NEBRASKA SUPREME COURT

Ronald J. Palagi, P.C., LLC, and Edrie Arlene Wheat v. Prospect Funding Holdings (NY), LLC

302 Neb. 769 (2019) · No. No. S-18-193 · Decided April 5, 2019

SUMMARY

The Nebraska Supreme Court affirmed the Douglas County District Court’s confirmation of arbitration awards and grant of summary judgment in favor of Prospect Funding Holdings (NY), LLC. The court held that the Federal Arbitration Act governed the agreement and that the appellants’ challenges to the underlying agreement were procedurally barred because they did not timely seek to vacate, modify, or correct the arbitration awards.

CASE DETAILS

COURT	Nebraska Supreme Court
WRITING FOR THE COURT	Stacy, J.; Heavican, C.J.; Cassel, J.; Funke, J.; Freudenberg, J.; Pirtle, J.; Bishop, J.
JURISDICTION	Nebraska
DECIDED	April 5, 2019
DOCKET	No. S-18-193
DISPOSITION	affirmed
PROCEDURAL POSTURE	Wheat and Palagi appealed from the Douglas County District Court's order confirming arbitration awards in favor of Prospect and granting Prospect summary judgment on the plaintiffs' interpleader action.
STANDARD OF REVIEW	Review of confirmation of an arbitration award under the Federal Arbitration Act is de novo as to questions of law, while the trial court's factual findings are reviewed for clear error. Summary judgment is reviewed by determining whether the pleadings and admitted evidence show no genuine issue of material fact and whether the moving party is entitled to judgment as a matter of law; the evidence is viewed in the light most favorable to the nonmoving party. The denial of a continuance under Neb. Rev. Stat. § 25-1335 is reviewed for abuse of discretion.
PRECEDENTIAL VALUE	published precedential opinion

PARTIES	Ronald J. Palagi, P.C., LLC, Edrie Arlene Wheat v. Prospect Funding Holdings (NY), LLC

TOPICS

arbitration | summary judgment | civil procedure | appellate procedure | contracts

PRACTICE AREAS

arbitration | civil procedure | commercial litigation | contracts | remedies

QUESTIONS PRESENTED

1. Whether the arbitration agreement involved interstate commerce and was therefore governed by the Federal Arbitration Act rather than Nebraska's Uniform Arbitration Act.
2. Whether the district court was required to confirm the arbitration awards when Wheat and Palagi had not filed a timely motion to vacate, modify, or correct them under the Federal Arbitration Act.
3. Whether the district court prematurely granted summary judgment before discovery was complete when the opposing parties did not invoke Neb. Rev. Stat. § 25-1335 or submit the required affidavit.

HOLDINGS

1. The Federal Arbitration Act governed because the agreement between a foreign company and a Nebraska resident concerning rights to personal injury settlement proceeds evidenced a transaction involving interstate commerce, and the parties expressly agreed that the FAA would apply.
2. Once arbitration had occurred and the FAA governed the agreement, the court's role was strictly confined to the FAA's procedures for confirming, vacating, modifying, or correcting the awards. Because Wheat and Palagi did not timely seek to vacate, modify, or correct the awards, the court properly declined to consider their challenges to the validity and enforceability of the underlying agreement.
3. The district court did not err in granting summary judgment before discovery was complete because Wheat and Palagi never invoked Neb. Rev. Stat. § 25-1335, never requested a continuance before the ruling, and submitted no affidavit identifying the facts they needed or establishing good cause for additional discovery.

KEY QUOTATIONS

> *"There is nothing malleable about "must grant," which unequivocally tells courts to grant confirmation in all cases, except when one of the "prescribed" exceptions applies."* (782-783)

> *"Parties should be aware that they get what they bargain for and that arbitration is far different from adjudication."* (784)

FACTUAL BACKGROUND

Wheat entered into a Sale and Repurchase Agreement with Prospect, a foreign company, under which Wheat sold Prospect rights to proceeds from her personal injury claim in exchange for $5,000. The agreement required arbitration and included a repurchase schedule, liquidated damages provision, and directions to Palagi concerning settlement proceeds. After Wheat settled her claim, Prospect initiated separate arbitrations against Wheat and Palagi; neither participated, and awards were entered against both. Wheat and Palagi later filed an interpleader action concerning $8,840 held in Palagi's trust account but did not timely seek to vacate, modify, or correct the arbitration awards.

PROCEDURAL HISTORY

After Wheat and Palagi did not participate in separate arbitration proceedings, the arbitrator entered awards in Prospect's favor. Wheat and Palagi filed an interpleader action challenging the underlying agreement but did not timely move to vacate, modify, or correct the awards. The district court confirmed the awards under the Federal Arbitration Act, granted Prospect summary judgment, dismissed the interpleader claim with prejudice, and denied subsequent motions to amend and alter or amend the judgment. The Nebraska Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- First Options of Chicago, Inc. v. Kaplan, 514 U.S. 938 (1995)
- Colwell v. Mullen, 301 Neb. 408, 918 N.W.2d 858 (2018)
- State v. Henderson, 277 Neb. 240, 762 N.W.2d 1 (2009)
- Wilczewski v. Charter West Nat. Bank, 295 Neb. 254, 889 N.W.2d 63 (2016)
- Aramark Uniform & Career Apparel v. Hunan, Inc., 276 Neb. 700, 757 N.W.2d 205 (2008)
- Citizens Bank v. Alafabco, Inc., 539 U.S. 52 (2003)
- Allied-Bruce Terminix Cos. v. Dobson, 513 U.S. 265 (1995)
- Hall Street Associates, L.L.C. v. Mattel, Inc., 552 U.S. 576 (2008)
- Hartman v. City of Grand Island, 265 Neb. 433, 657 N.W.2d 641 (2003)
- Lombardo v. Sedlacek, 299 Neb. 400, 908 N.W.2d 630 (2017)
- Gaytan v. Wal-Mart, 289 Neb. 49, 853 N.W.2d 181 (2014)

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