IN THE SUPREME COURT OF THE STATE OF NEVADA

CLA PROPERTIES LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, Appellant, vs. SHAWN BIDSAL, AN INDIVIDUAL, Respondent.	No. 86438
CLA PROPERTIES LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, Appellant, vs. SHAWN BIDSAL, AN INDIVIDUAL, Respondent.	No. 86817

ORDER OF AFFIRMANCE

These are consolidated appeals from a district court order granting a motion to confirm an arbitration award (Docket No. 86438) and an order reducing the award to judgment (Docket No. 86817). Eighth Judicial District Court, Clark County; Joanna Kishner, Judge.

Facts and procedural history

Appellant CLA Properties LLC and respondent Shawn Bidsal were co-owners of Green Valley Commerce, LLC. Bidsal was Green Valley's day-to-day manager. Section 4.2 of Green Valley's operating agreement authorized either Bidsal or CLA to buy out the other's interest in Green Valley at an amount calculated by a formula based, in part, on Green Valley's fair market value. If either party exercised that right, Section 4.2 required the parties to close escrow within 30 days.

In August 2017, CLA offered to purchase Bidsal's ownership interest based on a $5 million estimate of Green Valley's value. A dispute

arose as to whether Green Valley's operating agreement required Bidsal to accept this offer or whether Bidsal was allowed to obtain an appraisal of Green Valley's value. The parties submitted the dispute to arbitration, and the arbitrator ruled in CLA's favor. In particular, the arbitrator determined that under the operating agreement, Bidsal was not entitled to an appraisal, that Bidsal was required to sell his interest in Green Valley, and that the parties should use the $5 million estimate to compute the purchase price. As relevant here, the arbitrator found that "Mr. Bidsal had no right to demand an appraisal, and under Section 4.2 Mr. Bidsal was obligated to close escrow and sell his 50% Membership Interest to CLA within 30 days after CLA elected to buy, i.e. by September 3, 2017." Additionally, the arbitrator concluded that "[w]ithin ten (10) days of the issuance of this Final Award, [Bidsal] shall [ ] transfer his fifty percent (50%) Membership Interest in [Green Valley] . . . at a price computed in accordance with the contractual formula set forth in Section 4.2 of the Green Valley Operating Agreement."

From 2019-2022, Bidsal unsuccessfully challenged the arbitrator's award in district court and on appeal. *See generally In re CLA Props. LLC*, Docket Nos. 80427 & 80831, 2022 WL 831877 (Nev. March 17, 2022) (Order of Affirmance). During that time frame, Bidsal made roughly $500,000 in distributions from Green Valley to himself, to which he would be entitled as Green Valley's manager. Also during that time frame, Bidsal and CLA were unable to agree upon a purchase price using the $5 million estimate and the formula. This led to a second arbitration wherein the parties disputed the application of the formula and whether Bidsal was entitled to the $500,000 in distributions. As relevant here, the second arbitrator entered an award calculating the purchase price via the formula

at roughly $1.9 million, which CLA had to pay to Bidsal for his interest in Green Valley. The arbitrator also rejected CLA's argument that, per the above-quoted portions of the first arbitrator's award, the effective date of the sale should be September 3, 2017. Consequently, the second arbitrator determined that Bidsal was entitled to the $500,000 in distributions he received because he was still properly serving as Green Valley's manager when he received them.

CLA then filed a motion in district court to vacate the arbitration award, and Bidsal filed a countermotion to confirm it. The district court denied CLA's motion and granted Bidsal's countermotion. CLA appeals from that order in Docket No. 86438. Thereafter, the district court granted Bidsal's motion to reduce the arbitration award to judgment, wherein the district court awarded Bidsal roughly $456,000 in attorney fees. CLA appeals from that order in Docket No. 86817.[1]

Discussion

CLA reiterates its district court arguments, which are that the second arbitration award should be vacated because either (1) the arbitrator exceeded his powers, or (2) the arbitrator manifestly disregarded the law. *See* NRS 38.241(1)(d) (providing that an arbitration award may be vacated if the arbitrator "exceeded his or her powers"); *Washoe Cnty. Sch. Dist. v. White*, 133 Nev. 301, 306, 396 P.3d 834, 839 (2017) (recognizing that a common-law basis for vacating an arbitration award is when the arbitrator "manifestly disregarded the law" (internal quotation marks omitted)).

