

*This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A22-1599**

William Salgat,
Appellant,

vs.

American Arbitration Association, Inc.,
Respondent.

**Filed June 20, 2023
Affirmed
Jesson, Judge**

Otter Tail County District Court
File No. 56-CV-22-1163

William Salgat, Fergus Falls, Minnesota (pro se appellant)

Nathan R. Sellers, Kyle E. Hart, Matthew G. Nelson, Fabyanske, Westra, Hart & Thomson,
P.A., Minneapolis, Minnesota (for respondent)

Considered and decided by Jesson, Presiding Judge; Smith, Tracy M., Judge; and
Hooten, Judge.*

NONPRECEDENTIAL OPINION

JESSON, Judge

Appellant William Salgat sued respondent American Arbitration Association, Inc.
(AAA) over actions it took while administering his claim for arbitration against a car

* Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to
Minn. Const. art. VI, § 10.

dealership. AAA moved to dismiss the lawsuit. After converting the motion to a summary-judgment motion, the district court granted that motion. Because there is no genuine dispute of material fact and the district court did not err in its application of the law, we affirm.

FACTS

In December 2021, Salgat bought a truck from Nelson Auto Center (Nelson). The purchase agreement included a written arbitration agreement. When a dispute arose over trade-in and finance-related terms, Salgat initiated an arbitration action with AAA against Nelson on January 28, 2022. AAA sent Salgat a letter on March 6 stating that its consumer arbitration rules applied to the dispute and setting a March 21 deadline for Nelson to pay its portion of the arbitration fees. AAA claims—and Salgat does not dispute—that Nelson initiated its own arbitration action on March 21, 2022. The next day, AAA sent Salgat and Nelson a letter stating that if Nelson did not pay its portion of the fees by April 5, 2022, “we will notify the parties that we have administratively closed this case and refund any payment received from [Salgat].” But at some point in March or April 2022, AAA accepted Nelson’s demand for arbitration and combined Salgat’s claim with Nelson’s claim.¹

Salgat emailed AAA on April 8, 2022, stating that he did not consent to consolidating his arbitration with Nelson’s arbitration and that he considered both

¹ Salgat contends, and AAA does not deny, that as a part of this consolidation process, AAA changed the classification of the claim from consumer arbitration to commercial arbitration and swapped the roles of claimant and respondent, designating Nelson as claimant and Salgat as respondent.

arbitrations closed. And on May 24, 2022, Salgat sued AAA for negligent misrepresentation, fraud, deceptive practices, negligence, and breach of the covenant of good faith and fair dealing; sought injunctive relief preventing AAA “from administering any arbitration matter” for which Salgat is a party; and requested attorney fees. AAA moved to dismiss, alleging that it is immune from Salgat’s suit under the doctrine of arbitral immunity. The district court granted AAA’s motion to dismiss, relying on documents outside the complaint.² The district court determined that “all of the acts which [Salgat] alleges that could give rise to a claim for damages are subject to arbitral immunity.”

Salgat appeals.

DECISION

The central issue before us is whether decisions by an arbitration administrator to accept and consolidate two arbitration requests are protected by arbitral immunity. Salgat asserts that, because an arbitrator had yet to be appointed and these orders were not “decisional” in nature, immunity is unavailable. AAA broadly asserts that arbitration administrators are entitled to immunity for all acts within the scope of the arbitral process, including the acts contested here. To determine whether arbitral immunity protects this conduct, which presents a question of law we review de novo,³ we first consider the

² These documents include AAA’s consumer arbitration rules, which AAA submitted along with its motion to dismiss, and letters between Salgat and AAA that Salgat submitted in response to the motion to dismiss.

³ The district court granted AAA’s motion to dismiss. But the district court considered additional materials outside the complaint, which converts AAA’s motion to dismiss into a motion for summary judgment. Minn. R. Civ. P. 12.02 (“If, on a motion asserting the defense that the pleading fails to state a claim upon which relief can be granted, matters

background of arbitral immunity before turning to its application here. *Riverview Muir Doran, LLC v. JADT Dev. Grp., LLC*, 790 N.W.2d 167, 170 (Minn. 2010).

