus	Galileo
July 13, 2000	Representative Ed Royce	Galileo
October 3, 2000	Representative John Sweeny	Galileo
October 5, 2000	Rely on Your Beliefs PAC	Galileo
December 19, 2000	Senator George Allen	Galileo
January 17, 2001	Leadership PAC 2002	Galileo
February 13, 2001	Representative Henry Bonilla	Galileo
February 28, 2001	ARMPAC	Galileo
March 6, 2001	Rely on Your Beliefs PAC	Galileo
March 13, 2001	Representative Ed Royce	Galileo
March 15, 2001	Representative Spencer Bachus	Galileo
March 19, 2001	Representative Sue Kelly	Galileo
March 20, 2001	KOMPAC	Galileo
March 21, 2001	Representative Bob Ney	Galileo
April 2, 2001	Representative Mike Castle	Galileo
May 2, 2001	Representative John Shadegg	Galileo
May 8, 2001	Senator Phil Gramm	Galileo
May 9, 2001	Representative Bob Riley	Galileo
May 16, 2001	Representative Judy Biggert	Galileo
May 22, 2001	Representative Vito Fossella	Galileo
May 24, 2001	Representative Mike Ferguson	Galileo
June 6, 2001	Representative Paul Gilmore	Galileo
June 7, 2001	Representative Melissa Hart	Galileo
June 13, 2001	Representative Doug Ose	Galileo
June 20, 2001	Senator Richard Shelby	Galileo
June 26, 2001	Representative Bob Ney	Galileo
July 12, 2001	Majority Leader's Fund	Galileo
July 17, 2001	Representative Jim Walsh	Galileo
July 31, 2001	Representative Tom Davis	Galileo
October 2, 2001	Representative John Sweeney	Galileo
October 11, 2001	Representative Mike Rogers	Galileo
October 23, 2001	The Freedom Project	Galileo
December 18, 2001	The PRYCE Project & Representative Patrick Tiberi	Galileo
January 16, 2002	Leadership PAC 2002	Galileo
January 22, 2002	Representative Connie Morella	Galileo
February 7, 2002	Representative Saxby Chambliss	Galileo
February 26, 2002	KOMPAC	Galileo
March 14, 2002	Tom Young	Galileo
March 19, 2002	Rely on Your Beliefs PAC	Galileo
March 20, 2002	ARMPAC	Galileo
April 23, 2002	Representative Anne Northup	Galileo

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# Potential Mitelk Individual Volunteer Fundraising Dinners

Date	Contribution Recipient	Location
May 15, 2002	Representative John Thune	Galileo
May 23, 2002	Representative Pat Toomey	Galileo
June 4, 2002	Katherine Harris	Galileo
June 20, 2002	Tom Young	Galileo
June 25, 2002	Representative Shelley Moore Capito	Galileo
July 9, 2002	Representative Gary Miller	Galileo
July 16, 2002	Representative Ed Royce	Galileo
July 23, 2002	Representative Nancy Johnson	Galileo
July 24, 2002	Representative Jim Walsh	Galileo
September 10, 2002	Pioneer PAC	Galileo
September 12, 2002	Representative Vito Fossella	Galileo
September 19, 2002	Leadership PAC 2002 & Representative Mike Ferguson	Galileo
September 24, 2002	Ann Womer Benjamin & Michael Turner	Galileo
October 2, 2002	Rahm Emanuel	Galileo
October 10, 2002	Representative Butch Otter	Galileo
October 23, 2002	Representative Eric Cantor	Galileo
December 5, 2002	Senator Richard Shelby	Galileo
December 10, 2002	Senator-Elect Saxby Chambliss	Galileo
January 21, 2003	Leadership PAC 2004	Galileo
February 10, 2003	Senator John Sununu	Galileo
March 4, 2003	KOMPAC	Galileo
March 6, 2003	Senator Jim Bunning	Galileo
March 12, 2003	Rely on Your Beliefs PAC	Galileo
March 27, 2003	American Liberty PAC	Galileo
April 8, 2003	Representative Johnny Isakson	Galileo
April 29, 2003	Representative Jeb Hensarling	Galileo
May 14, 2003	Representative Ed Royce	Galileo
May 20, 2003	Volunteer PAC	Galileo

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**CONSULTING AGREEMENT**

Made this 22<sup>nd</sup> day of June, 1999 by and between Federal Home Loan Mortgage Corporation ("Freddie Mac"), which has a place of business at 8100 Jones Branch Drive, McLean, Virginia 22102, and Epiphany Productions, Inc. ("Contractor"), which has its principal place of business at 1501 Lee Highway, Suite 210, Arlington, Virginia 22209.

This Consulting Agreement (this "Agreement") covers the provision by Contractor of consulting services to Freddie Mac. The following exhibits are hereby made part of this Agreement by reference: (1) Terms and Conditions (Exhibit 1), (2) Scope of Work (Exhibit 2) and (3) Consultant Travel Policy (Exhibit 3).

The following information will apply for purposes of this Agreement, as further explained in the Terms and Conditions attached hereto as Exhibit 1:

Freddie Mac Project Manager:	Mitchell Delk at (202) 434-8610
Contractor Project Manager: and Assigned Consultant	Julie Wadler at (703) 741-0595
Term:	4/1/99 through 12/31/99
Fees:	\$3,000.00 monthly retainer
Maximum Fees :	Not to Exceed: \$27,000.00
Maximum Total Compensation:	Not to Exceed: \$27,000.00

**AGREED TO AND ACCEPTED:****EPIPHANY PRODUCTIONS, INC.****FEDERAL HOME LOAN  
MORTGAGE CORPORATION**By: Julie WadlerBy: H. Nancy HanTitle: PresidentTitle: Manager, Contracting

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## Exhibit 1

### Terms and Conditions

#### 1. Scope and Standard of Services

- a) The scope of the services to be provided by Contractor hereunder (the "Services") are described in the Scope of Work attached to this Agreement as Exhibit 2. The Freddie Mac Project Manager (as selected by Freddie Mac from time to time) will be Contractor's primary contact for Services performed under this Agreement. The Freddie Mac Project Manager will have the right to coordinate all Services performed by Contractor pursuant to this Agreement.
- b) The Services will be performed by Contractor in a highly professional manner consistent with the quality provided by other top firms providing comparable services in the Washington, D.C. metropolitan area, and in accordance with all applicable legal requirements, the requirements of this Agreement and such additional general requirements as may be established by Freddie Mac from time to time (such as, but not limited to, policies concerning building access, security, diversity and non-discrimination). All individuals whom Contractor selects to perform services on behalf of Contractor hereunder will be experienced, properly trained, licensed (if legally required) and otherwise qualified and capable of performing in accordance with the requirements of this Agreement. Contractor represents and warrants that it has and will maintain all licenses and permits necessary to perform the Services.
- c) The Services will be performed in accordance with such timeframes as the Freddie Mac Project Manager shall require, subject to the approval of Contractor. During the term of the Agreement, Contractor will provide weekly status reports to Freddie Mac which outline Contractor's progress towards completion of the Services in accordance with previously established timeframes and will include such other information related to the Services (including, if requested, copies of draft deliverables) as Freddie Mac may request.
- d) Freddie Mac's right to approve individuals performing Services hereunder is a material inducement to Freddie Mac to enter into this Agreement. Accordingly, the Services will be performed exclusively by Ms. Julie Wadler.

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2. Compensation

- a) Freddie Mac will pay Contractor for Services rendered under the Agreement at a monthly retainer of Three Thousand Dollars (\$3,000.00) as indicated on the front page (the "Cover Page") of this Agreement. In addition, subject to the advance approval of the Freddie Mac Project Manager, Contractor will be reimbursed for its reasonable out-of-pocket travel expenses directly incurred in the performance of the Services, subject to the provisions of the Consultant Travel Policy attached hereto as Exhibit 3.
- b) On a monthly basis, Contractor will submit to the attention of the Freddie Mac Project Manager invoices that include a description of the Services performed during the previous month. Reimbursable out-of-pocket expenses will be listed separately on each invoice. Each invoice will be accompanied by invoices and such other documentation as may be necessary or requested by Freddie Mac to verify the charges set forth therein. Freddie Mac will pay for Services performed and reimbursable expenses incurred within thirty (30) days after receipt of any properly documented monthly invoice, provided that all requirements of the Agreement have been completed in a satisfactory and timely manner. In the event of any questions or disputes related to any invoice, Freddie Mac will pay the undisputed portion of the invoice within thirty (30) days after receipt and will pay any remaining amounts within twenty (20) days after all questions and disputes have been resolved to Freddie Mac's satisfaction. Final authorization for payment will be made by the Freddie Mac Project Manager.

3. Term: Termination

- a) The term of the Agreement (the "Term") will commence and terminate on the dates set forth in the Cover Page, unless the Term is extended by mutual agreement of the parties or sooner terminated pursuant to the provisions of the Agreement. Freddie Mac reserves the right to terminate the Agreement for any reason in its sole discretion upon ten (10) days' notice to Contractor. Notwithstanding the provisions of Section 10(i) below, notice will be deemed sufficient if made by telephone and confirmed in writing within ten days, said writing to be sent in the manner provided in Section 10(i), in which event notice will be deemed to have been given at the time of the telephone call.
- b) If Freddie Mac terminates the Agreement for convenience only and not due to a breach of Contractor's representations, warranties or other agreements under the Agreement, then subject to the requirements and limitations set

forth in Section 2 above, Freddie Mac will pay Contractor for all Services rendered and reimbursable out-of-pocket expenses incurred under the Agreement prior to the date of termination. In the event that termination occurs prior to the elapse of any full calendar month, the retainer shall be payable on a daily pro-rata basis, calculated on the actual number of days in the month during which the termination occurred. It is expressly understood that, in the event of any termination of this Agreement (including both terminations for default and terminations for convenience), Freddie Mac will be entitled to receive all materials prepared by Contractor in connection with the Agreement, including without limitation, any draft deliverables and other work in progress.

4. Confidential Information

- a) The parties hereto acknowledge that, in order for Contractor to perform the Services, it may be necessary or desirable for Freddie Mac to disclose confidential and proprietary information and trade secrets belonging to Freddie Mac and, possibly, third parties. Contractor hereby agrees to treat any and all information gained by it as a result of or in connection with the Services or this Agreement (the "Information") and all materials developed or prepared by Contractor based on the Information ("Derivative Documentation," which term is intended to include, without limitation, all deliverables prepared by Contractor under this Agreement) as strictly confidential, whether or not the Information has been specifically marked or otherwise designated as such. Contractor further agrees that it will neither disclose nor permit the disclosure by its officers, employees, agents or subcontractors of any Information or Derivative Documentation to anyone outside of Freddie Mac, nor otherwise use or permit its officers, employees, agents or subcontractors to use the Information or Derivative Documentation for any purpose at any time, except to the extent necessary to perform the Services or as ordered by a court of competent jurisdiction. Contractor acknowledges that the foregoing prohibition against disclosure applies, without limitation, to officers, employees, agents and subcontractors of Contractor who do not need to know or receive the Information and Derivative Documentation in connection with the performance of the Services.
- b) Contractor will ensure that all copies of the Information and Derivative Documentation are marked "Confidential" in a prominent location on the first page of each such document or copy. Furthermore, if Contractor intends or anticipates that it may be required for any reason to release or disclose the Information, the Derivative Documentation or any portion thereof, Contractor will provide prompt notice of such requirement to Freddie Mac and will take such other actions as may be necessary or reasonably requested by Freddie Mac to provide to Freddie Mac a

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reasonable opportunity to respond in such manner as Freddie Mac deems appropriate to prevent or limit the release or disclosure of such Information and Derivative Documentation.

- c) Contractor agrees that it will not, without the prior written consent of Freddie Mac, copy or permit copies to be made of the Information, the Derivative Documentation or any portion thereof, except to the extent necessary to perform the Services. All Information, all Derivative Documentation and all copies of the Information and the Derivative Documentation (including, without limitation, hard copies and word processing and other computer files and any deliverables), will be returned or turned over to Freddie Mac promptly upon termination or completion of the Services or, if earlier, upon written demand by Freddie Mac.
- d) The terms "Information" and "Derivative Documentation" do not include any information which (i) is generally available to the public, other than as a result of a breach of this Agreement, (ii) is provided to Contractor on a nonconfidential basis by a third party which is not itself under any confidentiality obligation with respect to the information, or (iii) is independently developed by Contractor without use of or reference to the Information, the Derivative Documentation or any portion thereof. In addition, this Agreement will not be deemed to prevent Contractor from disclosing Information or Derivative Documentation to the extent such a disclosure is required by the order of a court of competent jurisdiction, provided that Contractor complies with the notice and other requirements of subsection (b) above.

5. Contractor's Warranties

- a) Contractor represents and warrants that:
  - (i) all materials provided or prepared by or on behalf of Contractor hereunder will be original and created by Contractor or its subcontractors; Contractor is (or, as to materials to be created in the future, will be) the owner of the entire right, title and interest in and to such materials and has the right to provide title to such materials to Freddie Mac in accordance with the provisions of Section 6 below; and said rights are not subject to any prior agreement, liens or other rights which may interfere with or impair the rights of Freddie Mac under this Agreement;
  - (ii) the materials prepared or furnished by or on behalf of Contractor hereunder do not and will not violate or infringe on any patent, trademark, service mark, trade secret, copyright, right of privacy or right of publicity

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or contain libelous matter, and Freddie Mac's proposed use of such materials will not violate any such rights.

