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T R O U B L E D   C O M P A N Y   R E P O R T E R

Thursday, March 3, 2016, Vol. 20, No. 63

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FREDDIE MAC: Shareholders Preparing to Sue PricewaterhouseCoopers

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A group of Freddie Mac shareholders is preparing to file a lawsuit next week charging PricewaterhouseCoopers with failing to conduct its audits of the mortgage finance giant in accordance with industry standards and giving its seal of approval to Freddie Mac's grossly misstated financial statements.

Like the 175-page complaint filed by forty Fannie Mae shareholders initiating *Edwards v. Deloitte & Touche, LLP*, Case No, 2016-004986-CA-01 (Fla. 11th Cir. Ct.), the suit against Freddie Mac will allege that Freddie Mac's officers and directors, the Federal Housing Finance Agency and the U.S. Department of the Treasury manipulated the GSE's books by making wildly pessimistic and unrealistic assumptions about Freddie's future financial prospects in order to overstate losses and understate assets by hundreds of billions of dollars with PricewaterhouseCoopers' participation and endorsement.

Many industry observers say a judgment for hundreds of billions of dollars against PwC would render the auditing firm insolvent.

For information about joining next week's lawsuit against PricewaterhouseCoopers contact:

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Monday's edition of the TCR delivers a list of indicative prices for bond issues that reportedly trade well below par. Prices are obtained by TCR editors from a variety of outside sources during the prior week we think are reliable. Those sources may not, however, be complete or accurate. The Monday Bond Pricing table is compiled on the Friday prior to publication. Prices reported are not intended to reflect actual trades. Prices for actual trades are probably different. Our objective is to share

information, not make markets in publicly traded securities. Nothing in the TCR constitutes an offer or solicitation to buy or sell any security of any kind. It is likely that some entity affiliated with a TCR editor holds some position in the issuers public debt and equity securities about which we report.

Each Tuesday edition of the TCR contains a list of companies with insolvent balance sheets whose shares trade higher than \$3 per share in public markets. At first glance, this list may look like the definitive compilation of stocks that are ideal to sell short. Don't be fooled. Assets, for example, reported at historical cost net of depreciation may understate the true value of a firm's assets. A company may establish reserves on its balance sheet for liabilities that may never materialize. The prices at which equity securities trade in public market are determined by more than a balance sheet solvency test.

On Thursdays, the TCR delivers a list of recently filed Chapter 11 cases involving less than \$1,000,000 in assets and liabilities delivered to nation's bankruptcy courts. The list includes links to freely downloadable images of these small-dollar petitions in Acrobat PDF format.

Each Friday's edition of the TCR includes a review about a book of interest to troubled company professionals. All titles are available at your local bookstore or through Amazon.com. Go to <http://www.bankrupt.com/books/> to order any title today.

Monthly Operating Reports are summarized in every Saturday edition of the TCR.

The Sunday TCR delivers securitization rating news from the week then-ending.

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#### S U B S C R I P T I O N   I N F O R M A T I O N

Troubled Company Reporter is a daily newsletter co-published by Bankruptcy Creditors Service, Inc., Fairless Hills, Pennsylvania, USA, and Beard Group, Inc., Washington, D.C., USA. Jhonas Dampog, Marites Claro, Joy Agravante, Rousel Elaine Tumanda, Valerie Udtuhan, Howard C. Tolentino, Carmel Paderog, Meriam Fernandez, Joel Anthony G. Lopez, Cecil R. Villacampa, Sheryl Joy P. Olano, Psyche A. Castillon, Ivy B. Magdadaro, Carlo Fernandez, Christopher G. Patalinghug, and Peter A. Chapman, Editors.

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