This opinion is nonprecedential except as provided by Minn.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
A25-2174

James T. Mattson,
Appellant,

James E. Mattson,
Appellant,

vs.

Ameriprise Financial Services, LLC,
Respondent,

John Falldin, et al.,
Respondents.

Filed August 10, 2026
Affirmed
Florey, Judge*

Hennepin County District Court
File No. 27-CV-25-12654

James T. Mattson, Sarona, Wisconsin (self-represented appellant)

James E. Mattson, Orono, Minnesota (self-represented appellant)

Edward B. Magarian, Briana Al Taqatqa, Dorsey & Whitney LLP, Minneapolis, Minnesota (for respondent Ameriprise Financial Services, LLC)

Julie Fleming-Wolfe, Fleming-Wolfe Law, P.A., St. Paul, Minnesota (for respondents John Falldin and Joseph Falldin)

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

Considered and decided by Ross, Presiding Judge; Cochran, Judge; and Florey, Judge.

NONPRECEDENTIAL OPINION

FLOREY, Judge

Appellants challenge the district court's dismissal of their petition to vacate an arbitration award after an error during the arbitration hearing resulted in five days of testimony not being recorded. Appellants argue that this recording error amounts to prejudicial misconduct by the arbitrators. Respondents jointly argue that no misconduct occurred and assert two alternative grounds—waiver and procedural deficiency—under which this court may affirm the district court's dismissal. Because the failure to record the arbitration proceedings does not amount to misconduct under the Minnesota Uniform Arbitration Act (MUAA), Minn. Stat. §§ 572B.01-.31 (2024), and there was no resulting prejudice to the appellants' rights, we affirm.

FACTS

In October 2023, appellants James T. Mattson and James E. Mattson (the Mattsons) filed a statement of claim with the Financial Industry Regulatory Authority (FINRA) commencing arbitration to resolve a dispute with their previous employer, respondent Ameriprise Financial Services, and their former colleagues, respondents John and Joseph Falldin. The Mattsons had previously worked as financial advisors with the Falldins at Ameriprise before James E. Mattson was terminated in June 2023. The Mattsons alleged that the Falldins and Ameriprise committed tortious interference with prospective economic advantage, were unjustly enriched, poached the Mattsons' customers, and violated FINRA rules, Ameriprise policies, the Minnesota Whistleblower Act, Minn. Stat. § 181.932 (2024), and other Minnesota employment laws.

The dispute was heard by a three-person arbitration panel. After the parties participated in discovery and motion practice, the arbitration panel held a final merits hearing consisting of multiple hearing sessions across February and June 2025.

On February 27, 2025, FINRA alerted the parties that the five hearing sessions held between February 17 and 21 "were not recorded due to an inadvertent error." FINRA arbitration rule 13606(a) requires that a "digital or other recording" be made of "every hearing." No other record of the sessions existed because neither party requested it. In June when the hearing sessions resumed, the arbitration panel reiterated that there was "no record of the first hearing" and asked the parties to "affirm that they accept the panel" again on the record. The parties each affirmed the panel, and the panel resumed the proceedings. No objections were raised to the panel about the unrecorded testimony.

On June 11, 2025, the FINRA arbitration panel issued an award, denying the Mattsons' claims in their entirety. Neither party requested additional explanation of the decision in the form of a reasoned award, so the panel provided only a statement of the decision and the fees to be paid by the parties.

Several weeks later, the Mattsons filed a "Petition to Vacate Arbitration Award" in the district court. The Mattsons described the arbitrators' failure to record five days of testimony and asserted that they were "severely prejudiced by this unprecedented magnitude of procedural incompetency." The Mattsons also stated that the unrecorded testimony consisted of "all witnesses called by [the Mattsons]," and so the error resulted in "the complete inability of [the Mattsons] to protect their rights of [a]ppeal and to prove that facts and evidence were disregarded." The Mattsons asked the district court to vacate the award under the MUAA based on prejudicial misconduct by the arbitrators as provided in Minn. Stat. § 572B.23.