(iii) if Contractor develops or provides to Freddie Mac any software or data under this Agreement, such software and/or data, and the medium in which the software and/or data, is provided to Freddie Mac will be free of any program, information, code and commands that (A) are designed to or could cause the software or data or any of Freddie Mac's hardware or software systems (the "Freddie Mac Systems") to malfunction or self-destruct, (B) are designed to or could cause damage to a computer, network or any information, program or data contained therein, or (C) are designed to or could enable unauthorized access or otherwise cause harm to the software or data or the Freddie Mac Systems, including, without limitation, computer "viruses," "time bombs," "worms," and "trap doors."

(iv) with respect to any software, data or files provided or used by Contractor in connection with this Agreement, the occurrence in or use by any such item of the date January 1, 2000 or any subsequent date(s) ("Millennial Dates") will not adversely affect the item's performance with respect to date-dependent data, computations, output or other functions (including, without limitation, calculating, comparing and sequencing), and each such item will create, store, process and output information related to or including Millennial Dates without error or omission. At Freddie Mac's request and upon reasonable notice, Contractor will, at no cost to Freddie Mac, provide evidence sufficient to demonstrate adequate testing of the item in question to ensure the item meets the requirements of this representation and warranty.

- b) Without limiting the provisions of Section 7(a) below, Contractor will indemnify Freddie Mac against and hold it harmless from any and all injuries, damages, losses, liabilities, claims, costs and expenses, including reasonable attorneys' fees, arising out of or resulting from Contractor's breach of any of the representations and warranties set forth in this Section 5 or its alleged breach of any of the representations and warranties set forth in subsection (a)(i) or subsection (a)(ii) above.

## 6. Rights of Title

All reports, manuals, software, work products and any other materials developed, prepared by or worked upon by or on behalf of Contractor pursuant to the consulting agreement will belong exclusively to Freddie Mac, and Freddie Mac will have the right to obtain, free from any claim or retention of rights on Contractor's part, and to hold in Freddie Mac's name, any copyrights, trademark registrations, patents or whatever protection Freddie Mac may deem appropriate for such materials. Contractor agrees to provide to Freddie Mac all assistance

reasonably requested by Freddie Mac to perfect the rights hereinabove described, including, without limitation, executing all assignments and other papers necessary or appropriate to vest the entire right, title and interest in such materials in Freddie Mac and its successors and assigns or to enable Freddie Mac to obtain such protection for Freddie Mac's property interest in such materials as Freddie Mac deems advisable.

7. Indemnification and Insurance

- a) Contractor agrees to indemnify and hold harmless Freddie Mac and its directors, officers, agents and employees from and against any and all injuries, damages, losses, liabilities, claims, costs and expenses, including reasonable attorneys' fees, arising from or related to any act or omission by Contractor, its subcontractors or their respective officers, agents or employees, or any breach of any of Contractor's representations, warranties or agreements hereunder.
- b) Contractor will carry, at its expense, complete and comprehensive insurance in the minimum amounts and types set forth below:
  - (i) Commercial general liability coverage in the minimum amount of \$1,000,000 each occurrence and \$2,000,000 annual aggregate. The policy will, at a minimum, insure Contractor against liability arising out of or from bodily injury, personal injury, property damage, advertising injury, products/completed operations and independent contractors and will include those coverages customarily found in a broad form general liability endorsement and broad form property damage extension.
  - (ii) Workers' compensation insurance providing statutory benefits.
  - (iii) Employer's liability insurance in the minimum amount of \$100,000/\$500,000/\$100,000.
  - (iv) Owned or non-owned automobile liability insurance in the minimum amount of \$100,000 each accident.

All such policies of insurance will (a) apply as primary insurance for any claims arising out of or related to this Agreement, (b) include deductibles not in excess of amounts approved by Freddie Mac; (c) be carried with companies rated A or better by A.M. Best; (d) name Freddie Mac as an additional insured, except that Freddie Mac need not be named an additional insured under Contractor's workers' compensation policy; (e) contain a requirement that Freddie Mac be given written notice at least thirty (30) days prior to cancellation; and (f) be maintained for the entire term of this Agreement and a period of one (1) year after the expiration or

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termination of the Agreement. Contractor will provide to Freddie Mac certificates evidencing the coverages required hereunder (and, if requested, certified copies of the policies) concurrently with the execution of this Agreement and thereafter periodically upon request by Freddie Mac. The insurance requirements set forth in this Agreement will in no way be deemed to limit Contractor's liability under or related to the Services or this Agreement.

8. Conflict Of Interest

- a) During the Term and for a period of two (2) years after the completion of all Services under this Agreement, Contractor agrees that it will not provide or agree to provide, either directly or indirectly, services to the Office of Federal Housing Enterprise Oversight ("OFHEO"). During the Term and for a period of two (2) years after the completion of all Services under this Agreement, Contractor agrees that it will not provide or agree to provide, either directly or indirectly, services to the United States Department of Housing and Urban Development ("HUD") which involve or relate to Freddie Mac or the secondary mortgage market. Contractor represents and warrants that it has not provided any such services to OFHEO or HUD during the two (2) year period prior to the date of this Agreement.
- b) During the Term and for a period of two (2) years after the completion of all Services under this Agreement, Contractor will not assign or permit (to the extent within its control) any individual who performs Services for Freddie Mac under the Agreement to perform services for Fannie Mae or any other entity whose business involves the acquisition of residential mortgage loans in the secondary mortgage market. For purposes of this subsection (b), the actions of individuals who are no longer employed by Contractor will be deemed beyond Contractor's control if, and only if, Contractor complies with its obligations under subsection (c).
- c) Except to the extent waived by Freddie Mac in writing with respect to a particular individual or entity, Contractor will require all employees, subcontractors and agents which Contractor desires to assign to perform Services under the Agreement to execute the "Conflict of Interest Agreement" described below prior and as a condition to their assignment to perform such Services. The Conflict of Interest Agreement will provide that, for a period of two (2) years after performance of such Services, the individual or entity signing the agreement will not perform any services prohibited by the provisions of subsection (a) or subsection (b) above. The Conflict of Interest Agreement will specify that such individual's or entity's execution of the agreement is a condition to his or its assignment to perform Services for Freddie Mac, that the agreement is for the benefit of Freddie Mac and that the provisions of the agreement will survive the termination of



such individual's or entity's employment by or contract with Contractor. In addition to the foregoing, Contractor will include in each Conflict of Interest Agreement a provision comparable to subsection (d) below.

- d) To the extent any portion of this Section 8 is determined to be unenforceable by a court of competent jurisdiction, then the parties agree that such portion will be modified by the court solely to the extent necessary to cause such portion to be enforceable, and this Section 8, as so modified, will remain in full force and effect.

9. Permitted Changes

Notwithstanding anything to the contrary in this Agreement, Freddie Mac will have the right to make the following modifications to the Agreement (collectively, the "Permitted Changes") without Contractor's prior written consent:

- (i) extend the Term for up to twelve (12) months beyond the then-current expiration date of the Term; and/or
- (ii) renew the Term for one or more additional consecutive terms (each a "Renewal Term") of up to one (1) year apiece; and/or
- (iii) increase the fixed or maximum price payable by Freddie Mac under the Agreement.

If Freddie Mac desires to make a Permitted Change to the Agreement, Freddie Mac will issue an amendment to the Agreement which will be executed by Freddie Mac but will not require execution by Contractor (a "Permitted Amendment"). If Contractor is not willing to agree upon the Permitted Amendment, it will so notify Freddie Mac in writing within twenty (20) business days after the date of the Permitted Amendment. If Contractor fails to notify Freddie Mac in writing that it objects to the Permitted Amendment within the foregoing 20 business day period, Contractor will be deemed conclusively to have agreed upon the Permitted Changes included in the Permitted Amendment, and such Permitted Changes will automatically be binding upon both parties. It is the parties' intent that Freddie Mac will have the right to make Permitted Changes to the Agreement repeatedly during the Term, including any Renewal Term.

10. General

- a) In no event will Freddie Mac be liable to Contractor or any other individual or entity for indirect, incidental, special or consequential damages of any type whatsoever arising out of or relating in any manner to this Agreement, the termination of this Agreement or the performance or nonperformance of the parties' respective obligations hereunder, whether

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under a contract, tort or any other theory of liability. Subject to the foregoing, the rights and remedies of the parties hereunder are cumulative and are in addition to, and not in lieu of, all rights and remedies available at law and in equity.

- b) Pursuant to 12 U.S.C. § 1452(e), Freddie Mac is exempt from all taxes levied by any state, county, municipality or local taxing authority (other than certain real property taxes). Nothing contained in this Agreement will be deemed to make Freddie Mac responsible for or otherwise obligate Freddie Mac to pay (whether directly or on a pass-through basis) any taxes from which Freddie Mac enjoys an exemption, however such taxes may be designated or levied pursuant to the Agreement.
- c) This Agreement constitutes the only agreement between Freddie Mac and Contractor relating to the subject matter hereof, and no representations, understandings or agreements, oral or otherwise, not herein contained will be of any force or effect. Any conflict between the various portions of this Agreement will be resolved in the following order of priority: (i) Cover Page, (ii) Terms and Conditions, and (iii) other exhibits.
- d) Except to the extent set forth in Section 9 above, no modification or waiver of any provision of this Agreement will be valid unless it is in writing and signed by the party against whom it is sought to be enforced. No payment by Freddie Mac will be deemed to constitute an acceptance of any Services or a waiver of any of Freddie Mac's rights or remedies arising in connection therewith.
- e) This Agreement, and the rights and obligations of the parties created hereunder, will not be assignable or delegable by Contractor without the prior written consent of Freddie Mac, which consent may be granted or withheld in Freddie Mac's sole discretion. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective beneficiaries, heirs, legal representatives, successors and assigns.
- f) The parties agree that Contractor is furnishing the Services as an independent contractor.
- g) This Agreement will be construed, and the rights and obligations of the parties hereunder determined, in accordance with the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate any provisions of the Agreement or the transactions governed hereby, the laws of the Commonwealth of Virginia will be deemed reflective of the laws of the United States.

- h) The provisions of this Agreement are severable. If any provision of this Agreement is for any reason declared invalid, illegal or unenforceable by a court of competent jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision of this Agreement. In addition, if any provision of this Agreement is for any reason declared invalid, illegal or unenforceable by a court of competent jurisdiction, the parties will promptly substitute for such provision an enforceable provision that preserves the original intentions of the parties to the maximum extent possible in accordance with applicable law.
- i) All notices required or permitted under this Agreement will be in writing and will be sent to the parties at the addresses set forth in the preamble of the Agreement, or to such other addresses and to such other individuals of which either party may notify the other in a notice which complies with the provisions of this subsection. Notices to Freddie Mac will be sent to the attention of the Freddie Mac Project Manager (Mitchell Delk) at 1101 Pennsylvania Avenue NW, Suite 950, Washington, DC 20077. Notices to Contractor will be sent to the attention of Ms. Julie Wadler, at the address listed in the preamble for Contractor, on page one of this Agreement. All notices will be deemed given (i) when delivered by hand, (ii) one (1) day after delivery to a reputable overnight carrier, or (iii) three (3) days after placement in first-class mail, postage prepaid, return receipt requested.
- j) Contractor will neither disclose, advertise, nor publish the fact that Contractor has contracted to furnish services to Freddie Mac nor disclose to the third party any details of connected with this Agreement without Freddie Mac's prior written consent.
- k) The provisions of Sections 2, 3, 4, 5, 6, 7, 8, 10(a), 10(d) and 10(i) of this Exhibit 1 will survive the expiration or earlier termination of the Term.
- l) The captions in this Agreement are included for convenience of reference only and will not be construed to define or limit any of the provisions contained herein.
- m) This Agreement does not provide to Contractor the exclusive right to furnish any goods or services to Freddie Mac. Freddie Mac expressly reserves the right to contract with others for the purchase of services comparable or identical to the Services hereunder.

**epiphany productions**  
events.fundraising.development

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June 9, 1999

Mr. Mitchell Delk  
Senior Vice President  
Government Relations  
1101 Pennsylvania Avenue, NW  
Suite 950  
Washington, DC 20004

Dear Mitch:

This letter will confirm our agreement to enter into a consulting arrangement between epiphany productions and Freddie Mac.

The agreement stipulates that epiphany productions will provide political and public policy counsel to Freddie Mac. In that regard, we will provide advice and counsel to you, as the Senior Vice President of Government Relations, and other Freddie Mac employees regarding political and public policy matters that the corporation identifies as priorities. We will not represent Freddie Mac before Members of Congress or regulatory bodies unless expressly authorized by the corporation.

As we discussed, the contract will begin on April 1, 1999 through December 31, 1999. The monthly retainer for these services will be \$3,000, plus reasonable and necessary expenses authorized by the corporation.

Sincerely,



Julie Wadler  
epiphany productions

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## EXHIBIT 3

### FREDDIE MAC CONSULTANT TRAVEL POLICY

#### AIR TRAVEL

- Travel time is to be paid by the contractor and not chargeable to Freddie Mac.
- Air fares for other than coach class must be approved in writing by an authorized representative of Freddie Mac.
- Unless otherwise approved by Freddie Mac, contractor is responsible for planning trips as far in advance as necessary in order to take advantage of discount air fares.
- The airline providing the lowest cost is to be booked regardless of the airline requested by the contractor.
- Non-refundable or "heavy penalty" airline tickets will not be purchased for travel unless there are no other options.

