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IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT

DIVISION FIVE

COURT OF APPEAL – SECOND DIST.
FILED
Jun 29, 2026
EVA McCLINTOCK, Clerk
kdominguez Deputy Clerk

MICHAEL BARROWS et al.,

Plaintiffs and Appellants,

v.

RONALD J. INLOW,

Defendant and Respondent.

B342248

(Los Angeles County Super. Ct. No. 23STCP04344)

APPEAL from a judgment of the Superior Court of Los Angeles County, Christopher K. Lui, Judge. Affirmed.

Law Office of Robert Beauchamp and Robert Beauchamp for Plaintiffs and Appellants.

Law Offices of Montgomery G. Griffin and Montgomery G. Griffin for Defendant and Respondent.

Appellants Michael Barrows and Eric Ludovico (collectively, appellants) appeal from a judgment in favor of respondent Ronald Inlow (respondent) following orders confirming an arbitration award and denying appellants' petition to vacate the award. Appellants contend a member of the arbitration panel exceeded his powers because he was improperly classified as a "public arbitrator" under Financial Industry Regulatory Authority (FINRA) arbitration rules. We are asked to decide whether the trial court erred in denying appellants' petition to vacate the arbitration award as untimely and lacking merit.

I. BACKGROUND

A. The Arbitration

In a statement of claim for arbitration filed with FINRA, respondent alleged, among other things, that appellants violated federal security laws in selling him a certain investment. Appellants agreed to submit the dispute to FINRA arbitration.

The arbitration was decided by three public arbitrators, with Stephen Howard Marcus (Marcus) serving as the presiding chairperson. As we will discuss in more detail, "the general gist" of the distinction between public and non-public arbitrators is that "public arbitrators should not be too closely tied to the securities industry, while non-public arbitrators should have significant securities-related experience." (*Stone v. Bear, Stearns & Co., Inc.* (E.D.Pa. 2012) 872 F.Supp.2d 435, 439.)

FINRA notified the parties of Marcus's appointment to chair the panel in October 2022. Around the same time, FINRA provided the parties with Marcus's "Oath of Arbitrator," "Arbitrator Disclosure Checklist," and "Arbitrator Disclosure

Report," which included information relevant to his classification as a public arbitrator. At all times relevant to this case, the FINRA arbitration rules governing customer disputes required the chairperson to be a public arbitrator.[1] (FINRA Rule 12403(a)(1)(C).) The parties accepted the arbitration panel in November 2022.

The arbitration hearing was held over several days in September 2023. The arbitrators ruled appellants were jointly and severally liable to respondent for $1,035,360.46, plus interest, hearing fees, and certain costs. A signed copy of the award was served on appellants on October 30, 2023.

B. Appellants' Petition to Vacate the Arbitration Award

Appellants filed a petition to vacate the award in the trial court. Relying on disclosures that Marcus provided before they accepted the panel, appellants argued Marcus was improperly classified as a public arbitrator and was therefore ineligible to serve as the panel's chairperson.[2] Appellants argued this meant

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[1] On our own motion, we take judicial notice of FINRA Rules 12100 and 12403, available at <https://www.finra.org/rules-guidance/rulebooks/finra-rules/12000> (as of Feb. 26, 2026). (Evid. Code, §§ 452, subd. (h), 459, subd. (a).)

[2] Appellants attached to their petition a version of Marcus's Arbitrator Disclosure Report, the accuracy of which Marcus "last affirmed" in May 2023. With respect to the relevant excerpts, this report is identical to the version provided to the parties before they accepted the panel.

Marcus exceeded his powers and the award must be vacated under Code of Civil Procedure section 1286.2, subdivision (a)(4).[3]

Appellants cited FINRA rules 12100(aa)(3) and 12100(aa)(7), which generally provide that a person may not be classified as a public arbitrator if they devoted 20 percent or more of their professional time to disputes concerning the financial industry for either a total of 15 years or in any one of the last five years.[4] Notwithstanding Marcus's affirmance in his Arbitrator

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[3] Undesignated statutory references that follow are to the Code of Civil Procedure. Section 1286.2, subdivision (a)(4) provides a trial court shall vacate an arbitration award if it determines "[t]he arbitrators exceeded their powers and the award cannot be corrected without affecting the merits of the decision upon the controversy submitted."

[4] Appellants erroneously cited FINRA Rule 12100(aa)(3) as 13100(aa)(3) in the trial court.

At all times relevant to this case, FINRA Rule 12100(aa)(3) provided as follows: "A person shall not be designated as a public arbitrator, who was, for a total of 15 years or more, an attorney, accountant, expert witness or other professional who has devoted 20 percent or more of his or her professional time annually to representing or providing services to parties in disputes concerning investment accounts or transactions, or employment relationships within the financial industry."

At all times relevant to this case, FINRA Rule 12100(aa)(7) provided as follows: "A person shall not be designated as a public arbitrator who is an attorney, accountant, expert witness or other professional who has devoted 20 percent or more of his or her professional time, in any single calendar year, to representing or providing services to parties in disputes concerning investment accounts or transactions, or employment relationships within the financial industry unless the calendar year ended more than five calendar years ago."

