IN THE SUPREME COURT OF THE STATE OF NEVADA

CASAL INSTITUTE OF NEVADA, LLC,
Appellant/Cross-Respondent,
vs.
ESTATE OF ARTHUR J. PETRIE,
Respondent/Cross-Appellant.

No. 89760

FILED

MAY 29 2026

ELIZABETH A. BROWN
CLERK OF SUPREME COURT
BY
DEPUTY CLERK

ORDER OF AFFIRMANCE

This is an appeal and cross-appeal from a final judgment confirming an arbitration award. Eighth Judicial District Court, Clark County; Timothy C. Williams, Judge.

This appeal and cross-appeal arise from a judgment confirming an award in an arbitration between appellant/cross-respondent Casal Institute of Nevada, LLC (Casal) and respondent/cross-appellant, the Estate of Arthur J. Petrie (the Estate) regarding an operating agreement (the Agreement) relating to the operation and ownership of Casal. Arthur Petrie was a member and 50% unit holder of Casal until his death, at which time his units transferred to the Estate. John Gronvall, the CEO of Casal, owned the other 50% of Casal's units and, following Petrie's death, became the only remaining member of Casal.

The arbitration concerned two disputes under the Agreement: a purchase price dispute and a distribution dispute. As to the purchase price dispute, following Petrie's death, Casal sought to exercise its option to purchase Petrie's units under section 9.1(c) of the Agreement, but Casal and the Estate were unable to agree on the purchase price. The arbitrator ruled

24-24374

that Casal's valuation determined the fair market value of Petrie's units, and that the Estate's alternate valuation did not comply with the Agreement's requirements because it was untimely and the Estate's CPA failed to communicate directly with Casal's CPA.

As to the distribution dispute, after Petrie's death but before the Estate's units were transferred to Casal, Gronvall caused Casal to transfer approximately $1.5 million in funds to Gronvall for Gronvall to purchase a personal residence. The parties disagreed as to whether the funds should be classified as a loan to Gronvall or a distribution. The Estate contended that the transfer was a distribution, and Casal's failure to distribute an equal amount to the Estate breached section 7.3 of the Agreement. Casal, on the other hand, argued that the transfer was a loan supported by a belated promissory note. The arbitrator found in favor of the Estate, determining that the transfer was a distribution entitling the Estate to an equalizing distribution as an assignee in accordance with Section 7.3 of the Agreement. The arbitrator therefore awarded the Estate an equalizing distribution.

The Estate moved for the district court to vacate the arbitrator's purchase price award, arguing that its valuation complied with the terms of the Agreement, that whether Casal's valuation complied with the Agreement was a disputed factual issue, and that the arbitrator denied the Estate due process by resolving this issue before discovery. Casal moved for the district court to vacate the arbitrator's distribution award. The district court denied both motions, confirmed the award in its entirety, and awarded interest to accrue from the date of the arbitration award. Casal appeals and the Estate cross appeals.

DISCUSSION

The parties challenge the arbitration award under common-law grounds. Casal and the Estate both contend that the arbitrator's award was arbitrary and capricious because her conclusions were unsupported by the Agreement's language.

Although this court reviews a district court's decision regarding an arbitration award de novo, "the scope of judicial review of [the underlying] arbitration award is limited and is nothing like the scope of an appellate court's review of a trial court's decision." *News+Media Cap. Grp. LLC v. Las Vegas Sun, Inc.*, 137 Nev. 447, 452, 495 P.3d 108, 115 (2021) (internal quotation marks omitted). The party challenging an arbitration award faces a high hurdle and must prove the common law ground relied upon for challenging the award by clear and convincing evidence. *Id.* The grounds for challenging an award are narrow and do "*not* include that the [arbitrator] committed an error—or even a serious error." *Id.* (internal quotation marks omitted).

Under common law, we may vacate an arbitration award if the award was "arbitrary, capricious, or unsupported by the agreement" or the arbitrator "manifestly disregard[s] the law." *News+Media*, 137 Nev. at 455-56, 495 P.3d at 117-18 (internal quotation marks omitted). "An award is arbitrary and capricious if the arbitrator's factual findings are not supported by substantial evidence in the record." *Id.* at 455, 495 P.3d at 117. An award is "unsupported by the agreement" if the arbitrator's interpretation of the agreement is fanciful or non-colorable. *Id.* Further, for an arbitrator to manifestly disregard the law, "the arbitrator must not only reach a legally incorrect result, but must also do so deliberately." *Id.* at 457, 495 P.3d at 118. This ground limits the reviewing court's concern to "arbitrators who appreciate the significance of clearly governing legal

principles but decide to ignore or pay no attention to those principles." *Clark Cnty. Educ. Ass'n v. Clark Cnty. Sch. Dist.*, 122 Nev. 337, 344, 131 P.3d 5, 10 (2006) (internal quotation marks omitted).