#### CAR RENTALS

- The lowest rates available should be obtained using Hertz, Avis, National or Budget.
- The number of cars rented should be kept to a minimum considering:
  - o business need
  - o number of people to be transported
  - o length of trip
  - o safety considerations
  - o traffic conditions to be encountered
- Personal use of rental cars will be kept to a minimum.
- Gas charges will be reimbursed.
- Toll road charges bridge tolls and parking will be reimbursed in addition to the mileage allowance.

## EXHIBIT 3

### Page 2

#### AUTOMOBILE TRANSPORTATION

- The standard IRS mileage rate will be used to reimburse contractor for use of his/her private automobile for Freddie Mac business purposes, including travel to and from the airport.
- Where a private automobile is used in lieu of air transportation for the personal convenience of the contractor, the reimbursement is limited to the lesser of the mileage allowance or the applicable discount air fare.
- Toll road charges, bridge tolls and parking will be reimbursed in addition to the mileage allowance.
- Taxi fare to and from the airport will be reimbursed.

#### LODGING

- Hotel room costs will be reimbursed at the rate for rooms at the Freddie Mac designated hotel or for a hotel offering a rate less than or equal to the rate offered by the Freddie Mac designated hotel.
- Meals and incidentals charged to a hotel room will be paid out of the meals and incidentals per diem.

#### MEALS AND INCIDENTALS

- Meals and incidental expenses will be reimbursed up to a maximum of \$65 per day.

#### LOCAL TRAVEL

- Mileage and toll charges to and from the primary Freddie Mac assignment location will not be reimbursed.

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C

# C O R P O R A T E

Freddie  
Mac

[X] POLICY [ ] PROCEDURE

Effective Date: February 27 2004

X New

Replaces

(Prior Issuance)

Index No: 7-710

Series: VII - Legal and Regulatory

Control Pt.: VP-Deputy General  
Counsel-Mortgage Law

Subject: Personal Political Activities of  
Freddie Mac Officers and Employees

Approval  
Authority: General Counsel

Approval  
Signature: \_\_\_\_\_

## GENERAL

### Purpose

To ensure that the personal political activities of Freddie Mac officers or employees, including political fundraising activities, do not cause Freddie Mac or such individuals to violate or appear to violate applicable election laws and regulations.

The purpose of this policy is not in any way to impair the ability of any Freddie Mac officer or employee to engage lawfully in personal political activities.

### Scope

This policy applies to all officers at a level of Senior Vice President and above, to all officers and employees of the Government Relations (GR) Division and to all Freddie Mac officers or employees, at any level, who engage in, or intend to engage in, personal political activity, including political fundraising.

### References

Federal Election Campaign Act of 1971, as amended. 2 U.S.C. § 431 et seq.; 11 C.F.R. § 100.1 et seq.

Freddie Mac Code of Conduct (Corporate Policy No. 1-140), §§ IV.C.5, "Loans, Discounts and Other Preferential Treatment"; IV.G, "Political and Other Personal Activities."

Corporate Procedure 7-114, Political Expenditures and Contributions



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**DEFINITIONS**

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**Personal  
Political  
Activity**

Personal political activity includes making contributions or expenditures in connection with any federal, state or local election; engaging in other activities related to raising funds in connection with any federal, state or local election; or engaging in activities on behalf of any candidate, political party or political committee in connection with any federal, state or local election.

Contributions include any gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing any election for federal, state or local office. Expenditures include any purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made for the purpose of influencing any federal, state or local election.

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**POLICY**

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Individual Freddie Mac officers and employees are free to engage in personal political activity in their individual capacities. They are not required to engage in such activity. Nor will any decision to engage - or not to engage - in personal political activity affect the corporation's evaluation of the individual's performance.

Because of the possible risk to Freddie Mac's reputation that such activity could create, it is Freddie Mac's policy that individual Freddie Mac officers and employees comply with all applicable election laws and regulations in their personal political activities.

It is also the policy of Freddie Mac to comply with election laws and regulations in all corporate activities.<sup>1</sup>

**Mandatory  
Training**

Freddie Mac will provide training on compliance with election laws and regulations from time to time.

Freddie Mac officers at a level of Senior Vice President or above and all Government Relations officers and employees shall attend training on compliance with election laws and regulations not less than annually.

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<sup>1</sup> For example, federal election law prohibits Freddie Mac from making any contribution or expenditure in connection with any federal, state or local election. See 1 U.S.C. § 441b(a).

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Mandatory  
Training  
(Continued)

Any other Freddie Mac officers or employees who have engaged in, or intend to engage in, personal political activity, including political fundraising, are encouraged to attend such training.

Access to  
Counsel

Freddie Mac will provide any Freddie Mac officer or employee who intends to engage in personal political activity, including political fundraising activities, with access to legal advice regarding compliance with election laws.

An officer or employee who wishes to obtain legal advice under this policy shall request such advice from the VP-Deputy General Counsel-Mortgage Law or a designee. The VP-Deputy General Counsel-Mortgage Law or designee may enlist the assistance of outside counsel, in the sole discretion of the VP-Deputy General Counsel-Mortgage Law or designee, in providing such legal advice.

The VP-Deputy General Counsel-Mortgage Law or designee, and any outside counsel assisting in providing legal advice under this Policy, shall represent only Freddie Mac and not the individual.

This policy does not in any way restrict a Freddie Mac officer or employee from seeking legal advice from his or her own attorney.

It is ultimately the responsibility of each individual to ensure his or her compliance with all laws and regulations applicable to their personal political activity.

Limitation of  
Vendors

A Freddie Mac officer or employee is prohibited from using, in connection with that person's personal political activity, the services of a vendor that also provides services to Freddie Mac, except in extraordinary circumstances and then only with the prior written approval of the VP-Deputy General Counsel-Mortgage Law or designee.

Expense  
Reimbursement

Under no circumstances will Freddie Mac directly or indirectly reimburse any Freddie Mac officer or employee for any contribution or expenditure made in connection with any federal, state or local election.

All expense reimbursement requests submitted by Government Relations personnel shall include a certification that the expenses for which reimbursement is requested do not relate in any way to personal political activity. The Government Relations Division Controller shall forward copies of such certifications to the VP-Deputy General Counsel-Mortgage Law or designee and to the Chief Compliance Officer or designee.

## Limitation on Solicitation

A Freddie Mac officer or employee may solicit contributions in connection with a federal, state or local election from any other Freddie Mac personnel, but only upon satisfying one of the following two sets of conditions:

- The individual is expressly authorized in writing and in advance by the VP-Deputy General Counsel-Mortgage Law or a designee to solicit on behalf of the corporation; or
- The individual expressly states as part of the solicitation that they are acting in their personal capacity and the solicitation does not disrupt, impair or delay any personnel from fulfilling their corporate responsibilities.

In all instances, any person making such a solicitation shall not use any coercion and shall not state or imply that a decision to contribute or not to contribute will affect in any manner the corporation's or the solicitor's treatment of the solicitee.<sup>2</sup>

Limitation on Use of Freddie Mac Facilities<sup>3</sup>

Personal political activity may be conducted in the work place only if it does not interfere with timely performance of an employee's ordinary job responsibilities.

Except as provided in this Policy, Freddie Mac officers and employees are prohibited from using Freddie Mac corporate facilities, including but not limited to any of the following, in connection with

<sup>2</sup> See Freddie Mac Code of Conduct (Corp. Pol. No. 1-140), § IV.G, "Political and Other Personal Activities" (providing in relevant part as follows: "You may volunteer your personal time to charitable, religious, professional, social, fraternal, recreational, public service or civic organizations. You should be sensitive to the need to distinguish your role as a private citizen from your role as a Freddie Mac employee. Freddie Mac endorses voluntarism, but does not necessarily approve or disapprove of the activities of any particular organization. Freddie Mac respects your right to choose your own affiliations. However, solicitation of employees to make donations or to buy products sold by these organizations may place fellow employees in an awkward or compromising position and is prohibited unless applicable corporate policy provides otherwise. General announcements to employees of the availability of such products may be posted as permitted under applicable policies and procedures."). For the sake of clarity, no general announcements regarding personal political activities should be posted.

<sup>3</sup> See Freddie Mac Code of Conduct (Corp. Pol. No. 1-140), § IV.G, "Political and Other Personal Activities" (providing in relevant part as follows: "The conduct of Freddie Mac, like that of other large corporations, is subject to close scrutiny from many sources. For this reason, it is particularly important that any public statement or act attributable to Freddie Mac be carefully thought out and that your personal views be kept separate from corporate views. . . . Individual participation in the political process is an essential part of our society and you may fully engage in the political process consistent with your personal views, convictions and interests regardless of Freddie Mac's business interests. However, you must distinguish your views from those of Freddie Mac when engaging in personal political activity. Because your use of Freddie Mac's supplies or property may be interpreted to be an indirect form of Freddie Mac's political activity, you may not use Freddie Mac supplies or property for personal political activity unless applicable corporate policy provides otherwise ")

any personal political activity, including political fundraising:

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US OFFICE PHOENIX 15

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**BEFORE THE FEDERAL ELECTION COMMISSION**

**In re Federal Home Loan Mortgage  
Corporation (a/k/a Freddie Mac)  
(MUR 5390)**

**DECLARATION OF ROBERT MITCHELL DELK**

1. My name is Robert Mitchell Delk. I served as the Senior Vice President for Government Relations at the Federal Home Loan Mortgage Corporation ("Freddie Mac") until March 2004.


2. On June 22, 1999, Freddie Mac entered into an agreement with Epiphany Productions, Inc. ("Epiphany") to provide political consulting services. Epiphany was hired to provide political and public policy counsel to Freddie Mac. For example, Epiphany has advised, and continues to advise, Freddie Mac on political and public policy matters involving the Republican leadership in Congress, including advice as to how to lobby that leadership and providing insight into the House Republicans' policy and political agenda. Epiphany advised Freddie Mac concerning the legislative and regulatory processes and helped to arrange meetings with certain Republican Members.

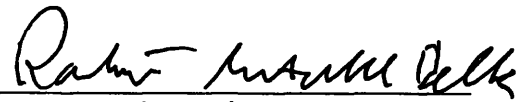
3. Until November 2002, Epiphany advised Freddie Mac on determining the amount and timing of Freddie Mac's permissible "building fund" donations to national political party committees. On occasion, Julie Wadler conveyed building fund contributions to the recipient party committees.

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4. Epiphany also assisted in organizing certain corporate events, such as inaugural events in 2001 and convention events in 2000 and 2004, which were all paid for by Freddie Mac.

I declare under penalty of perjury that the foregoing is true and correct.

  
Carolyn A. Brooks  
Notary Public District of Columbia  
My Commission Expires 11/19/04

  
Robert Mitchell Delk  
Date: 11/19/04

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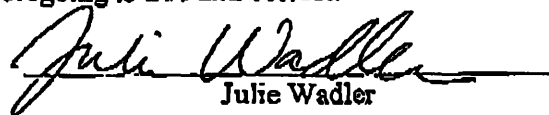
## BEFORE THE FEDERAL ELECTION COMMISSION

In re Federal Home Loan Mortgage  
Corporation (a/k/a Freddie Mac)  
(MUR 5390)

DECLARATION OF JULIE WADLER

1. My name is Julie Wadler. I am the founder and president of Epiphany Productions, Inc. ("Epiphany"), a consulting firm located in Alexandria, Virginia.
2. Pursuant to contracts with the Federal Home Loan Mortgage Corporation ("Freddie Mac"), I provided a range of political and public policy consulting services on matters that Freddie Mac identified as priorities. For example, on a regular and continuous basis, I provided political information and advice to Freddie Mac lobbyists and public affairs staff concerning Members of Congress and public policy issues. In addition, until November 2002, I provided advice regarding Freddie Mac's permissible donations to political party building funds and, at times, I also conveyed these donations directly to the party committee recipients. I also provided advice concerning Freddie Mac's permissible donations to non-profit groups and organizations.
3. In addition, I provided event planning and organizational services to Freddie Mac for numerous corporate activities including: 2000 Republican National Convention events and receptions, Inaugural events and dinners in 2001; several non-fundraising events, dinners, receptions, over the years honoring legislators and other public figures, including, for example, a May 2003 event honoring former Senator Alfonse D'Amato, and 2004 Republican National Convention events and receptions.

I declare under penalty of perjury that the foregoing is true and correct.

  
Julie Wadler

Date: 11/22/04

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BEFORE THE FEDERAL ELECTION COMMISSION

In re Federal Home Loan Mortgage  
Corporation (a/k/a Freddie Mac)  
(MUR 5390)

DECLARATION OF ROB ZIMMER

1. My name is Rob Zimmer. I am currently a lobbyist in the Government Relations department of the Federal Home Loan Mortgage Corporation ("Freddie Mac"). My responsibilities include establishing and maintaining contacts with Members of Congress and other offices in Washington and lobbying various offices and entities on public policy issues of importance to Freddie Mac. I have been in this position since March 2001.

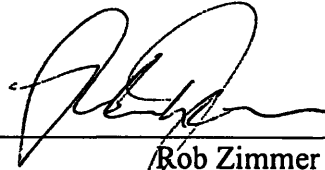
2. In my position, I work closely with many of Freddie Mac's outside vendors, including Epiphany Productions, Inc. ("Epiphany") and its principal Julie Wadler. The Freddie Mac Government Relations department relies on outside vendors for strategic advice and consulting services relating to the company's (1) contact with members of the legislative and executive branches of the federal government, and (2) positioning in Washington politics generally.

3. Ms. Wadler is, and has been, available and on call to Freddie Mac personnel to provide strategic advice on lobbying House Members. Ms. Wadler was a useful source of information on the most effective ways to approach individual Members, as well as their anticipated reactions to company priorities. Given her familiarity with various Members, I and other Freddie Mac lobbyists regularly contact her for advice and input as part of our lobbying duties.

