

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)

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