Ameriprise and the Falldins responded in a joint brief, arguing that the district court should dismiss the Mattsons' petition because it failed to comply with procedural requirements for motions under Minnesota General Rule of Practice 115, the Mattsons waived their challenge by failing to object to the error during arbitration, and the petition provided no grounds for vacatur under the MUAA.

After holding a hearing on the matter, the district court denied the Mattsons' petition to vacate the arbitration award and dismissed the matter. The district court rejected Ameriprise's argument that the procedural deficiencies of the Mattsons' petition warranted dismissal, reasoning that Ameriprise was not prejudiced by any deficiency, Minnesota has a "public policy of favoring decisions on the merits," and "[o]rdering otherwise would result in unnecessary delay." The district court also rejected Ameriprise's argument that the Mattsons waived their argument because the Mattsons were not required to object to the recording error as a prerequisite for their argument to vacate under *Seagate Technology, LLC v. Western Digital Corp.*, 854 N.W.2d 750, 757-60 (Minn. 2014).

Reaching the merits of the Mattsons' petition, the district court determined that they "have not shown that the recording error resulted in any prejudice," nor did they show "that the unrecorded hearings contain any independent error or basis for finding that the award was improper." The court further determined that the record did not show any evident partiality by the arbitrators. Having determined that the Mattsons did not establish any misconduct or prejudice, the district court concluded that the Mattsons did not establish grounds to vacate the award under the MUAA.

The Mattsons appeal.

DECISION

On appeal, the Mattsons maintain that the FINRA arbitration panel's inadvertent failure to record several days of the final merits hearing was misconduct that resulted in prejudice, entitling them to vacatur of the award under Minnesota Statutes section 572B.23(a)(2)(C).

Courts are confined to an "extremely narrow" scope of review for arbitration awards. *State Off. of State Auditor v. Minn. Ass'n of Pro. Emps.*, 504 N.W.2d 751, 755 (Minn. 1993). It is well established that Minnesota courts will exercise "[e]very reasonable presumption . . . in favor of the finality and validity of the arbitration award." *Id.* at 754. "The arbitrator 'is the final judge of both law and fact,' and the award 'will not be reviewed or set aside for mistake of either law or fact in the absence of fraud, mistake in applying his own theory, misconduct, or other disregard of duty.'" *Hunter, Keith Indus., Inc. v. Piper Cap. Mgmt. Inc.*, 575 N.W.2d 850, 854 (Minn. App. 1998) (quoting *Cournoyer v. Am. Television & Radio Co.*, 83 N.W.2d 409, 411 (Minn. 1957)).

A court may vacate an arbitration award only upon the "limited grounds" enumerated under Minnesota Statutes section 572B.23(a).

Hennepin Healthcare Sys., Inc. v. AFSCME Minn. Council 5, Union, 990 N.W.2d 454, 459 (Minn. 2023). As relevant here, a court shall vacate an arbitration award upon a party's motion if there was "misconduct by an arbitrator prejudicing the rights of a party to the arbitration proceeding." Minn. Stat. § 572B.23(a)(2)(C). Whether an arbitrator's conduct was prejudicial is a question of law that we review de novo. *Aaron v. Il. Farmers Ins. Grp.*, 590 N.W.2d 667, 669 (Minn. App. 1999).

The Mattsons argue that the panel's failure to record five days of the hearing was prejudicial misconduct under Minn. Stat. § 572B.23(a)(2)(c) because it deprived them of any "meaningful[] manner" to present evidence or testimony to a reviewing court. We are unconvinced that the panel committed misconduct, let alone prejudicial misconduct.

Turning first to the misconduct question, we understand the Mattsons to argue that the "failure of the arbitrators to abide by their FINRA delegated duty to record" was misconduct. The Mattsons also clarify that they do not contend that the arbitrators demonstrated partiality or intentionally failed to record the hearing.

