

In re Fannie Mae Litigation - Contempt Order for Failure to Comply with Stipulated Discovery Order Upheld

Date: 01/09/09

On January 6, 2009, the United States Court of Appeals for the District of Columbia issued its decision in *In re Fannie Mae Securities Litigation*, (1) addressing a district court order finding a non-party in contempt and sanctioning that non-party for failure to comply with a stipulated discovery order.

I. Background and Procedural History

The Office of Federal Housing Enterprise Oversight (OFHEO) was a government agency that regulated the Federal National Mortgage Association ("Fannie Mae"). (2) In 2003, OFHEO conducted an investigation into Fannie Mae's accounting and financial practices, and concluded that Fannie Mae "had departed from generally accepted accounting principles in order to manipulate its reported earnings and inflate executive compensation." (3) OFHEO's preliminary investigation report prompted several private civil actions against Fannie Mae, its senior executives, and others, which were consolidated into multidistrict litigation in the United States District Court for the District of Columbia.

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