
Newby v. Enron: The Effect of Settlement on an Appeal from an Order Imposing Compensatory Sanctions

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On May 30, 2008, the Court of Appeals for the Fifth Circuit decided *Newby v. Enron*, which involved an appeal "seeking vacatur of the district court's imposition of compensatory attorneys' fees in light of the [parties'] settlement of [their underlying suit]."1 The court held that the parties have the right "to bargain away sanctions designed to compensate the parties themselves."2 However, "where a district court has reviewed a case of misconduct and issued a well reasoned sanctions order," the court will not vacate the order in its entirety, as the "court's right to sanction parties for misconduct remains."3

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