

**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.

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

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