4. In addition to providing strategic lobbying advice, Ms. Wadler also provided event planning and organizational services to Freddie Mac. I am aware that Epiphany has organized several corporate, non-fundraising events honoring important public figures and political party convention-related receptions. Epiphany also organized Freddie Mac events for the 2001 presidential inauguration, the 2004 Republican Convention in New York, and is organizing similar events for the upcoming 2005 inauguration.

5. Epiphany was initially paid \$3,000 per month for these consulting services; this monthly retainer grew to reach \$25,000 per month. This fee structure is consistent with (and in some cases less expensive than) the fee structure in place for other outside vendors providing comparable consulting services to the Government Relations department.

I declare under penalty of perjury that the foregoing is true and correct.

  
\_\_\_\_\_  
Rob Zimmer

Date: 12 Nov 04

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epiphany productions  
incorporated  
■ events • fundraising • development

August 8, 2002

Attn: Ms. Sonya Washington  
Freddie Mac  
401 9<sup>th</sup> Street, NW, Suite 600  
Washington DC, 20004

Dear Ms. Washington:

In reviewing our records, we recently discovered an accounting error on our invoices to Freddie Mac. Our invoices to Freddie Mac reflected certain expenses that should have been charged to other parties. These expenses totaled \$22,512.00 and are detailed on the enclosed account reconciliation. Accordingly, enclosed is a refund in the amount of \$22,512.00.

We apologize for the error and have updated our procedures to ensure this does not happen in the future.

Sincerely,

epiphany productions incorporated

Nicholas J. Boland  
Chief Operating Officer

enclosures: Check No. 3340  
Account Reconciliation

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EPIPHANY PRODUCTIONS, INC.

104 HUME AVENUE  
ALEXANDRIA, VA 22301

3340

15-122/540  
BRANCH 57734

DATE

8/8/02

PAY TO THE  
ORDER OF

FREDDIE MAC

TWENTY TWO thousand five hundred & twelve <sup>00</sup>/<sub>100</sub> \$ 22512.<sup>00</sup>/<sub>100</sub> DOLLARS

FIRST  
UNION

First Union National Bank  
firstunion.com  
Org. 052 R/T 054001220

FOR

Deposit check

Arthur Wadler



<u>Invoice Number</u>	<u>Date</u>	<u>Amount</u>
✓ ? 117	1/30/2001	\$327.74
120	3/10/2001	\$3,993.54
2007	4/13/2001	\$2,485.99
✓ ? 120	5/1/2001	\$2,472.99
132	6/1/2001	\$1,710.26
142	7/3/2001	\$1,258.61
143	8/8/2001	\$2,096.93
144	9/5/2001	\$1,502.88
146	11/1/2001	\$1,822.85
147	11/15/2001	\$245.54
150	2/28/2002	\$2,292.07
151	3/28/2002	\$291.43
152	5/3/2002	\$638.14
153	5/29/2002	\$591.25
154	6/25/2002	\$781.78

see reg  
main

TOTAL

\$22,512.00

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H

RYAN, PHILLIPS, UTRECHT & MACKINNON\*

ATTORNEYS AT LAW

\*NONLAWYER PARTNER

1133 CONNECTICUT AVENUE, N.W.

SUITE 300

WASHINGTON, D.C. 20036

(202) 293-1177

FACSIMILE (202) 293-3411

February 5, 2004

Thomas O. Barnett, Esq.  
Convington & Burling  
1201 Pennsylvania Avenue, NW  
Washington DC 20004

Re: Epiphany Productions

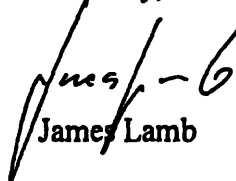
Dear Tom:

On behalf of Epiphany Productions, I am forwarding to you a reimbursement check in the amount of \$2,221.06 to cover certain expenses invoiced to Freddie Mac in 2000. Due to the considerable amount of time that has passed since these invoices were issued, Epiphany is unable to confirm the underlying activities to which the charges relate. In an abundance of caution, Epiphany is reimbursing the full amount of these charges to Freddie Mac. The reimbursement covers the following items:

Invoice 105	Broadcast Fax	\$351.31
Invoice 108	Federal Express	9.36
	Broadcast Fax	245.50
Invoice 110	Broadcast Fax	590.26
	Courier Service	14.00
	Expenses for Bachus Dinner	44.99
Invoice 111	Courier Service	41.00
Invoice 112	Broadcast Fax	563.42
Invoice 115	Fax Charges for ROYB event	<u>361.22</u>
		\$2,221.06

Please give me a call at your convenience if you have any further questions regarding these invoices.

Sincerely,

  
James Lamb

Enclosure

Cc: Julie Wadler

EPIPHANY PRODUCTIONS, INC  
104 HUME AVENUE  
ALEXANDRIA, VA 22301

4711

15-122/540  
BRANCH 87724

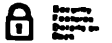
DATE 1/4/03

PAY  
TO THE  
ORDER OF

FREDDIE MAC

\$ 2201.<sup>00</sup>/<sub>100</sub>

TWO THOUSAND TWO HUNDRED & TWENTY ONE <sup>00</sup>/<sub>100</sub> DOLLARS



FIRST  
UNION

First Union National Bank  
firstunion.com  
Org: 052-R/T-054001220

OR

Paul Walker

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# RETENTION AGREEMENT

## Cover Page and Agreement

Made this 29<sup>th</sup> day of January 2003, by and between Federal Home Loan Mortgage Corporation, a shareholder-owned government sponsored enterprise ("Freddie Mac") and the consultant or firm set forth below (the "Consultant").

This Retention Agreement (this "Agreement") sets forth the terms of Freddie Mac's retention of Consultant for the services (the "Services") described in Exhibit 2. This Agreement consists of the following components which together form this Agreement: This summary page (the "Cover Page"), Exhibit 1—Terms and Conditions, Exhibit 2—Scope of Services and Fees, Exhibit 3—Consultant Travel Policy, Exhibit 4—Reimbursable Expenses and Exhibit 5—Consultant's Materials. The following information is incorporated by reference into relevant portions of Exhibit 1—Terms and Conditions:

Freddie Mac Project Executive (name, address, tel, fax.):

Complete each entry:

Mitchell Dolk, (202) 454-8610  
401 9th Street, N.W., Suite 600 South,  
Washington, DC 20004

Consultant (organization name, address, tel, fax.):

The Leger Company, Inc.  
11112 Loran Road  
Great Falls, Virginia 22066  
Phone (703) 404-6898  
Fax (703) 404-6899

State in which organization was formed:  
Consultant's Principal Contact (name, tel, fax.):

VIRGINIA  
Liz Leger  
Phone & fax numbers same as above

Consultant's Assigned Individual (name, tel, fax.):

Liz Leger  
Phone & fax numbers same as above

Term: 1/1/03-12/31/03

Monthly Retainer Fee\*: \$5,000.00

Maximum Retainer Fee Payable during Term: \$60,000.00

Maximum Monthly Out-of-Pocket Expenses Payable: \$250.00

Maximum Compensation Payable during Term\*: \$63,000.00

\*refer to Exhibit 2—Scope of Services and Fees for more specific fee information.

### AGREED TO AND ACCEPTED:

THE LEGER COMPANY, INC.

FEDERAL HOME LOAN MORTGAGE CORPORATION

By: Elizabeth Leger  
Print Name: ELIZABETH LEGER  
Title: President

By: Aya L. Vallot  
Print Name: Aya L. Vallot  
Title: Contract Analyst II

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Exhibit 1Terms and Conditions1. Scope and Standard of Services

- a) In general, the services to be provided by Consultant hereunder consist of consulting services and Consultant will provide the services as described in Exhibit 2 (the "Services"). Each report, manual, software, work of authorship, process, plan and any other material Consultant develops, prepares or works upon pursuant to this Agreement and provides to or is required by this Agreement to provide to Freddie Mac is a "Deliverable."
- b) Consultant will perform services under this Agreement in a highly professional manner consistent with the quality provided by other top firms providing comparable services in the Washington, D C. metropolitan area, and in accordance with all applicable legal requirements, including any specific legal requirements particular to the Services, the requirements of this Agreement and such additional general requirements as may be established by Freddie Mac from time to time (such as, but not limited to, policies concerning building access, security, information quality management, confidentiality of information, diversity and non-discrimination). All individuals whom Consultant selects to perform services on its behalf will be experienced, properly trained, licensed (if legally required) and otherwise qualified and capable of performing in accordance with the requirements of this Agreement. Consultant represents and warrants that it has and will maintain, as applicable, all licenses and permits necessary to perform the Services. Consultant is responsible for ensuring that all individuals it assigns to provide Services are performing in accordance with this Agreement at a level, and in a manner, that is acceptable to Freddie Mac. The Freddie Mac Project Executive identified on the Cover Page (as modified by Freddie Mac from time to time) is Consultant's primary contact at Freddie Mac for Services performed under this Agreement. The Freddie Mac Project Executive will have the right to coordinate all Services performed by Consultant pursuant to this Agreement. If specified on the Cover Page, the Services will be performed primarily by the person identified on the Cover Page as "Consultant's Assigned Individual."
- c) The Services will be performed in accordance with such timeframes as the Freddie Mac Project Executive shall require, developed when feasible, in conjunction with Consultant. During the term of the Agreement, Consultant will provide status reports to the Freddie Mac Project Executive which outline Consultant's progress in accordance with the parties' mutually predetermined timeframes and will include such other information related to the Services as Freddie Mac may request. Consultant will also supply copies of any disclosures or reports it may be required to file by law, such as reports filed under the Lobbying Disclosure Act.
- d) Privilege. A corporation and its inside and outside counsel must take particular care not to waive the attorney-client privilege and the protections provided by the attorney work product doctrine. Confidentiality is of utmost importance.

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Consultant will take all necessary precautions to protect the attorney-client privilege and the protections provided by the attorney work product doctrine.

2. Compensation

a)

As compensation in full in exchange for the Services that comply with the requirements of this Agreement, Freddie Mac will pay Consultant for Services rendered under the Agreement in accordance with the amounts set forth on the Cover Page and on the attached Exhibit 2-Scope of Services and Fees. In addition, if specified on the Cover Page, Consultant will be reimbursed for its reasonable out-of-pocket travel and related expenses directly incurred in the performance of the Services, subject to the provisions of the Consultant Travel Policy attached hereto as Exhibit 3. If Freddie Mac agrees to reimburse Consultant for other out-of-pocket expenses such as overnight mail, courier services, photocopying, etc., then such reimbursable expenses will be detailed in Exhibit 4, Reimbursable Expenses, attached hereto and incorporated herein provided that, in no event will Consultant be reimbursed for more than the Monthly Maximum Reimbursement Payable amount set forth on the Cover Page for Exhibit 3 and Exhibit 4 expenses during the Term of the Agreement. Freddie Mac will have the right to increase the Maximum Compensation Payable amount specified on the Cover Page without Consultant's consent, effective upon written notice to Consultant.

b)

On the 15<sup>th</sup> day of each month, Consultant will submit to the attention of the Freddie Mac Project Executive an invoice that includes a detailed description of the Services performed during the prior month. Freddie Mac will not be required to pay any invoice received for payment more than 60 days after the month billed. Freddie Mac will return unpaid invoices submitted after the two-month cut off date. Reimbursable out-of-pocket expenses will be listed separately on each invoice. Each invoice will be accompanied by invoices, paid receipts and/or such other documentation as may be necessary or requested by Freddie Mac to verify the charges set forth therein. Freddie Mac will pay for Services performed and reimbursable expenses incurred within thirty (30) days after receipt of any properly documented monthly invoice, provided that all requirements of the Agreement have been completed in a satisfactory and timely manner.

c)

Consultant will be solely responsible for filing all tax returns and paying all taxes that may be required or due based on or related to payments received from Freddie Mac under this Agreement.

d)

Consultant is providing Services as an independent contractor. Nothing in this Agreement will create any association, partnership or joint venture or any agency or employer-employee relationship between Freddie Mac and Consultant. Neither Consultant nor its employees, agents or subcontractors will represent themselves, either orally or in writing, to be Freddie Mac's employees or agents.

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### 3. Term

- a) The term of this Agreement (the "Term") will commence and terminate on the dates set forth under the "Term" on the Cover Page, unless the Term is extended by mutual agreement of the parties or sooner terminated pursuant to the provisions of this Agreement.
- b) Term Extension or Renewal. Freddie Mac will have the right, repeatedly during the Term, including any Renewal Term (as defined below), and without Consultant's consent, to either extend or renew the Term beyond the then-current expiration date
- c) Procedure for Term Extension or Renewal. If Freddie Mac desires to extend or renew the Term pursuant to Section 3(b), Freddie Mac will issue an amendment to the Agreement that will be executed by Freddie Mac but will not require execution by Consultant. If Consultant objects to the Term extension or renewal, it will notify Freddie Mac in writing within twenty (20) business days after Consultant's receipt of the Amendment. If Consultant fails to notify Freddie Mac in writing that it objects to the Term extension or renewal within the twenty (20) business day period, Consultant will be deemed conclusively to have agreed upon the Term extension or renewal.