As the Minnesota Supreme Court explained, arbitrators themselves are generally protected from civil suit. *L & H Airco, Inc. v. Rapistan Corp.*, 446 N.W.2d 372, 376 (Minn. 1989) (“Arbitrators have long enjoyed immunity from civil suit.”); *Melady v. S. St. Paul Live Stock Exch.*, 171 N.W. 806, 807 (Minn. 1919). That immunity derives from their status as quasi-judicial officers who, as a matter of public policy, are protected from harassment by dissatisfied parties. *L & H Airco*, 446 N.W.2d at 376. And in Minnesota, arbitrators enjoy not only common-law immunity, but statutory protection, providing arbitrators immunity “to the same extent as a judge.” Minn. Stat. § 572B.14(a) (2022). But while that immunity is broad, it is not limitless. *See Gammel v. Ernst & Ernst*, 72 N.W.2d 364, 368 (Minn. 1955). It does not, for example, “insulate an arbitrator from criminal liability for fraud or corruption.” *L & H Airco*, 446 N.W.2d at 377.

Neither precedential caselaw nor statutory authority in Minnesota explicitly address the scope of immunity provided to arbitration *administrators* such as AAA.⁴ AAA urges

outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment.”).

⁴ Minnesota law defines an arbitration organization to include “a neutral association, agency, board, commission, or other entity that initiates, sponsors, or administers arbitration proceedings or is involved in the appointment of arbitrators.” Minn. Stat. § 572B.01(1) (2022). And we have held in a nonprecedential opinion that commercial arbitration associations and their employees are protected by immunity for all acts within the scope of the arbitral process, which includes all acts related to the administration of the arbitration proceeding. *New Creative Enters., Inc. v. Dick Hume & Assocs., Inc.*, No. C1-92-1423, 1993 WL 4127, at *3 (Minn. App. Jan. 12, 1993), (citing *Austern v. Chicago Bd. Options Exch., Inc.*, 898 F.2d 882, 886 (2d Cir. 1990)), *rev. denied* (Minn. Jan. 16, 1993).

this court to follow several federal courts which have determined that arbitration providers have full immunity which extends to all acts within the arbitral process. *See, e.g., Olson v. Nat'l Ass'n of Sec. Dealers, Inc.*, 85 F.3d 381, 383 (8th Cir. 1996); *New England Cleaning Servs., Inc. v. Am. Arb. Ass'n*, 199 F.3d 542, 545 (1st Cir. 1999). But because we need not cross this precedential bridge to resolve this case, we decline to do so. Rather, because common-law arbitral immunity is based on judicial immunity, we consider whether, under Minnesota law, court administrators would be entitled to immunity for the decisions to accept and consolidate two cases.

We conclude that judicial court staff would be entitled to immunity for these decisions. Salgat contends that because arbitral immunity derives from the arbitrator—and AAA had yet to appoint an arbitrator when it made these decisions—it cannot now cloak itself in immunity. But Minnesota caselaw has long extended judicial immunity to those who are “integral parts” of the judicial process. *Sloper v. Dodge*, 426 N.W.2d 478, 479 (Minn. App. 1988). Indeed, judicial immunity is not limited to members of the judicial branch. It may extend—depending on the nature of the act—to court appointed therapists, guardians ad litem, and physicians conducting medical examinations. *See, e.g., Myers Through Myers v. Price*, 463 N.W.2d 773, 776 (Minn. App. 1990) (court-appointed therapist protected by quasi-judicial immunity); *Tindell v. Rogosheske*, 428 N.W.2d 386, 387 (Minn. 1988) (court-appointed guardian ad litem immune from negligence claim for actions performed within the scope of their duties); *Linder v. Foster*, 295 N.W. 299, 301 (Minn. 1940) (court-appointed physician immune from suit). And if judicial immunity may extend to those outside the judicial branch, it certainly would embrace the acts of court

administrators accepting filings and providing administrative support in case-consolidation matters.

