

SUPREME COURT OF THE STATE OF NEW YORK, APPELLATE DIVISION,
FIRST DEPARTMENT

Matter of Wallace v. Foundation Group LLC

2026 NY Slip Op 00312 · No. Index No. 654044/21; Appeal No. 5655; Case No. 2025-02010 · Decided January 22, 2026

SUMMARY

The Appellate Division, First Department, affirmed an order confirming arbitration awards and denying a petition to vacate them. The court held that the petitioner failed to establish statutory grounds for vacatur, that the arbitrator did not exceed her powers or manifestly disregard the law, and that attorneys' fees were properly limited to the successful unpaid-wage claim.

CASE DETAILS

COURT	Supreme Court of the State of New York, Appellate Division, First Department
WRITING FOR THE COURT	Manzanet-Daniels, J.P.; Webber, J.; Friedman, J.; González, J.; Michael, J.
JURISDICTION	New York Supreme Court, Appellate Division, First Department
DECIDED	January 22, 2026
DOCKET	Index No. 654044/21; Appeal No. 5655; Case No. 2025-02010
DISPOSITION	affirmed
PROCEDURAL POSTURE	Petitioner appealed from an order denying in part her petition to vacate an arbitration award and supplemental award and granting respondent's cross-motion to confirm the awards.
STANDARD OF REVIEW	An arbitration award may be vacated only on the limited statutory grounds set forth in CPLR 7511(b), including where the arbitrator exceeds her power. Public-policy vacatur requires a showing that the award contravenes a well-defined public policy.
PRECEDENTIAL VALUE	Published appellate decision
PARTIES	Katie Maloney Wallace v. Foundation Group LLC

TOPICS

- employment arbitration
- arbitration
- civil rights
- appellate procedure
- employment law

PRACTICE AREAS

employment law

employment arbitration

civil procedure

civil rights

QUESTIONS PRESENTED

1. Whether the arbitration awards should be vacated because the arbitrator violated public policy by applying a consolidated shifting-burden analysis rather than separately applying the New York City Human Rights Law's more protective standard.
2. Whether the arbitrator exceeded her authority under CPLR 7511 or the Federal Arbitration Act by effectively rewriting the parties' employment agreement.
3. Whether the arbitrator's alleged manifest disregard of law required vacatur.
4. Whether the attorneys' fee award was properly limited to fees associated with petitioner's successful unpaid-wage claim.

HOLDINGS

1. The arbitration awards were not subject to vacatur on public-policy grounds because petitioner failed to show that the awards contravened a well-defined public-policy principle.
2. The arbitrator did not exceed her authority under CPLR 7511 or the Federal Arbitration Act because the record did not show that she ignored a specific limitation in the arbitration clause or effectively rewrote the employment agreement.
3. Petitioner's manifest-disregard arguments did not warrant vacatur because the arbitrator evaluated the evidence and determined in two written decisions that petitioner failed to meet her burden under any applicable statutory framework.
4. The attorneys' fee determination was properly upheld because petitioner prevailed only on her unpaid-wage claim and the arbitrator acted within her discretion in limiting fees to that claim.

KEY QUOTATIONS

“A public policy vacatur requires a showing that the award contravenes a well-defined principle.” ([*1])

“an arbitrator exceeds [her] powers only when [she] ignores specific limitations on the powers delegated to [her] in the arbitration clause or [she] gives a completely irrational construction to the provisions of the parties' agreement, thereby effectively rewriting it” ([*1])

FACTUAL BACKGROUND

Katie Maloney Wallace was employed by Foundation Group LLC under a written employment agreement containing a mandatory arbitration clause. After respondent terminated her employment, Wallace commenced arbitration alleging gender discrimination under the New York City Human Rights Law and unpaid wages under the New York Labor Law. The arbitrator denied the discrimination claim, found for Wallace on the wage claim, awarded attorneys' fees associated with that claim, and denied attorneys' fees for the discrimination claim.

PROCEDURAL HISTORY

Petitioner, a former employee of Foundation Group LLC, commenced arbitration asserting gender discrimination under the New York City Human Rights Law and unpaid-wage claims under the New York Labor Law. The arbitrator denied the discrimination claim, awarded petitioner unpaid wages and attorneys' fees related to that claim, and denied fees for the discrimination claim. Supreme Court, New York County, denied the petition to vacate in part and confirmed the arbitration awards; the Appellate Division unanimously affirmed.