### 4. Termination

- a) Freddie Mac may terminate this Agreement for any reason in its sole discretion upon written notice to Consultant. If Freddie Mac terminates this Agreement for convenience only and not due to Consultant's default, then subject to the provisions of Section 2, Freddie Mac will pay Consultant for the reasonable value of all Services provided and reimbursable expenses incurred prior to the date of termination, but will have no other liabilities or obligations to Consultant under this Agreement. The reasonable value will be determined based on work performed by Consultant.
- b) Entitlement to Materials. In the event of any termination of this Agreement (including both terminations for default and terminations for convenience), Freddie Mac will be entitled to receive all materials prepared by Consultant in connection with the Agreement, including, without limitation, any draft Deliverables and other work in progress.

### 5. Confidential Information

- a) Freddie Mac Information. The term "Freddie Mac Information" means all information provided by Freddie Mac (or by others working with Freddie Mac) to Consultant, or to which Consultant is exposed as a result of or in connection with this Agreement or while providing Services or Deliverables, whether delivered orally, electronically or in writing and whether or not it is specifically marked or designated confidential. The term "Freddie Mac Information" also includes: (i) the subject matter of Services and Deliverables for which Freddie Mac has engaged Consultant to provide; and (ii) all materials that Consultant

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prepares based on Freddie Mac Information, including, without limitation, notes made by Consultant based on discussions with Freddie Mac employees and any reports and other Deliverables.

- b) Use, Disclosure and Copying of Freddie Mac Information. Consultant will treat all Freddie Mac Information as strictly confidential Without limiting the foregoing:

(i) Consultant will not use Freddie Mac Information except to the extent necessary to perform its obligations to Freddie Mac under this Agreement.

(ii) Consultant will not disclose Freddie Mac Information, except to its employees who need to know such Freddie Mac Information to perform Consultant's obligations to Freddie Mac under this Agreement and who are legally obligated to maintain the confidentiality of Freddie Mac Information and to use Freddie Mac Information only as permitted by this section.

(iii) Consultant will exercise at least the same degree of care to preserve the confidentiality of Freddie Mac Information that Consultant exercises to protect its own confidential information of a similar level of sensitivity, but in no event less than a reasonable standard of care.

(iv) Consultant will not copy any Freddie Mac Information, except to the extent necessary to perform Consultant's obligations to Freddie Mac under this Agreement. Consultant will retain all confidentiality markings on any Freddie Mac Information and will prominently mark "Confidential" on all copies and other materials it produces that include Freddie Mac Information. Consultant will maintain and provide to Freddie Mac upon request an accurate log of each copy made of Freddie Mac Information and of the individuals to whom each such copy is distributed.

- c) Required Disclosure. In the event Consultant anticipates that it may be required for any reason to release or disclose Freddie Mac Information outside its organization, Consultant will promptly notify Freddie Mac and will take such actions as may be necessary or reasonably requested by Freddie Mac to provide Freddie Mac with a meaningful opportunity to seek a protective order or otherwise respond in such manner as Freddie Mac deems appropriate.

- d) Return of Freddie Mac Information. Consultant will return all Freddie Mac Information (including, without limitation, hard copies and word processing and other computer files that contain Freddie Mac Information) to Freddie Mac promptly upon the earliest to occur of: (i) written demand by Freddie Mac; (ii) termination of this Agreement; or (iii) completion of all Services and delivery of all Deliverables.

- e) Exceptions Consultant's obligations under this section do not extend to Freddie Mac Information to the extent such information: (i) is publicly known at the time in question without a breach of this section 5; (ii) is provided to Consultant on a

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nonconfidential basis by a third party that is not itself under any confidentiality obligation with respect to the information; or (iii) is independently developed by Consultant without use of or reference to Freddie Mac Information. However, notwithstanding the fact that a portion of Freddie Mac Information is or becomes nonconfidential, Consultant's obligations under this section will continue to apply to all other Freddie Mac Information. This section will not prevent Consultant from disclosing Freddie Mac Information to the extent required by a government agency or court of competent jurisdiction, provided that Consultant complies with the requirements of subsection (c).

- f) Residuals. This section is not intended to prevent either party from using general know-how, skill and experience possessed by such party prior to or developed by such party in connection with this Agreement.
- g) Suggestions. While providing Services and Deliverables, Consultant may make comments and suggestions that are outside the scope of Services ("Suggestions"). All Suggestions are provided on a purely voluntary basis and, in the absence of a separate agreement executed by both parties, will not create any obligation on the part of Freddie Mac. Freddie Mac will have the right to use Suggestions in such manner as it elects in its sole discretion, without obligation of any kind to Consultant.

6. Consultant's Representations and Warranties

a) Consultant makes the following representations and warranties:

(i) Consultant will provide Services and Deliverables in a highly professional and workmanlike manner.

(ii) Services and Deliverables will comply with all applicable legal, including, without limitation, the Gramm-Leach-Bliley Act and other applicable privacy laws and regulations.

(iii) Consultant has the right to provide to Freddie Mac the rights described in Section 7, and said rights are not and will not be subject to any prior agreement, liens or other rights that may interfere with or impair the rights of Freddie Mac.

(iv) The Deliverables (including drafts thereof provided to Freddie Mac pursuant to Section 4b)) will not violate or infringe on any patent, trademark, service mark, trade secret, copyright, right of privacy, right of publicity or other proprietary right of any third party or contain libelous matter, and Freddie Mac's proposed use of the Deliverables (including drafts thereof provided to Freddie Mac pursuant to Section 4b)) will not violate any such rights or any applicable law or regulation.

(v) Consultant will throughout the Term maintain and comply with the terms of all licenses necessary to provide Services and Deliverables.

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(vi) Deliverables electronically supplied by Consultant will be free of any program, information, code or command that:

- (1) Would be likely to cause the software, data or files or the Freddie Mac Systems to malfunction or self-destruct.
- (2) Is likely to cause damage to the software, data, or files or the Freddie Mac Systems, including, without limitation, computer "viruses," "time bombs" or "worms."
- (3) Is likely to enable unauthorized access to the software, data or files or the Freddie Mac Systems, including, without limitation, computer "trap doors."
- (4) Is designed to allow Consultant to disable or otherwise prevent Freddie Mac's continued use of the software, data or files.

Consultant will promptly notify Freddie Mac if Consultant's systems are affected by any such program, information, code or command or if any such program, information, code or command has been transmitted to the Freddie Mac Systems, and in any such case will provide Freddie Mac with Consultant's assessment of the potential for damage to the Freddie Mac Systems and will cooperate with Freddie Mac and take such remedial actions as Freddie Mac may request.

- b) **Power and Authority.** Each party represents that it has all necessary power and authority to enter into and perform its obligations under this Agreement. Each individual executing this Agreement on behalf of each party represents that he or she has the authority to do so.

7 Intellectual Property Rights

- a) **Deliverables.** Unless otherwise instructed in writing by Freddie Mac, all Deliverables, including drafts thereof, will belong exclusively to Freddie Mac, and, to the fullest extent permissible under applicable law, will be deemed a "work for hire." Consultant hereby assigns to Freddie Mac all of Consultant's right, title and interest in and to all Deliverables and any intellectual property rights related thereto, including, without limitation, any "moral rights" related thereto. Freddie Mac will have the right to obtain, free from any claim or retention of rights on Consultant's part, and to hold in Freddie Mac's name, any copyrights, trademark registrations, patents or whatever protection Freddie Mac may deem appropriate for such Deliverables. Consultant will provide Freddie Mac all assistance reasonably requested by Freddie Mac to perfect the rights described in this subsection a), including, without limitation, executing all assignments, licenses and other papers necessary or appropriate to vest the entire right, title and interest in such Deliverables in Freddie Mac and its successors and assigns or to enable Freddie Mac to obtain such protection for Freddie Mac's interest in such Deliverables as Freddie Mac deems advisable.

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- b) Consultant Materials. The parties acknowledge that, during the course of providing Services and Deliverables, Consultant may utilize its own pre-existing proprietary methodologies, materials, software and tools ("Consultant Materials"). To qualify as Consultant Materials, an item must specifically be identified in Exhibit 5 or set forth in writing by Consultant and countersigned by the Freddie Mac Project Executive. Nothing in this Agreement will vest in Freddie Mac any ownership interest in Consultant Materials or (except to the extent expressly provided in this Agreement) in any copyright, patent, trademark, trade secret or other proprietary rights, if any, that exist in Consultant Materials. It is understood, however, that Consultant Materials do not include any Deliverables or draft Deliverables, all of which will be Freddie Mac's exclusive property. To the extent Consultant Materials are embedded in any Deliverable, Consultant hereby grants to Freddie Mac a nonexclusive, permanent, irrevocable, royalty-free worldwide license to Freddie Mac to use such Consultant Materials in connection with such Deliverables and for such other purposes as Freddie Mac elects (including, without limitation, the right to copy, modify, display, perform, disclose, create derivative works from and sublicense (as part of a Freddie Mac product or service) such Consultant Materials, as appropriate in connection with such Freddie Mac use).
- c) No Transfer of Rights. Nothing in this Agreement will grant to Consultant any rights in or to Freddie Mac Information, including, without limitation, any patent, copyright, trade secret or other intellectual property rights related thereto.

8. Indemnification and Insurance

a) Indemnities

(i) Consultant will indemnify and hold harmless Freddie Mac and its directors, officers, shareholders, employees and agents (collectively the "Indemnified Parties") from and against any and all injuries, damages, losses, liabilities, claims, judgments and settlements, including all reasonable costs, expenses and attorneys fees, arising out of any action or claim brought against any of the Indemnified Parties arising from or related to any negligent act or omission by Consultant, its subcontractors or their respective officers, agents or employees or any claimed breach of any of Consultant's representations, warranties or agreements in this Agreement (each a "Covered Claim").

(ii) In the event that any Deliverable is alleged to infringe a third party's copyright, patent, trademark, trade secret or other proprietary rights, then in addition to its indemnification obligations under Section 8(a)(i), Consultant will promptly either:

(A) Procure for Freddie Mac the right to continue using the Deliverable; or

(B) Provide Freddie Mac with a functionally equivalent, non-infringing replacement for the Deliverable, together with such assistance as Freddie Mac may reasonably request to assist it in transitioning to the Deliverable,

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and reimburse Freddie Mac for the costs it reasonably incurs in transitioning to the replacement.

b) **Indemnification Procedure.** The following provisions apply to the indemnification obligations described in subsection (a):

(i) Freddie Mac will notify Consultant promptly in the event it receives written notice of a claim that Freddie Mac believes is a Covered Claim (provided, however, that a failure to so notify will only relieve Consultant of its obligations described in subsection (a) to the extent Consultant can show that it has been prejudiced thereby).

(ii) Consultant will have the sole control of the defense of a Covered Claim and all negotiations for its settlement or compromise (provided that Consultant must obtain Freddie Mac's prior written consent, which will not be unreasonably withheld, to any settlement or compromise that involves anything other than the payment of money by Consultant), unless Consultant fails promptly to assume the defense of a Covered Claim or there is a conflict or potential conflict of interest between Consultant and Freddie Mac related to the Covered Claim, in which event Freddie Mac may elect to assume the defense at Consultant's cost and expense. Freddie Mac may, at its own cost and expense, participate concurrently with Consultant in the defense of a Covered Claim, whether or not any such failure to defend, conflict or potential conflict exists.

(iii) Freddie Mac will cooperate reasonably with Consultant, at Consultant's reasonable expense, in the defense, settlement or compromise of a Covered Claim.

*OK to delete RV.*  
c) ~~Consultant will carry, at its expense, complete and comprehensive insurance in the minimum amounts and types set forth below:~~

- (i) ~~Commercial general liability coverage in the minimum amount of \$1,000,000 each occurrence and \$2,000,000 annual aggregate. The policy will, at a minimum, insure Consultant against liability arising out of or from bodily injury, personal injury, property damage, advertising injury, products/completed operations and independent Consultant's and will include those coverages customarily found in a broad form general liability endorsement and broad form property damage extension.~~
- (ii) ~~Professional liability insurance covering Services in the minimum amount of \$1,000,000 each claim and annual aggregate.~~

~~All such policies of insurance will (a) apply as primary insurance for any claims arising out of or related to this Agreement, (b) at Freddie Mac's option, include deductibles not in excess of amounts approved by Freddie Mac; (c) be carried with companies rated A or better by A.M. Best; (d) name Freddie Mac as an additional insured, except that Freddie Mac need not be named an additional insured under Consultant's workers' compensation policy; (e) contain a requirement that Freddie Mac be given written notice at least thirty (30) days prior to cancellation; and (f) be maintained for the entire Term and a period of~~

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one (1) year after the expiration or termination of the Term. Consultant will provide to Freddie Mac certificates evidencing the coverages required hereunder (and, if requested, certified copies of the policies) concurrently with the execution of this Agreement and thereafter periodically upon request by Freddie Mac. The insurance requirements set forth in this Agreement will in no way be deemed to limit Consultant's liability under or related to the Services or this Agreement.