To persuade us otherwise, Salgat points to *Hopper v. American Arbitration Association*, a Ninth Circuit decision—which does not bind this court—that is distinguishable from Salgat’s circumstances.⁵ 708 F. App’x 373, 373 (9th Cir. 2017). There the court reversed the dismissal of a false-advertising claim against AAA, holding that commercial advertisement is outside the scope of an arbitrator’s duties because a claim for false advertising arises before a formal arbitration relationship exists between parties to arbitration, arbitrators, and arbitration providers. *Id.* But *Hopper* does not focus on the lack of an arbitrator, but rather the lack of an arbitral relationship. *Id.* And if timing of the arbitral relationship defines what falls within an arbitrator’s duties, Salgat’s claims are distinguishable from *Hopper* because he did initiate an arbitral relationship between himself, Nelson, and AAA when he brought his arbitration claim.⁶ In short, the logic of *Hopper* neither binds nor persuades us.

Rather than narrowly focusing on who made the decision to accept and consolidate the two arbitration actions, we conclude that the appropriate question is whether the decisions themselves are judicial in nature. As the supreme court explained almost 150 years ago, the heart of judicial immunity is to prevent “acts done in the exercise of judicial

⁵ Federal decisions may be persuasive where Minnesota courts have not addressed a subject, but where that is not the case, the Minnesota decisions are dispositive. *Sonenstahl v. L.E.L.S., Inc.*, 372 N.W.2d 1, 4 (Minn. App. 1985).

⁶ And because the actions Salgat alleges caused him harm include that AAA would not close the arbitration, there is no allegation that the actions occurred after the conclusion of arbitration.

authority” from forming the basis for liability. *Stewart v. Cooley*, 23 Minn. 347, 350 (1877). The intent of judicial immunity is to protect the judicial process. *Sloper*, 426 N.W.2d at 479.

Here, the two acts in question—accepting Nelson’s arbitration claim and consolidating it with Salgat’s—are firmly grounded in the judicial process set out in the Minnesota Rules of Civil Procedure. Rule 5.04 governs filing of actions and the rejection of filings by court administrators. Minn. R. Civ. P. 5.04. And rule 42.01 addresses consolidation of actions, stating, “When actions involving a common question of law or fact are pending before the court, it may order a joint hearing or trial of any or all the matters in issue in the actions; [and] it may order all the actions consolidated.” Minn. R. Civ. P. 42.01. And a trial court’s consolidation decision is reviewed for an abuse of *judicial* discretion. *Simchuck v. Fullerton*, 216 N.W.2d 683, 688 (Minn. 1974).⁷

Given that arbitral immunity is based upon judicial immunity, and Minnesota caselaw and rules of court firmly embed the decisions to accept and consolidate cases within the judicial process, we conclude that AAA is entitled to arbitral immunity here.⁸

⁷ In the alternative, Salgat advocates for adopting a strict test from the Ninth Circuit for arbitral immunity, which states that if the claim, regardless of its nominal title, effectively seeks to challenge the decisional act of an arbitrator or arbitration panel, then the doctrine of arbitral immunity should apply. *Sacks v. Dietrich*, 663 F.3d 1065, 1070 (9th Cir. 2011). If not, the doctrine does not apply. *Id.* But even if we did adopt this test, Salgat’s lawsuit would be premature because there is no evidence in the record that a decision has been made in his arbitration.

⁸ AAA further alleges that if this court does not grant it arbitral immunity, it is entitled to judgment as a matter of law under its consumer arbitration rules. Salgat agreed to be bound by AAA’s consumer arbitration rules when he initiated an arbitration, and these rules prohibit Salgat from suing AAA for damages or injunctive relief. But because we conclude that AAA is protected by arbitral immunity, we need not reach this argument.

Accordingly, the district court did not err in dismissing Salgat's claims under the doctrine of arbitral immunity.⁹

Affirmed.

⁹ Salgat also argues that AAA is liable under Minnesota law because there is no exception for an arbitrator under the Consumer Fraud Act, indemnity provisions in AAA's contract are void, and the Minnesota Constitution affords a substantive right to seek redress of injuries or wrongs. But because AAA's decisions are protected by arbitral immunity, we do not reach this argument.