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[1]CLA does not raise any distinct arguments with respect to the district court's order reducing the award to judgment and awarding attorney fees that is appealed in Docket No. 86817. Because we affirm the appealed order in Docket No. 86438, we necessarily affirm the appealed order in Docket No. 86817.

We agree with the district court's decision to confirm the arbitration award, as there is not clear and convincing evidence to support CLA's arguments. *See White*, 133 Nev. at 303, 396 P.3d at 838 ("This court reviews a district court's decision to vacate or confirm an arbitration award de novo."); *Sylver v. Regents Bank, N.A.*, 129 Nev. 282, 286, 300 P.3d 718, 721 (2013) ("We apply a clear and convincing evidence standard when parties seek to vacate an arbitration award."). With respect to CLA's first argument, CLA contends that Green Valley's operating agreement required Bidsal to close escrow within 30 days from receiving CLA's offer. According to CLA, the second arbitrator exceeded his powers by concluding that, because escrow did not close, Bidsal continued in the role of Green Valley's manager and continued to be entitled to distributions.

We are not persuaded that the second arbitrator exceeded his powers in reaching this conclusion. "Arbitrators exceed their powers when they address issues or make awards outside the scope of the governing contract." *White*, 133 Nev. at 304, 396 P.3d at 838 (internal quotation marks omitted). "An award should be enforced so long as the arbitrator is arguably construing or applying the contract and there is a colorable justification for the outcome." *Id.* (internal quotation marks omitted). Here, the second arbitrator was construing the operating agreement in determining that Bidsal continued in his role as Green Valley's manager because escrow did not close. CLA's argument that Bidsal effectively prevented the parties from closing escrow, while well-taken, does not change our conclusion that the second arbitrator's award was within the scope of Green Valley's operating agreement.

Relatedly, CLA argues that the second arbitrator exceeded his powers by entering an award that contradicted the first award. While the

first award is not "the governing contract," *White*, 133 Nev. at 304, 396 P.3d at 838, we nevertheless are not persuaded that the second award necessarily contradicts the first award so as to warrant relief under NRS 38.241(1)(d). Although the first arbitrator found that Bidsal was contractually required to close escrow by September 3, 2017, the second arbitrator observed that the first arbitrator "did not find an effective date of the transaction to have occurred over a year earlier [from when the first award was rendered]." This observation is technically correct. Thus, to the extent that the first arbitration award can be construed as "the governing contract," we are not persuaded that the second arbitrator made an award outside the scope of that contract, as the second arbitrator's interpretation of the first arbitrator's award was "arguably construing or applying the contract and there [was] a colorable justification for the outcome." *White*, 133 Nev. at 304, 396 P.3d at 838 (internal quotation marks omitted).

CLA finally contends that the second arbitration award should be vacated because the second arbitrator manifestly disregarded the law. CLA does not make clear whether "the law" is Green Valley's operating agreement or the first arbitration award, but for the same reasons discussed above, we are not persuaded that the second arbitrator manifestly disregarded the law. *See WPH Architecture, Inc. v. Vegas VP, LP*, 131 Nev. 884, 890, 360 P.3d 1145, 1149 (2015) ("In determining whether an arbitrator has manifestly disregarded the law, the issue is not whether the arbitrator correctly interpreted the law, but whether the arbitrator, knowing the law

and recognizing that the law required a particular result, simply disregarded the law." (internal quotations omitted)). Accordingly, we

ORDER the judgments of the district court AFFIRMED.

Stiglich, J.
Stiglich

Pickering, J.
Pickering

Parraguirre, J.
Parraguirre

cc: Hon. Joanna Kishner, District Judge
Lemons, Grundy & Eisenberg
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Eighth District Court Clerk