9. Conflict Of Interest

- a) Conflicts of Interest. Freddie Mac expects its retained consultant to be free of conflicting interests and of the appearance of conflict in its representation. Prior to providing any services hereunder, Consultant will review the project and its records and determine that no conflict or potential conflict exists that would prevent Consultant from fully representing Freddie Mac in connection with the specific matter in question or any related matter that is likely to or may foreseeably arise out of the matter in question. If at any time during the course of Consultant's provision of the Services it becomes aware of a potential conflict or circumstances which may lead to a conflict, Consultant will immediately bring the issue to the attention of the Freddie Mac Project Executive. Once a conflict or potential conflict is identified, Consultant shall not be entitled to retain or receive any further fees in the absence of a written waiver from the Freddie Mac Project Executive. If work or representation commences before a conflict or potential conflict is identified and the conflict or potential conflict is not identified due to Consultant's negligence or failure to follow this policy, Consultant may be required to return all fees incurred on or after the time the conflict or potential conflict should have been identified.
- b) Regulators. During the Term and for a period of two (2) years after the completion of all Services and delivery of all Deliverables under this Agreement, Consultant will not provide or agree to provide, either directly or indirectly, services to either the Office of Federal Housing Enterprise Oversight or the United States Department of Housing and Urban Development that involve or relate to Freddie Mac or the secondary mortgage market.
- c) Private Entities. During the Term and for a period of two (2) years thereafter, Consultant will not assign or permit (to the extent within its control) any individual who provides Services or Deliverables to perform services for Freddie Mac or any other entity whose business involves, in substantial part, the origination, insurance or acquisition of residential mortgage loans in the secondary mortgage market. For purposes of this subsection (b), the actions of individuals who are no longer employed by Consultant will be deemed beyond Consultant's control if, and only if, Consultant complies with subsection (c).
- d) Written Agreement. Except to the extent waived by Freddie Mac in writing with respect to a particular individual or entity, Consultant will require all employees, subcontractors, consultants and agents that Consultant desires to assign to provide Services or Deliverables to execute the "Conflict of Interest Agreement" described in this subsection (c) prior and as a condition to their assignment to provide such Services or Deliverables. The Conflict of Interest Agreement will

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provide that, for a period of two (2) years after providing such Services or Deliverables, the individual or entity signing the agreement will not perform any services prohibited by the provisions of subsection (a) or subsection (b). The Conflict of Interest Agreement will specify that such individual's or entity's execution of the agreement is a condition to his or its assignment to provide Services or Deliverables, that the agreement is for the benefit of Freddie Mac and that the provisions of the agreement will survive the termination of such individual's or entity's employment by or contract with Consultant. In addition to the foregoing, Consultant will include in each Conflict of Interest Agreement a provision comparable to Section 10(d).

- e) Severability. To the extent any portion of this section is determined to be unenforceable by a court of competent jurisdiction, then the parties agree that such portion will be modified by the court solely to the extent necessary to cause such portion to be enforceable, and this Section 10, as so modified, will remain in full force and effect.
- f) Insider Trading. It is likely that, during the course of Consultant's representation of Freddie Mac, Freddie Mac may disclose confidential and proprietary information and trade secrets pertaining to Freddie Mac's past, present, and future activities. That information and those trade secrets may contain "material inside information" relating to Freddie Mac or its securities within the meaning of the federal securities laws. Freddie Mac expects that Consultant will treat any and all information gained by Consultant as a result of or in connection with the Services or this Agreement as strictly confidential. Freddie Mac further expects that neither Consultant nor any member or employee of Consultant's organization will use that information in a manner that violates the federal securities laws.

#### 10. General

- a) Limitation of Liability. IN NO EVENT WILL FREDDIE MAC BE LIABLE TO CONSULTANT OR ANY OTHER INDIVIDUAL OR ENTITY FOR INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY TYPE WHATSOEVER ARISING OUT OF OR RELATING IN ANY MANNER TO THIS AGREEMENT, THE TERMINATION OF THIS AGREEMENT OR THE PERFORMANCE OR NONPERFORMANCE OF EITHER PARTY'S RESPECTIVE OBLIGATIONS HEREUNDER, WHETHER UNDER A CONTRACT, TORT OR ANY OTHER THEORY OF LIABILITY, EVEN IF FREDDIE MAC IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES. SUBJECT TO THE FOREGOING, THE RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER ARE CUMULATIVE AND ARE IN ADDITION TO, AND NOT IN LIEU OF, ALL RIGHTS AND REMEDIES AVAILABLE AT LAW AND IN EQUITY.
- b) Taxes. Pursuant to 12 U.S.C. § 1452(e), Freddie Mac is exempt from all taxes levied by any state, county, municipality or local taxing authority (other than certain real property taxes). Nothing contained in this Agreement will be deemed to make Freddie Mac responsible for or otherwise obligate Freddie Mac to pay (whether directly or on a pass-through basis) any taxes from which Freddie Mac

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enjoys an exemption, however such taxes may be designated or levied pursuant to the Agreement.

- c) Entire Agreement This Agreement constitutes the only agreement between Freddie Mac and Consultant relating to the subject matter hereof, and no representations, understandings or agreements, oral or otherwise, not herein contained will be of any force or effect. Any conflict between the various portions of this Agreement will be resolved in the following order of priority: (i) Cover Page, (ii) Terms and Conditions, and (iii) other exhibits.
- d) Modifications (i) Except to the extent described in Section 2(a) and Section 3(b), no modification, amendment or waiver of any provision of this Agreement will be valid unless it is in writing and signed by the party against whom it is sought to be enforced. No payment by Freddie Mac will be deemed to constitute an acceptance of any Services or a waiver of any of Freddie Mac's rights or remedies arising in connection therewith.
- e) Assignment This Agreement, and the rights and obligations of the parties created hereunder, will not be assignable or delegable by Consultant without the prior written consent of Freddie Mac, which consent may be granted or withheld in Freddie Mac's sole discretion. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective beneficiaries, heirs, legal representatives, successors and assigns.
- f) Governing Law This Agreement will be construed, and the rights and obligations of the parties hereunder determined, exclusively in accordance with the substantive law of the Commonwealth of Virginia, excluding provisions of Virginia law concerning choice-of-law that would result in the law of any state other than Virginia being applied. However, the Uniform Computer Information Transactions Act (or any substantially similar law enacted by Virginia) will not apply to this Agreement or the performance of it, and instead the law of Virginia as it exists without reference to the Uniform Computer Information Transactions Act will apply.
- g) Venue Any claims, actions or proceedings arising out of or related to this Agreement will be brought in the United States District Court for the Eastern District of Virginia, Alexandria Division. The parties hereby submit to the personal jurisdiction of said Court and consent to the dismissal of any action related to this Agreement that is brought in any other forum.
- h) Cumulative Remedies Subject to the limitation of liability described in Section 9, the rights and remedies of the parties under this Agreement are cumulative and are in addition to, and not in lieu of, all rights and remedies available at law and in equity.
- i) Equitable Relief Consultant acknowledges that any breach of its obligations under Section 5, Section 8 or Section 10 may result in irreparable harm to Freddie Mac for which there is no adequate remedy at law. Therefore, in the event of any such breach or threatened breach, Freddie Mac will be entitled to injunctive relief

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in addition to any other equitable and/or legal remedies available to Freddie Mac. Consultant hereby waives any requirements for the securing or posting of any bond or other security in connection with such injunctive relief.

- j) Severability. The provisions of this Agreement are severable. If any provision of this Agreement is for any reason declared invalid, illegal or unenforceable by a court of competent jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision of this Agreement. In addition, if any provision of this Agreement is for any reason declared invalid, illegal or unenforceable by a court of competent jurisdiction, the parties will promptly substitute for such provision an enforceable provision that preserves the original intentions of the parties to the maximum extent possible in accordance with applicable law.
- k) Notices. All notices required or permitted under this Agreement will be in writing and will be sent to the parties at the addresses set forth in the preamble of the Agreement, or to such other addresses and to such other individuals of which either party may notify the other in a notice which complies with the provisions of this subsection. Notices to Freddie Mac will be sent to the attention of the Freddie Mac Senior Vice President Government Relations, Mitchell Dalk, 401 9<sup>th</sup> Street NW, Suite 600, Washington, DC 20004. Notices to Consultant will be sent to the attention of Ms. Liz Leger at the address listed on the Cover Page for Consultant. All notices will be deemed given (i) when delivered by hand, (ii) one (1) day after delivery to a reputable overnight carrier, or (iii) three (3) days after placement in first-class mail, postage prepaid, return receipt requested.
- l) Disclosure Without Freddie Mac's approval, or except as required by law, Consultant will neither disclose, advertise, nor publish the fact that Consultant has contracted to furnish services to Freddie Mac nor disclose to the third party any details connected with this Agreement without Freddie Mac's prior written consent.
- m) Survival The provisions of Sections 2, 4, 5, 6, 7, 8, 9, 10(a), 10(c), 10(f), 10(g), 10(h), 10(i) and 10(j) of this Exhibit 1 will survive the expiration or earlier termination of the Term.
- n) Captions The captions in this Agreement are included for convenience of reference only and will not be construed to define or limit any of the provisions contained herein. Any conflict between provisions contained in the body of this Agreement and any exhibits hereto will be resolved in favor of the provisions in the body of the Agreement.
- o) Exclusive Rights This Agreement does not provide to Consultant the exclusive right to furnish any goods or services to Freddie Mac. Freddie Mac expressly reserves the right to contract with others for the purchase of services comparable or identical to the Services hereunder.
- p) Electronic Modifications and Signature This Agreement may not be modified or amended by electronic means. In connection with this Agreement, electronic transmissions, such as email, are not intended to be an electronic signature to, or a

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record of, a transaction for purposes of the Electronic Signatures in Global and National Commerce Act, the Uniform Electronic Transactions Act or any similar law concerning the validity or enforceability of electronic signatures and records.

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EXHIBIT 2

**SCOPE OF SERVICES**

**Agreement between The Leger Group Company, Inc. and Freddie Mac**

Consultant will provide consulting and related services as requested by Freddie Mac's SVP of Government Relations for political, state and legislative consulting services.

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**EXHIBIT 3****FREDDIE MAC CONSULTANT TRAVEL POLICY**  
Page 1 of 2**Agreement between The Leger Group Company, Inc. and Freddie Mac****AIR TRAVEL**

- Travel time is to be paid by the Consultant and not chargeable to Freddie Mac.
- Air fares for other than coach class must be approved in writing by an authorized representative of Freddie Mac.
- Unless otherwise approved by Freddie Mac, Consultant is responsible for planning trips as far in advance as necessary in order to take advantage of discount airfares.
- The airline providing the lowest cost is to be booked regardless of the airline requested by the Consultant.
- Non-refundable or "heavy penalty" airline tickets will not be purchased for travel unless there are no other options.

**CAR RENTALS**

- The lowest rates available should be obtained using Hertz, Avis, National or Budget.
- The number of cars rented should be kept to a minimum considering:
  - o business need
  - o number of people to be transported
  - o length of trip
  - o safety considerations
  - o traffic conditions to be encountered
- Personal use of rental cars will be kept to a minimum.
- Gas charges will be reimbursed.
- Toll road charges bridge tolls and parking will be reimbursed in addition to the mileage allowance.

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**EXHIBIT 3****FREDDIE MAC CONSULTANT TRAVEL POLICY**

Page 2 of 2

**Agreement between The Leger Group Company, Inc. and Freddie Mac****AUTOMOBILE TRANSPORTATION**

- The standard IRS mileage rate will be used to reimburse Consultant for use of his/her private automobile for Freddie Mac business purposes, including travel to and from the airport.
- Where a private automobile is used in lieu of air transportation for the personal convenience of the Consultant, the reimbursement is limited to the lesser of the mileage allowance or the applicable discount air fare.
- Toll road charges, bridge tolls and parking will be reimbursed in addition to the mileage allowance.
- Taxi fare to and from the airport will be reimbursed.

**LODGING**

- Hotel room costs will be reimbursed at the rate for rooms at the Freddie Mac designated hotel or for a hotel offering a rate less than or equal to the rate offered by the Freddie Mac designated hotel.
- Meals and incidentals charged to a hotel room will be paid out of the meals and incidentals per diem.

**MEALS AND INCIDENTALS**

- Meals and incidental expenses will be reimbursed up to a maximum of \$65 per day.

**LOCAL TRAVEL**

- Mileage and toll charges to and from the primary Freddie Mac assignment location will not be reimbursed.

**NOTE: Freddie Mac will not pay administrative charges on any reimbursables.**

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**EXHIBIT 4****Reimbursable Expenses****Agreement between The Leger Group Company, Inc. and Freddie Mac**

Freddie Mac agrees to reimburse Consultant for the following out-of-pocket expenses:

- photocopying services at the rate of \$.25 per page
- facsimile services at the rate of \$.25 per page
- courier and/or overnight mail services
- long-distance telephone charges
- taxi fares
- meals

Freddie Mac will not pay administrative charges on any reimbursables.

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**EXHIBIT 5****CONSULTANT'S MATERIALS**

**Agreement between The Leger Group Company, Inc. and Freddie Mac**

**Consultant has no Consultant Materials to be declared hereunder as described in Section 7(c) of the Agreement to which this Exhibit is attached.**

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Freddie  
Mac

Procurement Section  
8100 Jones Branch Drive  
M/S B4N  
McLean, VA 22102

FREDDIE MAC IS EXEMPT FROM STATE AND  
LOCAL TAXATION UNDER FEDERAL LAW  
12 USC SECTION 1452 (D)

Vendor: 0000027337  
LEGER COMPANY INC  
11112 LORAN RD  
GREAT FALLS, VA 22066  
ATTN: LIZ LEGER

PURCHASE ORDER TYPE Contract

Order No. 0008517-04	Original Date 02/12/2004	Change Order/Date	Page 1
Department GOVERNMENT REL & PUB	Contract Start Date 01/01/2004	Contract End/Delivery Date 12/31/2004	
Buyer Vallot, Ava L		Buyer Phone (703) 714-2847	
Ship To: NOT APPLICABLE ATTN: Delk, Mitchell		Bill To: 401 9TH ST NW SUITE 600 WASHINGTON, DC 20004	

Line-Schd	Description	Qty	UOM	Unit Price	Extended Amt	Due Date
SUBJECT TO THE TERMS AND CONDITIONS ON THE REVERSE						

THIS ORDER NO 0008517-04 RENEWS CONTRACT NO 0000008517 FOR CONSULTING TO FREDDIE MAC'S SVP GOVERNEMENT RELATIONS AND IS GOVERNED BY THE TERMS AND CONDITIONS OF THE AGREEMENT DATED 1/29/03 AND ALL AMENDMENTS AND RENEWALS THERETO.