DISPOSITION

affirmed

CASES CITED

- New York City Tr. Auth. v. Phillips, 162 A.D.3d 93, 99 (1st Dep't 2018), leave dismissed, 31 N.Y.3d 1139 (2018)
- Fishman v. Roxanne Mgt., 24 A.D.3d 365, 366 (1st Dep't 2005)
- Wien & Malkin LLP v. Helmsley-Spear, Inc., 6 N.Y.3d 471, 480-481 (2006)
- Matter of Nexia Health Tech., Inc. v. Miratech, Inc., 176 A.D.3d 589, 590-591 (1st Dep't 2019)

OPINION

PER CURIAM.

Matter of Wallace v Foundation Group LLC (2026 NY Slip Op 00312) Matter of Wallace v Foundation Group LLC 2026 NY Slip Op 00312 Decided on January 22, 2026 Appellate Division, First Department Published by New York State Law Reporting Bureau pursuant to Judiciary Law § 431. This opinion is uncorrected and subject to revision before publication in the Official Reports.

Decided and Entered: January 22, 2026 Before: Manzanet-Daniels, J.P., Webber, Friedman, González, Michael, JJ. Index No. 654044/21|Appeal No. 5655|Case No. 2025-02010| [*1]In the Matter of Katie Maloney Wallace, Petitioner-Appellant, v Foundation Group LLC, Respondent-Respondent. Felicello Law P.C., New York (Rosanne Elena Felicello of counsel), for appellant.

Barnes & Thornburg LLP, New York (Joseph A. Matteo of counsel), for respondent. Order, Supreme Court, New York County (Debra A. James, J.), entered on or about March 24, 2025, which, to the extent appealed from, denied the petition to vacate in part an arbitration award and a supplemental award and granted respondent's cross-motion to confirm the arbitration awards, unanimously affirmed, without costs.

Petitioner was employed by respondent subject to a written employment agreement containing a mandatory arbitration clause. Respondent terminated petitioner and shortly thereafter, petitioner commenced the underlying arbitration proceeding alleging gender discrimination under the New York City Human Rights Law (NYCHRL) and unpaid wages under the New York Labor Law.

The arbitrator ultimately issued a written award and supplemental award denying petitioner's employment discrimination claim, finding in petitioner's favor on her unpaid wages claim, awarding attorneys' fees in connection with the wage claim, and denying attorneys' fees for the discrimination claim. Petitioner failed to establish any of the limited statutory bases for vacating an arbitration award under CPLR 7511(b).

Petitioner's contention that the arbitrator violated a strong public policy by providing a consolidated written analysis of the discrimination claims applying the shifting burden of persuasion test, in lieu of providing a separate analysis under the NYCHRL's more protective legal standard, is unavailing. A public policy vacatur requires a showing that the award contravenes a well-defined principle.

Here, the arbitration awards reflect the arbitrator's assessment of credibility, causation, relevant legal principles, and the full evidentiary record (see e.g. *New York City Tr. Auth. v Phillips*, 162 AD3d 93, 99 [1st Dept 2018], lv dismissed 31 NY3d 1139 [2018]). Nor did the arbitrator exceed her power under CPLR 7511 or the Federal Arbitration Act. "[A]n arbitrator exceeds [her] powers only when [she] ignores specific limitations on the powers delegated to [her] in the arbitration clause or [she] gives a completely irrational construction to the provisions of the parties' agreement, thereby effectively rewriting it" (*Fishman v Roxanne Mgt.*, 24 AD3d 365, 366 [1st Dept 2005] [internal quotation marks omitted]).

Nothing in the record indicates the arbitrator "effectively rewrote" the parties' employment agreement. Petitioner's arguments of "manifest disregard of the law" are similarly unavailing (see *Wien & Malkin LLP v Helmsley-Spear, Inc.*, 6 NY3d 471, 480-481 [2006]; *Matter of Nexia Health Tech., Inc. v. Miratech, Inc.*, 176 AD3d 589, 590—591 [1st Dept 2019]).

The arbitrator evaluated the evidence and concluded in two written decisions that petitioner failed to meet her burden on her employment discrimination claim under any statutory framework. Finally, Supreme Court properly upheld the attorneys' fees determination.

