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NEWS
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Summit County Prosecutor Files Lawsuit Against Freddie Mac

Mortgage corporation failed to pay taxes and fees to Summit County for six years

AKRON, OHIO – July 3, 2012 – Summit County Prosecuting Attorney Sherri Bevan Walsh today filed a complaint in Summit County Court of Common Pleas against Federal Home Loan Mortgage Corporation, widely known as “Freddie Mac,” on behalf of Russell M. Pry, executive of Summit County, and Kristen M. Scalise, fiscal officer of Summit County. The complaint requests that Freddie Mac be ordered to pay restitution to Summit County for neglecting to pay fees and taxes over a six-year period.

From 2002 through December 31, 2008, Freddie Mac failed to pay the fees or transfer taxes on more than 3,500 real estate transactions. Freddie Mac claimed to be exempt from those payments because it is a government entity.

Summit County contends that Freddie Mac was fraudulent in this claim, as Freddie Mac is not a government entity, but rather it is a federally-chartered private corporation. Furthermore, the fees and transfer taxes on real estate transactions are an excise tax, not a direct tax. Government entities are not exempt from excise taxes.

“Freddie Mac’s failure to pay fees and transfer taxes on these properties amounts to nothing less than fraud,” said Prosecutor Walsh. “That fraud came at significant expense to Summit County taxpayers, and I fully expect that the Court will order Freddie Mac to repay the money it owes to the citizens of Summit County.”

Summit County is asking the Court to find that Freddie Mac committed fraud when it claimed to be exempt from real estate transfer fees and transfer taxes. The County is seeking repayment of all unpaid fees and transfer taxes plus interest and penalties.

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Note to editors: A copy of the complaint is available [here](#).