INVOICES SHOULD BE SENT TO SONYA CHICHESTER AT MS 600 AT THE ABOVE BILL TO ADDRESS.

1 - 1	CONSULTING TO SVP - GR	1 00 EA	96,000.00	96,000 00 12/31/2004
	Acct Dist: 815001	8763100000		

Total PO Amount 96,000.00

FOB POINT IS DESTINATION UNLESS OTHERWISE STATED. ALL SHIPMENTS ARE INSIDE DELIVERY. COD ORDERS NOT ACCEPTED.

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature	
<i>Ava L. Vallot</i> 2/12/04	
[Name]	Ava L Vallot
[Title]	Sr Contract Analyst

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# PURCHASE ORDER TYPE: Contract

**Freddie  
Mac**

Procurement Section  
8100 Jones Branch Drive  
M/S B4N  
McLean, VA 22102

FREDDIE MAC IS EXEMPT FROM STATE AND  
LOCAL TAXATION UNDER FEDERAL LAW  
12 USC SECTION 1452 (D)

Vendor: 0000027337  
LEGER COMPANY INC  
11112 LORAN RD  
GREAT FALLS, VA 22066  
ATTN: LIZ LEGER

Order No. <b>0000008517</b>	Original Date 01/31/2003	Change Order/Date	Page 1
Department GOVERNMENT RELATIONS	Contract Start Date 01/01/2003	Contract End/Delivery Date 12/31/2003	
Buyer Vallot, Ava L		Buyer Phone (703) 714-2647	
Ship To: NOT APPLICABLE ATTN: Delk, Mitchell		Bill To: 401 9TH ST NW SUITE 600 WASHINGTON, DC 20004	

Line-Schd	Description	Qty	UOM	Unit Price	Extended Amt	Due Date
SUBJECT TO THE TERMS AND CONDITIONS ON THE REVERSE						

THIS ORDER FOR CONSULTING SERVICES TO THE SVP GOVERNMENT RELATIONS IS GOVERNED BY THE TERMS AND CONDITIONS OF THE AGREEMENT DATED 1/29/03.

INVOICES SHOULD BE SENT TO MITCHELL DELK AT MS 600 AT THE ABOVE BILL TO ADDRESS.

1 - 1	CONSULTING SVC - SVP - GR	1.00	EA	60,000.00	60,000.00	12/31/2003
	Acct. Dist: 815001	8763100000				

Total PO Amount **60,000.00**

FOB POINT IS DESTINATION UNLESS OTHERWISE STATED ALL SHIPMENTS ARE INSIDE DELIVERY. COD ORDERS NOT ACCEPTED.

All shipments, shipping papers, invoices, and correspondence must be identified with our Purchase Order Number. Overshipments will not be accepted unless authorized by Buyer prior to shipment.

Authorized Signature <i>Ava L. Vallot</i> 1/31/03	
[Name] Ava L. Vallot	Date
[Title] Contract Analyst II	

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BEFORE THE FEDERAL ELECTION COMMISSION

In re Federal Home Loan Mortgage  
Corporation (a/k/a Freddie Mac)  
(MUR 5390)

**DECLARATION OF ELIZABETH LEGER**

1. My name is Elizabeth Leger. I am the founder and president of the Leger Company, Inc., a company located in Great Falls, Virginia that provides political strategy, political fundraising and legislative consulting services to various companies and individuals. Prior to starting my own firm, I worked as a political affairs advisor and event planner for a private trade association for twelve years. My formal educational training is limited to a general liberal arts university curriculum with a concentration in political science.

2. In January 2003, I was engaged by the Federal Home Loan Mortgage Corporation ("Freddie Mac") to provide political strategy and legislative consulting services. I worked with several members of Freddie Mac's government relations department, including Barbara Fox, Kirsten Johnson-Obey, and Clarke Camper. My responsibilities included assisting Freddie Mac's lobbyists in building and maintaining ties to the Democratic party committees and allied Democratic organizations. For example, I identified and arranged meetings with key Democratic organizations and individuals. I also helped keep Freddie Mac lobbyists abreast of events and developments at the Democratic national party committees.

3. Given my experience in previously setting up a political action committee, I also provided strategic advice and information to company personnel as they considered whether Freddie Mac should form such a PAC.

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4. During February and March 2003, as part of my consulting responsibilities, I assisted Freddie Mac in setting up a "corporate kitchen" and conference room facility at the company's Washington, DC office, for use in hosting all corporate events, including but not limited to staff meals, executive functions, Freddie-Mac corporate or executive hosted luncheons and dinners, events hosted by the Freddie Mac Foundation, private relationship building functions with key public policy decision makers and/or individuals who are influential with those decision makers, and PAC events should the company later to decide to form such an entity. On Freddie Mac's behalf, I selected and purchased china, flatware, napkins and other catering items for permanent use in the kitchen. An invoice for these purchases was submitted to Freddie Mac on March 26, 2003. See Exhibit A. I was never directed by Clarke Camper or any other Freddie Mac employee to purchase these items for use in connection with personal fundraisers hosted by Mr. Camper.

5. In early 2003, I learned that Mr. Camper was personally planning to host several fundraising events. Given my experience with political fundraising, I agreed to assist him in planning and organizing the events. Mr. Camper made clear, and I understood, that my work in assisting him with these personal events was separate and apart from my work under my contract with Freddie Mac. I also understood that my fees in connection with his fundraisers were to be paid by the campaigns benefiting from each event and that either the campaigns or Mr. Camper would pay for the other costs of the events, such as catering. Consistent with that understanding, I billed each campaign committee for which Mr. Camper hosted a fundraising event for my consulting services and expenses.

I declare under penalty of perjury that the foregoing is true and correct.

*Elizabeth Leger*  
Elizabeth Leger

Date:

11-18-04

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# The Leger Company, Inc.

11112 Loran Road  
Great Falls, Virginia 22066

703.404.6898, phone  
703.307.2083, mobile phone  
703.404.6899 facsimile  
lizleger@thelegercompany.net

Attention:

Ms Danna Fischer

CFO

Freddie Mac

401 9<sup>th</sup> Street, NW

Suite 600 South

Washington, DC 20004

Invoice Number 001515

Invoice Date March 26, 2003

Reference

Description	Period	Amount
Catering Acquisition Expenses	February and March 2003 (see attached sheets for breakdown of expenses)	\$2,902 42
Total Fees	Total Expenses	Total Fees
	\$2,902 42	Total Expenses \$2,902 42

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FREDDIE MAC  
CATERING PROCUREMENT  
for  
Conference Room, Washington, DC

Date	Store	Purchase	Cost	Final Cost (with tax)
2.12.03	Crate & Barrel	(1) Cooler beverage glass Pattern: Impressions	2.50	2.50
		(1) Double beverage glass Pattern: Impressions	2.50	2.50
		TOTAL:		\$ 5.23 ✓
2.13.03	Crate & Barrel Outlet	(1) Flatware Set (4) 5 piece place settings Pattern: Willow	39.95	39.95
		(1) Goblet (10oz) Pattern: Gala	3.50	3.50
		(1) Wine (9oz) Pattern: Gala	3.50	3.50
		TOTAL:		\$ 49.22 ✓
2.14.03	Linens and Things	(2) packages of linen napkins	9.99ea	19.98
		TOTAL		\$ 20.88 ✓
2.20.03	Pier One	(4) sets salt & pepper shakers (each set includes 4 salt and 4 pepper shakers)	8.00	32.00
		(2) Straw trays	18.00	36.00
		TOTAL		\$ 71.06 ✓
2.25.03	Mesmereldas	(1) Set Pimpernel placemats (four mats to a set) Pattern: Daisy Composition	43.95	
		TOTAL		\$ 45.93 ✓

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2.26.03	Pier One (E. Market Street)	(20) Cups and Saucers Pattern: Essential Classic	2.40	48.00
		TOTAL		\$ 50.16
2.26.03	Pier One (Leesburg Pike)	(27) Coupe Mugs Pattern: Essential Classic	2.40	
		TOTAL		\$ 67.72
2.26.03	Pier One (Southbank)	(36) Dinner plates Pattern: Essential Classic	2.40	86.40
		(36) Rim Soup bowls Pattern: Essential Classic	2.40	86.40
		(72) Salad plates Pattern: Essential Classic	2.40	172.80
		(4) Serving Bowls Pattern: Essential Classic	4.00	16.00
		(4) Platters Pattern: Essential Classic	8.00	32.00
		(4) Charger Platters Pattern: Essential Classic	8.00	32.00
		TOTAL		\$ 444.75
3.2.03	Bed, Bath & Beyond	(1) Linen napkin	1.99	
		(1) Linen napkin	2.99	
		(1) Linen napkin	2.99	
		TOTAL		\$ 8.33
3.3.03	Crate & Barrel	(9) sets Flatware includes (4) 5 piece settings and (1) serving set (knife and fork) Pattern: Willow	59.99	539.55
		(4) 16pc sets beverage glasses* *includes 8 each of cooler and double glasses Pattern: Impressions	31.95	127.80
		(7) Cooler beverage glasses Pattern: Impressions	2.50ea	17.50
		(7) Double beverage glasses Pattern: Impressions	2.50ea	17.50
		(39) Goblets Pattern: Gala 10 oz	3.50	136.50

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		(39) wine glasses Pattern: Gala 9 oz	3.50	136.50
		(2) Coffee Thermal Serving Carafes	29.95	59.90
		(5) Trays <i>Eight 9 1/2 plates</i>	7.95	39.75
		(2) Pitchers Pattern: Impressions	14.95	29.90
		(1) small wooden cutting board	4.95	4.95
		(4) Dish towels	3.95	15.80
		(2) Corkscrews	6.95	13.90
		(1) Stainless serving tongs	7.95	7.95
		(2) Stainless serving ladles	5.95	11.90
		(2) Stainless serving spoons	9.95	19.90
		(2) Stainless serving forks	8.95	17.90
		(1) Stainless dish rack	29.95	29.95
		(1) medium cutting board	9.95	9.95
		(1) large cutting board	17.95	17.95
		(2) Stainless Coffee Serving Carafes	24.95	49.90
		TOTAL		\$1,297.52 ✓
3.03.03	COSTCO	(2) 9 quart Stainless Chafing Dishes	54.99	109.98
		Sweet N Low	13.99	13.99
		Sugar	3.45	3.45
		Equal	13.89	13.89
		Salt	.79	.79
		Pepper	4.49	4.49
		Paper Napkins	5.99	5.99
		Plastic wrap	7.99	7.99
		TOTAL		\$ 167.61 ✓
3.03.03	Pier One	(2) sets Porcelain bowls (6 to a set, to be used to hold sugar substitute)	4.30	9.60
		(6) oval bread baskets	2.50	15.00
		TOTAL		\$ 25.71 ✓
3.03.03	Bed, Bath & Beyond	(6) porcelain Sugar Bowls	7.99	47.94
		(6) porcelain Creamers	7.99	47.94
		(2) 3 tier rolling carts	29.99	59.98
		(4) packages Sterno (for chafing dishes)	5.99	23.96
		(2) can openers	.99	1.98

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		(2) Kitchen Aid oven mitts	0.99	17.90
		(2) Kitchen Aid potholders	6.99	13.98
		TOTAL		\$ 223.38 ✓
3.03.03	Mesmereldas	(9) Sets of Pimpernel Mats Pattern: Daisy Composition	43.95	
		TOTAL		\$ 413.95 ✓
3.16.03	Bed, Bath & Beyond	(4) Sugar Bowls	7.99	
		TOTAL		\$ 31.96
3.20.03	Crate & Barrel Outlet	(2) Large Cream Pitchers	4.95	9.90
		TOTAL		\$ 10.35 ✓
		SUB TOTAL		\$2,933.76
3.16.03	Bed, Bath & Beyond	(1) Three tier rolling cart - RETURNED ✓	-31.34	\$2,902.42 ✓
		GRAND TOTAL DUE		\$2,902.42

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**BEFORE THE FEDERAL ELECTION COMMISSION**

\_\_\_\_\_  
**In re Federal Home Loan Mortgage  
Corporation (a/k/a Freddie Mac)  
(MUR 5390)**  
\_\_\_\_\_

**DECLARATION OF DANNA FISCHER**

1. My name is Danna Fischer. I currently hold the position of Senior Director-Government Relations for the Federal Home Loan Mortgage Corporation ("Freddie Mac"). I first began working at Freddie Mac in 1993. I was employed in the legal department from that time until 1995, when I joined Freddie Mac's Government Relations department to manage Freddie Mac's relationship with the Department of Housing and Urban Development. In late 2001, I began to serve as the Government Relations Controller in addition to my other duties.

2. While I was Controller of the Government Relations department between 2001 and September 2004, I was responsible, among other things, for overseeing the department's reception desk. I also contemporaneously reviewed invoices submitted to Freddie Mac for services rendered to the Government Relations department.

3. The reception desk of Freddie Mac's Government Relations department handles the booking of the department's conference room for both corporate and non-corporate events. Non-corporate events include personal activities held in the office; for instance, certain Freddie Mac employees have used the conference room for a personal book club. When an individual requests the use of the conference room, either for corporate or non-corporate events, the reception desk books the room and ensures that no scheduling conflicts exist.