Because petitioner prevailed only on her unpaid wage claim, the arbitrator acted within her discretion in awarding fees limited to that claim. THIS CONSTITUTES THE DECISION AND ORDER OF THE SUPREME COURT, APPELLATE DIVISION, FIRST DEPARTMENT. ENTERED: January 22, 2026

PER CURIAM.

Matter of Wallace v Foundation Group LLC (2026 NY Slip Op 00312) *Matter of Wallace v Foundation Group LLC* 2026 NY Slip Op 00312 Decided on January 22, 2026 Appellate Division, First Department Published by New York State Law Reporting Bureau pursuant to Judiciary Law § 431. This opinion is uncorrected and subject to revision before publication in the Official Reports.

Decided and Entered: January 22, 2026 Before: Manzanet-Daniels, J.P., Webber, Friedman, González, Michael, JJ. Index No. 654044/21|Appeal No. 5655|Case No. 2025-02010| [*1]In the Matter of Katie Maloney Wallace, Petitioner-Appellant, v Foundation Group LLC, Respondent-Respondent. Felicello Law P.C., New York (Rosanne Elena Felicello of counsel), for appellant.

Barnes & Thornburg LLP, New York (Joseph A. Matteo of counsel), for respondent. Order, Supreme Court, New York County (Debra A. James, J.), entered on or about March 24, 2025, which, to the extent appealed from, denied the petition to vacate in part an arbitration award and a supplemental award and granted respondent's cross-motion to confirm the arbitration awards, unanimously affirmed, without costs.

Petitioner was employed by respondent subject to a written employment agreement containing a mandatory arbitration clause. Respondent terminated petitioner and shortly thereafter, petitioner commenced the underlying arbitration proceeding alleging gender discrimination under the New York City Human Rights Law (NYCHRL) and unpaid wages under the New York Labor Law.

The arbitrator ultimately issued a written award and supplemental award denying petitioner's employment discrimination claim, finding in petitioner's favor on her unpaid wages claim, awarding attorneys' fees in connection with the wage claim, and denying attorneys' fees for the discrimination claim. Petitioner failed to establish any of the limited statutory bases for vacating an arbitration award under CPLR 7511(b).

Petitioner's contention that the arbitrator violated a strong public policy by providing a consolidated written analysis of the discrimination claims applying the shifting burden of persuasion test, in lieu of providing a separate analysis under the NYCHRL's more protective legal standard, is unavailing. A public policy vacatur requires a showing that the award contravenes a well-defined principle.

Here, the arbitration awards reflect the arbitrator's assessment of credibility, causation, relevant legal principles, and the full evidentiary record (see e.g. *New York City Tr. Auth. v Phillips*, 162 AD3d 93, 99 [1st Dept 2018], lv dismissed 31 NY3d 1139 [2018]). Nor did the arbitrator exceed her power under CPLR 7511 or the Federal Arbitration Act. "[A]n arbitrator exceeds [her] powers only when [she] ignores specific limitations on the powers delegated to [her] in the arbitration clause or [she] gives a completely irrational construction to the provisions of the parties' agreement, thereby effectively rewriting it" (*Fishman v Roxanne Mgt.*, 24 AD3d 365, 366 [1st Dept 2005] [internal quotation marks omitted]).

Nothing in the record indicates the arbitrator "effectively rewrote" the parties' employment agreement. Petitioner's arguments of "manifest disregard of the law" are similarly unavailing (see *Wien & Malkin LLP v Helmsley-Spear, Inc.*, 6 NY3d 471, 480-481 [2006]; *Matter of Nexia Health Tech., Inc. v. Miratech, Inc.*, 176 AD3d 589, 590—591 [1st Dept 2019]).

The arbitrator evaluated the evidence and concluded in two written decisions that petitioner failed to meet her burden on her employment discrimination claim under any statutory framework. Finally, Supreme Court properly upheld the attorneys' fees determination.

Because petitioner prevailed only on her unpaid wage claim, the arbitrator acted within her discretion in awarding fees limited to that claim. THIS CONSTITUTES THE DECISION AND ORDER OF THE SUPREME COURT, APPELLATE DIVISION, FIRST DEPARTMENT.
ENTERED: January 22, 2026

Retrieved from lawtools.ai · <https://lawtools.ai/cases/state/new-york-supreme-court-appellate-division-first-department-supreme-court-of-the-state-of-new-york-ap/2026/matter-of-wallace-v-foundation-group-llc-5g63z2w0>