

COURT OF APPEALS OF KENTUCKY

Paul A. Krallman; Andrew Krallman; James E. Krallman; Robert A. Krallman; and Miter Masonry Contractors, Inc. v. Nikki Krallman, Individually and as the Mother of J.K., a Minor; J.K., a Minor; Ellie Krallman; Tommy Krallman; and the Gerald Krallman Trust

No. 2024-CA-1515-MR (Ky. App. Feb. 27, 2026) · No. 2024-CA-1515-MR · Decided February 27, 2026

SUMMARY

The Kentucky Court of Appeals held that the arbitration provision in the parties’ Buy-Sell Agreement was unenforceable under the Kentucky Uniform Arbitration Act because it did not provide for arbitration in Kentucky. The court nevertheless concluded that the provision could be enforceable under the Federal Arbitration Act if the underlying agreements evidenced transactions involving interstate commerce. The court affirmed the KUAA ruling but vacated and remanded for findings concerning the validity of the arbitration agreement and the applicability of the FAA.

CASE DETAILS

COURT	Court of Appeals of Kentucky
WRITING FOR THE COURT	Karem; Easton; McNeill
JURISDICTION	Kentucky Court of Appeals
DECIDED	February 27, 2026
DOCKET	2024-CA-1515-MR
DISPOSITION	remanded
PROCEDURAL POSTURE	Appellants appealed the Campbell Circuit Court's order denying their motion to compel arbitration under a buy-sell agreement.
STANDARD OF REVIEW	The existence of a valid agreement to arbitrate and the trial court's application of contract-formation rules are reviewed de novo; any underlying factual findings are reviewed for clear error.
PRECEDENTIAL VALUE	Published; to be published
PARTIES	Paul A. Krallman, Andrew Krallman, James E. Krallman, Robert A. Krallman, Miter Masonry Contractors, Inc. v. Nikki Krallman, Individually and as the Mother of J.K., a Minor, J.K., a Minor, Ellie Krallman, Tommy Krallman, Gerald Krallman Trust

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QUESTIONS PRESENTED

1. Whether the arbitration provision was enforceable under the Kentucky Uniform Arbitration Act when it did not designate Kentucky as the place of arbitration.
2. Whether an arbitration agreement unenforceable under the KUAA may nevertheless be enforced under the Federal Arbitration Act when the underlying contracts evidence transactions involving interstate commerce.
3. What proceedings the circuit court must conduct on remand concerning the validity of the arbitration agreement and the interstate-commerce requirement.
4. Whether issues concerning the validity and scope of the arbitration agreement may be addressed by the circuit court before arbitration.

HOLDINGS

1. The arbitration provision is unenforceable under the KUAA because it does not designate Kentucky as the place of arbitration, and KRS 417.200 therefore does not confer jurisdiction on a Kentucky court to enforce it under the KUAA.
2. An arbitration agreement that does not satisfy KRS 417.200 may nevertheless be enforceable in a Kentucky court under the FAA if the underlying contract evidences a transaction involving interstate commerce.
3. The circuit court must first determine whether the arbitration provision is valid under state-law contract principles and, if so, determine whether the buy-sell and transfer agreements evidence transactions involving interstate commerce under the FAA.
4. The circuit court may address issues concerning the validity of the arbitration agreement, but challenges to the validity of the underlying contracts are for the arbitrator.

KEY QUOTATIONS

“However, the trial court prematurely concluded the analysis regarding its authority to compel arbitration.”
(at 8)

“In sum, Kentucky courts will enforce arbitration agreements that are subject to the FAA, either through express designation in the agreement, as in Ernst & Young, Hathaway, and M & H Trucking, or when the underlying contract evidences a transaction involving interstate commerce, as in Ping, regardless of whether the arbitration agreement complies with KRS 417.200.” (at 13)

“If valid, then the court must make findings regarding whether the Buy-Sell Agreement and the Transfer Agreement are contracts evidencing transactions involving interstate commerce under the FAA, which would enable the court to enforce the arbitration provision.” (at 14)

FACTUAL BACKGROUND

Miter Masonry Contractors, Inc., an Ohio corporation, was owned by five Krallman brothers, who entered into a 2012 buy-sell agreement governing transfers of company stock. The agreement included an arbitration clause but did not specify where arbitration would occur. After Gerald Krallman's death, disputes arose concerning a later transfer agreement that set a \$500,000 purchase price for his shares, while the shares were transferred for book value; appellants claimed mutual mistake and sought arbitration.

PROCEDURAL HISTORY

Appellants filed a complaint seeking to compel arbitration and, alternatively, reformation and declaratory relief concerning the buy-sell and transfer agreements. The Campbell Circuit Court denied the motion to compel arbitration, concluding that the Kentucky Uniform Arbitration Act did not confer jurisdiction because the arbitration agreement did not specify Kentucky as the arbitral forum. The Court of Appeals affirmed that ruling as to the KUAA but remanded for consideration of the agreement's validity and the Federal Arbitration Act's applicability.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The circuit court must first decide whether the arbitration provision is valid under state law. If it is valid, the court must make findings regarding whether the buy-sell agreement and transfer agreement evidence transactions involving interstate commerce under the FAA. The court may address issues concerning the validity of the arbitration agreement, but not challenges to the validity of the underlying contracts.

CASES CITED

- Krallman v. Estate of Krallman by and Through Moore, No. 2024-CA-0065-MR, 2025 WL 223608, at *1 (Ky. App. Jan. 17, 2025)
- Ping v. Beverly Enterprises, Inc., 376 S.W.3d 581, 589-90 (Ky. 2012)
- Ally Cat, LLC v. Chauvin, 274 S.W.3d 451, 455-56 (Ky. 2009)
- Ernst & Young, LLP v. Clark, 323 S.W.3d 682, 687 (Ky. 2010)
- Hathaway v. Eckerle, 336 S.W.3d 83 (Ky. 2011)
- MHC Kenworth-Knoxville/Nashville v. M & H Trucking, LLC, 392 S.W.3d 903, 906-07 (Ky. 2013)
- Bache v. Sallee, No. 2021-CA-0396-MR, 2022 WL 982319 (Ky. App. Apr. 1, 2022)
- Nissan v. Hurt, No. 2010-CA-001555-MR, 2013 WL 5592372 (Ky. App. Oct. 11, 2013)
- Citizens Bank v. Alafabco, Inc., 539 U.S. 52, 56-57 (2003)

- Summit Health, Ltd. v. Pinhas, 500 U.S. 322 (1991)
- Volt Information Sciences, Inc. v. Board of Trustees of Leland Stanford Junior University, 489 U.S. 468 (1989)
- North Fork Collieries, LLC v. Hall, 322 S.W.3d 98, 105 (Ky. 2010)
- Green v. Frazier, 655 S.W.3d 340, 345-46 (Ky. 2022)
- GGNSC Stanford, LLC v. Rowe, 388 S.W.3d 117, 121 (Ky. App. 2012)
- Southland Corp. v. Keating, 465 U.S. 1, 11 (1984)
- Brookdale Senior Living Inc. v. Stacy, 27 F. Supp. 3d 776, 791 (E.D. Ky. 2014)

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