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4. While I held the position of controller, I was the person ultimately responsible for ensuring that the booking of the conference room presented no conflicts. Accordingly, I regularly took a moment to communicate with the receptionists to ensure that personal or corporate reservations of the conference room did not present conflicts. To the best of my knowledge, Freddie Mac has never charged anyone for the extremely minimal amount of time I or the receptionists required to book a conference room or to verify that no scheduling conflicts exist.

5. On March 17, 2003, I received an e-mail from Liz Leger of The Leger Co., Inc. addressed to me and Carolyn Lyon. Ms. Lyon was at that time a receptionist in the Government Relations department, reporting to me. In the e-mail, Ms. Leger requested the use of the department's conference room for what I understood to be personal fundraising activities for Clarke Camper, who at that time was Vice President – Government Relations.

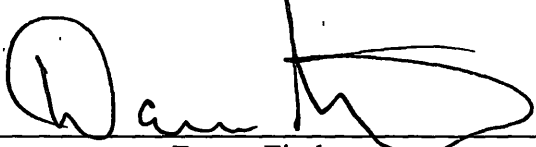
6. On March 21, 2003, I forwarded the e-mail to Ms. Lyon to remind her to book the room early enough in the day to avoid conflicts. *See Ex. 1* (E-mail from Danna S. Fischer to Carolyn B. Lyon of 3/21/2003). This act took no more than thirty seconds to one minute of my time. At no point was I ever instructed, directed, or ordered by any Freddie Mac officer or employee, including Mr. Camper, to book a conference room or to engage in any other activities related to personal political fundraising.

7. As controller of the Government Relations department I also contemporaneously reviewed the invoices submitted by Ms. Leger to Freddie Mac. To the best of my recollection, my review of those invoices confirmed my understanding that Mr. Camper's fundraising events were individual volunteer events and that Ms. Leger's fees or expenses for those events were not billed to Freddie Mac.

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8. I reviewed the March 26, 2003 invoice submitted by The Leger Company for "Catering Acquisition Expenses." See Exhibit 2 (Leger Company Invoice). It is my understanding that Government Relations asked Ms. Leger to help establish a corporate kitchen and conference room facility, including the purchase of dishes, silverware, and related items. I understood the purpose to be to enable us to hold authorized events in the conference room. For example, Freddie Mac was considering forming a PAC, and the conference room facility could be used for PAC events if a PAC was formed. In addition, we lacked a capacity to hold catered events for visiting groups from within the Company or from outside. The corporate kitchen and conference room facility would allow Freddie Mac's Washington office to host such events. Although I know that Clarke Camper did use the dishes and silverware at personal fundraising events in the conference room, it is not my understanding that Ms. Leger was instructed to purchase the dishes and silverware for that purpose.

I declare under penalty of perjury that the foregoing is true and correct.

  
Danna Fischer

Date: 11/22/04



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To Carolyn B Lyon  
From: Danna S Fischer  
Cc:  
Bcc:  
Sent Date 2003-03-21 16 27 00  
Subject: Conference Room Reservation

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Carolyn,

I assume you got this and have reserved the conference room accordingly. I would like to start the reservation at 8 00 am to make sure that no one uses the room in the morning before these events.

Danna Fischer  
202 434 8621

----- Forwarded by Danna S Fischer/OOC/HQ/FHLMC on 03/21/2003 11.26 AM -----

"liz leger" <lizleger@thelegercompany.net>  
03/17/2003 04:25 PM

To: "Caroline Lyon" <carolyn\_lyon@freddiemac.com>, "Danna Fischer" <Danna\_Fischer@freddiemac.com>  
cc: <Barbara\_Fox@freddiemac.com>, "Clarke D Camper" <clarke\_camper@freddiemac.com>  
Subject: Conference Room Reservation

Hi Caroline ☐)  
Happy Monday! sigh.

I wanted to let you know what dates (so far) that there will be lunches in the DC Freddie Mac conference room Please reserve the following

Thursday, March 27, 2003, 10.00am to 2.00pm, Lunch for Representative Rahm Emanuel (D-IL)

Wednesday, May 21, 2003, 10:00am to 2:00pm, Lunch for Senator Tom Carper (D-DE)

The lunches will begin at 12:00pm but I am allowing time for the caterer to set up As new events are booked I will definitely let you know so the events may get on the ☐&Freddie Calendar☐8!

As always, please let me know if you need any more information or if I may be of help in any way

Thanks Caroline ☐) talk to you soon.

Best, Liz

Liz Leger  
The Leger Company, Inc  
11112 Loran Road  
Great Falls, Virginia 22066  
703.404.6898, phone  
703.307.2083, mobile\*pls. note new number  
703.404.6899, facsimile  
lizleger@thelegercompany.net

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# The Leger Company, Inc.

11112 Loran Road  
Great Falls, Virginia 22066

703.404.6898, phone  
703.307.2083, mobile phone  
703.404.6899 facsimile  
lizleger@thelegercompany.net

Attention:

Ms Danna Fischer

CFO

Freddie Mac

401 9<sup>th</sup> Street, NW

Suite 600 South

Washington, DC 20004

Invoice Number 001515

Invoice Date March 26, 2003

Reference

Description	Period	Amount
Catering Acquisition Expenses	February and March 2003 (see attached sheets for breakdown of expenses)	\$2,902 42
Total Fees	Total Expenses	Total Fees
	\$2,902 42	Total Expenses \$2,902 42

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FREDDIE MAC  
CATERING PROCUREMENT  
for  
Conference Room, Washington, DC

Date	Store	Purchase	Cost	Final Cost (with tax)
2.12.03	Crate & Barrel	(1) Cooler beverage glass Pattern: Impressions	2.50	2.50
		(1) Double beverage glass Pattern: Impressions	2.50	2.50
		TOTAL:		\$ 5.23 ✓
2.13.03	Crate & Barrel Outlet	(1) Flatware Set (4) 5 piece place settings Pattern: Willow	39.95	39.95
		(1) Goblet (10oz) Pattern: Gala	3.50	3.50
		(1) Wine (9oz) Pattern: Gala	3.50	3.50
		TOTAL:		\$ 49.22 ✓
2.14.03	Linens and Things	(2) packages of linen napkins	9.99ea	19.98
		TOTAL		\$ 20.88 ✓
2.20.03	Pier One	(4) sets salt & pepper shakers (each set includes 4 salt and 4 pepper shakers)	8.00	32.00
		(2) Straw trays	18.00	36.00
		TOTAL		\$ 71.06 ✓
2.25.03	Mesmereldas	(1) Set Pimpernel placemats (four mats to a set) Pattern: Daisy Composition	43.95	
		TOTAL		\$ 45.93 ✓

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2.26.03	Pier One (E. Market Street)	(20) Cups and Saucers Pattern: Essential Classic	2.40	48.00
		TOTAL		\$ 50.16

2.26.03	Pier One (Leesburg Pike)	(27) Coupe Mugs Pattern: Essential Classic	2.40	
		TOTAL		\$ 67.72

2.26.03	Pier One (Southbank)	(36) Dinner plates Pattern: Essential Classic	2.40	86.40
		(36) Rim Soup bowls Pattern: Essential Classic	2.40	86.40
		(72) Salad plates Pattern: Essential Classic	2.40	172.80
		(4) Serving Bowls Pattern: Essential Classic	4.00	16.00
		(4) Platters Pattern: Essential Classic	8.00	32.00
		(4) Charger Platters Pattern: Essential Classic	8.00	32.00
		TOTAL		\$ 444.75

3.2.03	Bed, Bath & Beyond	(1) Linen napkin	1.99	
		(1) Linen napkin	2.99	
		(1) Linen napkin	2.99	
		TOTAL		\$ 8.33

3.3.03	Crate & Barrel	(9) sets Flatware includes (4) 5 piece settings and (1) serving set (knife and fork) Pattern: Willow	59.99	539.55
		(4) 16pc sets beverage glasses* *includes 8 each of cooler and double glasses Pattern: Impressions	31.95	127.80
		(7) Cooler beverage glasses Pattern: Impressions	2.50ea	17.50
		(7) Double beverage glasses Pattern: Impressions	2.50ea	17.50
		(39) Goblets Pattern: Gala 10 oz	3.50	136.50

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		(39) wine glasses Pattern: Gala 9 oz	3.50	136.50
		(2) Coffee Thermal Serving Carafes	29.95	59.90
		(5) Trays <i>Floral 12x12</i>	7.95	39.75
		(2) Pitchers Pattern: Impressions	14.95	29.90
		(1) small wooden cutting board	4.95	4.95
		(4) Dish towels	3.95	15.80
		(2) Corkscrews	6.95	13.90
		(1) Stainless serving tongs	7.95	7.95
		(2) Stainless serving ladles	5.95	11.90
		(2) Stainless serving spoons	9.95	19.90
		(2) Stainless serving forks	8.95	17.90
		(1) Stainless dish rack	29.95	29.95
		(1) medium cutting board	9.95	9.95
		(1) large cutting board	17.95	17.95
		(2) Stainless Coffee Serving Carafes	24.95	49.90
		TOTAL		\$1,297.52 ✓
3.03.03	COSTCO	(2) 9 quart Stainless Chafing Dishes	54.99	109.98
		Sweet N Low	13.99	13.99
		Sugar	3.45	3.45
		Equal	13.89	13.89
		Salt	.79	.79
		Pepper	4.49	4.49
		Paper Napkins	5.99	5.99
		Plastic wrap	7.99	7.99
		TOTAL		\$ 167.61 ✓
3.03.03	Pier One	(2) sets Porcelain bowls (6 to a set, to be used to hold sugar substitute)	4.30	9.60
		(6) oval bread baskets	2.50	15.00
		TOTAL		\$ 25.71 ✓
3.03.03	Bed, Bath & Beyond	(6) porcelain Sugar Bowls	7.99	47.94
		(6) porcelain Creamers	7.99	47.94
		(2) 3 tier rolling carts	29.99	59.98
		(4) packages Sterno (for chafing dishes)	5.99	23.96
		(2) can openers	.99	1.98

		(2) Kitchen Aid oven mitts	8.99	17.98
		(2) Kitchen Aid potholders	6.99	13.98
		TOTAL		\$ 223.38 ✓

3.03.03	Mesmereldas	(9) Sets of Pimpernel Mats Pattern: Daisy Composition	43.95	
		TOTAL		\$ 413.95 ✓

3.16.03	Bed, Bath & Beyond	(4) Sugar Bowls	7.99	
		TOTAL		\$ 31.96

3.20.03	Crate & Barrel Outlet	(2) Large Cream Pitchers	4.95	9.90
		TOTAL		\$ 10.35 ✓

		SUB TOTAL		\$2,933.76
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3.16.03	Bed, Bath & Beyond	(1) Three tier rolling cart - RETURNED ✓	-31.34	\$2,902.42 ✓
		GRAND TOTAL DUE		\$2,902.42

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BEFORE THE FEDERAL ELECTION COMMISSION

In re Federal Home Loan Mortgage  
Corporation (a/k/a Freddie Mac)  
(MUR 5390)

DECLARATION OF KIRSTEN T. JOHNSON-OBEY

1. My name is Kirsten T. Johnson-Obey. I am currently a lobbyist in the Government Relations department of the Federal Home Loan Mortgage Corporation ("Freddie Mac"), focusing on Freddie Mac's relationship with Members of the United States House of Representatives. I have held this position since December 2000. My responsibilities include monitoring legislative and regulatory actions, developing and maintaining positive relationships with policymakers in Washington and in their districts, educating policymakers and staff about Freddie Mac, and advocating corporate positions to policymakers.

2. As part of my duties in Freddie Mac's Government Relations department, I have worked with Liz Leger of The Leger Co., Inc. I understand that Freddie Mac contracted with The Leger Co., Inc. beginning in January 2003. This was just after the new federal campaign finance law had imposed a ban on the building fund (soft money) contributions that Freddie Mac previously had made to the national political party committees. One of the services that The Leger Co., Inc. performed for us under its consulting contract with Freddie Mac was to assist us in building new ties to the Democratic party committees. Ms. Leger was able to help us continue and expand our ties to the Democratic Congressional Campaign Committee ("DCCC") and to the Democratic Leadership Council ("DLC"), an organization that is not a party

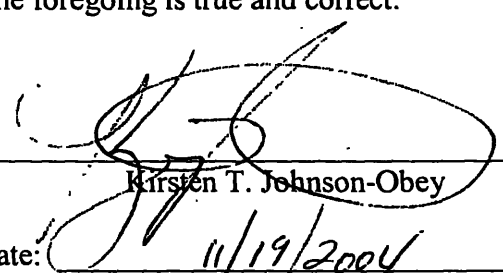
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committee but which plays a significant role in shaping the Democratic Party's agenda. For example, Ms. Leger kept us informed regarding events and developments at the DCCC. She helped us build relationships with key DCCC staff with whom she had worked more closely. She also helped us maintain a relationship with the DLC by, for example, making the arrangements for me to participate in a DLC National Conversation in Philadelphia in late July of 2003.

3. During 2004, we have continued to rely on Ms. Leger for consulting services, including substantial work in connection with events sponsored by Freddie Mac during the Democratic National Convention in Boston and the Republican Convention in New York City. She is also a continuing source of advice in connection with formation and operation of Freddie Mac's new federal PAC, Freddie PAC.

4. Ms. Leger and The Leger Co., Inc. continue to provide Freddie Mac with strategic relationship building advice and assistance with the Democratic party committees and outside organizations.

I declare under penalty of perjury that the foregoing is true and correct.

  
Kirsten T. Johnson-Obey  
Date: 11/19/2004

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