Disclosure Checklist that neither of these conditions apply to him, appellants argued two statements in his Arbitrator Disclosure Report suggest otherwise.

First, appellants cited Marcus's disclosure that, during his time as an associate and then a partner at a law firm between 1985 and 1997, "'the cases [he] handled included [National Association of Securities Dealers (NASD)] arbitration matters.'" Next, appellants cited Marcus's disclosure that, since 1997, he has served as "the primary business litigation attorney" for a different firm, "practic[ing] general business and transactional law for the firm's clients" and "represent[ing] clients in FINRA and NASD arbitration matters (which were resolved by settlement short of hearing)."

Respondent opposed appellants' petition both as untimely and lacking merit. With respect to timeliness, respondent argued that although appellants had *filed* their petition to vacate within 100 days of being served with a signed copy of the award as required under section 1288, they had not satisfied section 1288's 100-day *service* deadline.[5] Moreover, they had not demonstrated any basis for tolling the service deadline.

As to the merits, respondent argued Marcus's disclosures did not establish he devoted 20 percent of his time in any given year to relevant financial industry disputes. Moreover, he argued, appellants waived their objection to Marcus's classification as a public arbitrator by failing to raise it in the

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[5] Section 1288 provides that "[a] petition to vacate an award or to correct an award shall be served and filed not later than 100 days after the date of the service of a signed copy of the award on the petitioner."

arbitration. To the contrary, appellants accepted the panel even after receiving the disclosures cited in their petition to vacate the award.[6]

In reply, appellants argued waiver does not apply in this context and their late service of the petition should be excused because they were representing themselves for some time after filing the petition. They did not address respondent's argument that they failed to establish Marcus was misclassified.

The trial court denied appellants' petition to vacate the award and granted respondent's petition to confirm the award. The trial court determined appellants' petition was not timely served and declined to consider their argument that late service should be permitted because this was presented "for the first time in the reply in a portion which exceed[ed] the 10-page reply limit set forth in Cal. Rules of Court, Rule 3.113(d) . . . ." (Footnote omitted.) The trial court further determined appellants waived their objection to Marcus's classification based on disclosures available to them in the arbitration because "allow[ing] [them] to withhold their objection . . . and only assert it once they were unsuccessful in the arbitration[ ] would be to permit [them] to utilize an ace-in-the-hole which undermines the advantages of arbitration." In any case, the trial court determined appellants failed to "demonstrate[ ] that Marcus exceeded the 20 percent threshold" that would preclude his classification as a public arbitrator. The "background information" Marcus provided in his Arbitrator Disclosure Report was "not so inconsistent with the

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[6] Respondent also argued appellants failed to demonstrate they were prejudiced by Marcus's purported misclassification as a public arbitrator.

statements on the disclosure form [(i.e., the Arbitrator Disclosure Checklist)] that it would render the disclosure obviously false on its face."

II. DISCUSSION

The argument section of appellants' opening brief is a near-verbatim reproduction of the memorandum of points and authorities they filed in the trial court, which did not anticipate respondent's arguments in opposition. Consequently, appellants do not engage with any of the three independent grounds for the trial court's order denying the petition. Naturally, affirmance will be the result.

First, appellants do not address their untimely service of the petition under section 1288. They argue only that the petition was timely filed. They do not argue that late service should have been permitted under the circumstances. The issue is forfeited, and this alone is sufficient to affirm the trial court's order. (See *People v. JTH Tax, Inc.* (2013) 212 Cal.App.4th 1219, 1237 ["When a trial court states multiple grounds for its ruling and [the] appellant addresses only some of them, we need not address [the] appellant's arguments because 'one good reason is sufficient to sustain the order from which the appeal was taken'"].)

Appellants also do not address the trial court's determination that they waived any objection to Marcus's classification as a public arbitrator by failing to object during the arbitration. This issue is likewise forfeited. The trial court was correct, in any case, in reasoning that permitting appellants to "sit on [their] rights" and raise the issue for the first time in a petition to vacate an adverse award "would condone a level of ‘procedural gamesmanship’ that [our Supreme Court] ha[s] condemned as ‘undermining the advantages of arbitration.’ [Citations.]” (*Moncharsh v. Heily & Blase* (1992) 3 Cal.4th 1, 30.)

Appellants also do not engage with the trial court’s substantive determination that they did not establish Marcus was misclassified as a public arbitrator because there is no indication he spent more than 20 percent of his time in any given year on matters relating to the financial industry. The issue is forfeited and, again, the trial court was correct in any event. Appellants’ speculative inference from an isolated portion of Marcus’s disclosures is insufficient to satisfy their burden on a petition to vacate the arbitration award. (*Royal Alliance Associates, Inc. v. Liebhaber* (2016) 2 Cal.App.5th 1092, 1106 [“The party seeking to vacate an arbitration award bears the burden of establishing that one of the six grounds listed in section 1286.2 applies and that the party was prejudiced by the arbitrator’s error”].)

DISPOSITION

The judgment is affirmed. Respondent is awarded costs on appeal.

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BAKER, J.

We concur:

HOFFSTADT, P. J.

KIM (D.), J.