The district court did not err in confirming the post-valuation distribution

In its appeal, Casal contends that the district court erred in confirming the distribution award because it improperly provides the Estate with a double recovery and allowing a distribution is contrary to the Agreement. We conclude that the arbitrator's finding that the transfer was a distribution, thereby requiring an equalizing distribution to the Estate, is a colorable interpretation of the Agreement and supported by substantial evidence in the record. *News+Media*, 137 Nev. at 455-56, 495 P.3d at 117. Although Casal ultimately recorded the transfer as a note receivable, supported by a promissory note, Casal did not obtain security or partial payment towards the security obligation, which led the arbitrator to the conclusion that there was no real intention to repay the principal to Casal. Having concluded that the transfer was a distribution, the arbitrator's conclusion that the Agreement required an equalizing distribution was sufficiently supported by the record, as the Agreement clearly states that "Distributions shall be allocated in proportion to Unit Ownership." Accordingly, we affirm the distribution award.[1]

The district court did not err in confirming the purchase price award

In its cross-appeal, the Estate argues that the district court erred in confirming the purchase price award because the arbitrator

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[1]We do not address the merits of Casal's double recovery argument as the Agreement's language is controlling, irrespective of any perceived windfall. The arbitrator's conclusion that the Agreement provided for an equalizing distribution "through the Transfer Date," which was February 28, 2022, pursuant to Section 9.2(d) of the Agreement, was colorable.

contradicted the plain terms of the Agreement when finding that: (1) the Estate's valuation was untimely because it was disclosed more than 30 days after receiving Casal's valuation; (2) the Estate's accountant was required to communicate directly with Casal's accountant; and (3) Casal's valuation was based on accepted accounting principles, despite "eliminat[ing]" discovery on factual disputes. We disagree.

The Agreement states that if the Estate disagrees with Casal's valuation, the Estate "shall within thirty (30) days after the initial accountant's valuation, [ ] select a [CPA] who shall, jointly with the accountant selected by [Casal], determine the per Unit fair market value worth." The arbitrator's interpretation that the Estate must select a CPA and complete the valuation within 30 days is at least "colorable." *News+Media*, 137 Nev. at 454, 495 P.3d at 116 (internal quotation marks omitted). Further, as the Agreement does not define the term "jointly," the arbitrator's interpretation is at least one plausible understanding of the term and therefore supported by the Agreement. *See id.* (determining an arbitrator's interpretation was colorable where there were two "minimally plausible" interpretations and the arbitrator chose one). Finally, the Estate's argument that the arbitrator acted arbitrarily or capriciously in denying certain discovery opportunities is unavailing.[2] From the Estate's

[2]The record submitted to the court is disjointed. The index to the joint appendix has multiple entries for an "appendix of exhibits," at times spanning hundreds of pages. Hidden within these appendices of exhibits were key documents to the discovery dispute including (1) the arbitrator's October 13, 2021 direction to the parties to submit briefing on unresolved factual issues, (2) the Estate's motion for reconsideration, and (3) a February 17, 2022 email from the arbitrator again asking if there are unresolved factual issues. Under NRAP 28(e)(1), counsel is reminded to

citations and the record before us, the Estate has not met its burden to demonstrate that the arbitrator consciously disregarded applicable legal principles when denying or limiting discovery. *See Clark Cnty. Educ. Ass'n*, 122 Nev. at 344, 131 P.3d at 10 (explaining that an arbitrator manifestly disregards the law where they are aware of legal principles and consciously choose to ignore them). Accordingly, we affirm the purchase price award.

The district court did not err in awarding post award interest on the arbitration award

Casal argues that the district court improperly modified the arbitration award when it awarded the Estate interest commencing on the date of entry of the arbitration award. We disagree. Questions of law, such as whether an interest award improperly modifies an arbitration award, are reviewed de novo. *See Pub. Emps' Ret. Sys. of Nev. v. Gitter*, 133 Nev. 126, 132, 393 P.3d 673, 680 (2017).

In *Mausbach v. Lemke*, we held that courts lack statutory authority to add prejudgment interest to an arbitration award. 110 Nev. 37, 41-42, 866 P.2d 1146, 1149-50 (1994). However, we noted that our ruling did not "preclude the district court from awarding post-judgment interest, *commencing from the date of entry of the award itself*." *Id.* at 42, 866 P.2d at 1150 (emphasis added). In *Lagstein v. Certain Underwriters at Lloyd's of London*, the Ninth Circuit interpreted *Mausbach*, correctly explaining that *Mausbach* held that post-award interest (interest running from the date of the arbitration award) was not precluded. 725 F.3d 1050, 1055-56 (9th Cir. 2013) (citing *Mausbach*, 110 Nev. at 42, 866 P.2d at 1150). Here,

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support assertions regarding matters in the record with pincite references to the appendix.

because the district court awarded interest commencing from the date of the arbitration award, the district court did not err in awarding interest.

Accordingly, we

ORDER the judgment of the district court AFFIRMED.

Stiglich, J.

Cadish, J.

Lee, J.

cc: Hon. Timothy C. Williams, District Judge
Lansford W. Levitt, Settlement Judge
Connot Law Office PLLC
Wolfe & Wyman LLP/Las Vegas
Eighth District Court Clerk