We are unpersuaded that the panel's inadvertent failure to record several days of testimony was misconduct for two reasons. First, under the text of the MUAA, arbitrators are not required to record proceedings. Rather, arbitrators have broad discretion to conduct arbitration "in such manner as the arbitrator considers appropriate so as to aid in the fair and expeditious disposition of the proceeding," which includes the authority to "determine the admissibility, relevance, materiality, and weight of any evidence." Minn. Stat. § 572B.15(a). Although the FINRA rules require arbitrators to record the hearing, the MUAA does not provide grounds to vacate an award based on the violation of an arbitration forum's rules, and the Mattsons cite no authority holding that violations of those rules amount to misconduct under the MUAA.

Second, the panel handled the error in an appropriate manner and acted within its discretion to conduct the hearing. *Id.* The panel transparently notified the parties of the error and asked them to reconfirm their consent to the panel on the record. None of the parties objected to the panel, even in light of the error, and so the panel proceeded with the arbitration hearings. This course of action is reasonable and well within the discretion that the MUAA affords to arbitrators. Based on our careful review of the record and the party's arguments, we therefore conclude that the panel did not commit misconduct by inadvertently failing to record five days of the arbitration hearing.

Turning next to the Mattsons' prejudice arguments, they contend that the recording error was prejudicial because (1) testimony and evidence introduced during that period contradicts the panel's final decision, and (2) they were deprived of a record that could be used to challenge the arbitration award or to bring claims against the respondents in other forums.

Under the MUAA, parties have the right "to be heard, to present evidence material to the controversy, and to cross-examine witnesses appearing at the hearing." Minn. Stat. § 572B.15(d). Accordingly, in *Volkmann v. Volkmann*, 688 N.W.2d 347, 349 (Minn. App. 2004), we held that an arbitrator prejudiced the rights of the parties by failing to hold an arbitration hearing and, consequently, denying the parties the opportunity "to hear, respond to, or cross-examine the other."

The Mattsons do not assert that the recording error deprived them of their rights enumerated under the MUAA, and they do not dispute that they were able to present evidence and had the opportunity to be heard. Rather, the Mattsons assert that Joseph Falldin made statements during the unrecorded sessions that specifically contradict the arbitration panel's award, and the lack of a recording of those statements prejudiced their ability to challenge the award using that testimony.

We disagree that the Mattsons' lack of access to a record of this testimony amounts to prejudice. Courts may not vacate an arbitration award based on factual or legal mistakes in the absence of misconduct or fraud. *Hunter, Keith*, 575 N.W.2d at 854. The arbitrator "is the final judge of both law and fact," *id.* (quotation omitted), and "courts will not overturn an award merely because they may disagree with the arbitrators' decision on the merits." *Seagate*, 854 N.W.2d at 761 (quotation omitted). In other words, even if the Mattsons had recordings of the testimony, they would not be able to successfully challenge the award based on the evidentiary or factual issues in the ways they describe. Moreover, the parties here did not request a reasoned award from the panel, making it impossible to know what evidence the panel relied on to reach its conclusion. The Mattsons, therefore, have not established that their rights were prejudiced based on their lack of access to a recording of certain testimony.

The Mattsons also allege that they suffered prejudice because they cannot pursue other claims against the Falldins or Ameriprise through FINRA or the United States Securities and Exchange Commission. The Mattsons do not cite any authority stating that recordings are necessary to pursue relief through those organizations. We detect no error on mere inspection, and we conclude this argument is therefore forfeited. *See State v. Modern Recycling, Inc.*, 558 N.W.2d 770, 772 (Minn. App. 1997) ("An assignment of error based on mere assertion and not supported by any argument or authorities in appellant's brief is [forfeited] and will not be considered on appeal unless prejudicial error is obvious on mere inspection." (quoting *Schoepke v. Alexander Smith & Sons Carpet Co.*, 187 N.W.2d 133, 135 (Minn. 1971))).

In sum, we conclude that the arbitration panel's inadvertent failure to record several days of the final merits hearing was not prejudicial misconduct within the meaning of Minnesota Statutes section 572B.23(a)(2)(C). Because we affirm the district court's dismissal on the merits, we do not reach the respondents' alternative arguments.

Affirmed.