

112TH CONGRESS
2D SESSION

S. 2054

To suspend the current compensation packages for the senior executives at Fannie Mae and Freddie Mac, and to establish compensation for all employees of such entities in accordance with rates of pay for other Federal financial regulatory agencies.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 1, 2012

Mr. BEGICH (for himself, Mr. THUNE, Mr. TESTER, Mr. BLUNT, Mrs. McCASKILL, Mr. GRASSLEY, Mr. HOEVEN, Mr. BROWN of Massachusetts, Mr. BAUCUS, Mr. ENZI, Mr. JOHANNES, Mr. CASEY, Mr. MCCAIN, Mr. DEMINT, Mr. ROBERTS, Mr. JOHNSON of Wisconsin, Mr. BURR, Mr. RISCH, Mr. TOOMEY, Mr. PAUL, Mr. COBURN, and Mrs. SHAHEEN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To suspend the current compensation packages for the senior executives at Fannie Mae and Freddie Mac, and to establish compensation for all employees of such entities in accordance with rates of pay for other Federal financial regulatory agencies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop the Outrageous
5 Pay at Fannie and Freddie Act” or the “STOP Act”.

1 **SEC. 2. DEFINITIONS.**

2 In this Act, the following definitions shall apply:

3 (1) DIRECTOR.—The terms “FHFA” and “Di-
4 rector” mean the Federal Housing Finance Agency
5 and the Director thereof, respectively.

6 (2) EMPLOYEE.—The term “employee” means
7 an employee of an enterprise, except that such term
8 does not include any employee who would be defined
9 as a prevailing rate employee (as defined in section
10 5342(2) of title 5, United States Code) if such em-
11 ployee were employed by an agency (as defined in
12 paragraph (1) of such section).

13 (3) ENTERPRISE.—The term “enterprise”
14 means—

15 (A) the Federal National Mortgage Asso-
16 ciation and any affiliate thereof; and

17 (B) the Federal Home Loan Mortgage
18 Corporation and any affiliate thereof.

19 (4) EXECUTIVE OFFICER.—The term “executive
20 officer” has the same meaning as is given such term
21 in section 1303(12) of the Federal Housing Enter-
22 prises Financial Safety and Soundness Act of 1992
23 (12 U.S.C. 4502(12)).

1 **SEC. 3. REASONABLE PAY FOR EXECUTIVE OFFICERS AND**
2 **EMPLOYEES.**

3 (a) **SUSPENSION OF EXECUTIVE COMPENSATION**
4 **PACKAGES; ADOPTION OF REASONABLE PAY SCALE.—**
5 The Director shall—

6 (1) suspend the compensation packages ap-
7 proved for 2011 for the executive officers of each en-
8 terprise; and

9 (2) establish, in consultation with the Secretary
10 of the Treasury, a compensation system for the exec-
11 utive officers and all other employees of each enter-
12 prise in accordance with the schedules of compensa-
13 tion and benefits established and adjusted pursuant
14 to section 1206 of the Financial Institutions Re-
15 form, Recovery, and Enforcement Act of 1989 (12
16 U.S.C. 1833b).

17 (b) **CAP ON PAY.—**Notwithstanding any other provi-
18 sion of law, the maximum rate of compensation and bene-
19 fits that an executive officer or employee of an enterprise
20 may receive is the rate of compensation and benefits of
21 the highest compensated executive or employee of an agen-
22 cy enumerated in section 1206 of the Financial Institu-
23 tions Reform, Recovery, and Enforcement Act of 1989 (12
24 U.S.C. 1833b).

25 (c) **CLAWBACK OF UNPAID COMPENSATION FOR EX-**
26 **ECUTIVE OFFICERS.—**

1 (1) IN GENERAL.—Each executive officer per-
 2 forming services for an enterprise on the date of en-
 3 actment of this Act whose compensation package is
 4 suspended under subsection (a) shall return to the
 5 Secretary of the Treasury any compensation earned
 6 in 2011 or any calendar year thereafter, but not yet
 7 disbursed as of the date of enactment of this Act,
 8 that was in excess of the rate of compensation and
 9 benefits of the highest compensated executive or em-
 10 ployee of an agency enumerated in section 1206 of
 11 the Financial Institutions Reform, Recovery, and
 12 Enforcement Act of 1989 (12 U.S.C. 1833b).

13 (2) USE TO REDUCE NATIONAL DEBT.—The
 14 Secretary of the Treasury shall transfer amounts re-
 15 ferred to in paragraph (1) that are returned to the
 16 Secretary to the special account established by sec-
 17 tion 3113(d) of title 31, United States Code (relat-
 18 ing to reducing the public debt).

19 **SEC. 4. FANNIE AND FREDDIE EMPLOYEES NOT FEDERAL**
 20 **EMPLOYEES.**

21 Any executive officer or employee whose compensa-
 22 tion is affected by any provision of this Act shall not be
 23 considered a Federal employee.

1 **SEC. 5. REVIEW OF HIGHEST COMPENSATED EXECUTIVE**
2 **OR EMPLOYEE BY CONGRESS.**

3 The Director shall annually submit to the Committee
4 on Banking, Housing, and Urban Affairs of the Senate
5 and the Committee on Financial Services of the House of
6 Representatives, and shall make publicly available, the
7 rate of compensation and benefits of all executives and
8 employees of the enterprises, without disclosing the names
9 or other personal information about such executives or em-
10 ployees.

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