[DO NOT PUBLISH]

In the United States Court of Appeals

For the Eleventh Circuit

No. 22-13122

Non-Argument Calendar

SPIRIT OF THE EAST, LLC,
a Florida limited liability company,

Plaintiff-Appellant,

versus

YALE PRODUCTS, INC.,
a Florida for-profit corporation,
ALAN LEIGH,
an individual,

Defendants-Appellees.

Appeal from the United States District Court
for the Southern District of Florida
D.C. Docket No. 0:22-cv-60991-FAM

Before NEWSOM, BRANCH, and GRANT, Circuit Judges.

PER CURIAM:

This case is about the sale of a boat that went awry. One party thought the sale had successfully closed, but the other denied the sale ever took place. An arbitrator concluded that the sale occurred, and the district court granted a motion to confirm the arbitrator's award and denied a motion to vacate the award. After careful review, we affirm the district court because the arbitrator did not exceed the scope of his authority when (1) interpreting the contract or (2) awarding relief.

I. Background

In April 2021, Spirit of the East, LLC ("Spirit") and Yale Products, Inc. ("Yale") entered into a written purchase agreement for a custom-built, Aegean yacht. Ian Prider, the managing member of Spirit, negotiated with Alan Leigh, the sole officer and shareholder of Yale, to fashion the contract's terms. Spirit ultimately agreed to purchase the vessel, named "Spirit of the East," from Yale for $220,000.

The parties' purchase agreement provided that "[t]he Seller warrants . . . that the Seller has good and marketable title to the

Vessel . . . and the lawful right to sell the Vessel" and "will deliver to the Buyer . . . all documents necessary to transfer title to the Vessel . . . and to enable the Buyer to document or register the Vessel." According to the agreement, "[t]he sale shall be deemed closed when: (a) the Buyer has paid the full purchase price . . . to the Selling Broker's escrow account" and "(b) the Buyer or the Selling Broker has received the title documents from the Seller, properly executed for transfer and delivery to the Buyer."

The purchase agreement also included an arbitration clause, which stated:

> The parties shall refer to arbitration any dispute relating to this Agreement, including, but not limited to, its interpretation, breach, or existence. . . . The arbitration award shall bind the parties. . . . Arbitration shall be the sole and exclusive forum for resolving any dispute relating to this Agreement and neither party may resort to any court except to compel arbitration, refer questions of law, or confirm, vacate, modify, or enforce the arbitration award.

On May 6, 2021, the parties signed and notarized documents related to the vessel, and Prider inspected the vessel and discovered that it (1) did not have a name on either of its sides; (2) did not have a name on its stern; (3) could not be identified by a name on its exterior; (4) did not have a hull number on either side; and (5) had suffered recent damage to its starboard side. Shortly after his inspection, Prider informed the escrow agent and Leigh that he

wished to terminate the contract. Leigh insisted that the closing had already occurred based on the documents they had signed and notarized earlier that day and demanded that Spirit release the purchase funds to Yale. In response, Spirit filed a petition for arbitration to sort out the dispute.

After a two-day hearing and consideration of the parties' oral testimony, briefs, and other written documents, an arbitrator issued a final award in favor of Yale. The arbitrator explained that the parties' dispute dealt with "whether a sale [of the vessel] had or had not occurred, whether there [were] grounds for recission of the transaction, and who [was] entitled to the $220,000 purchase price which [was] being held in escrow." Spirit argued that no sale had occurred, that Yale acted fraudulently, and that the sale of the vessel would constitute a crime under Florida law because the vessel did not have a Hull Identification Number ("HIN") on its stern and was not properly documented or registered. Yale argued that "a closing was held on board the vessel . . . on May 6, 2021 at which all of the closing documents were executed by both parties before a notary public"; that "the issue of registration or documentation does not affect whether or not a sale occurred"; that Spirit "can apply for registration and a HIN number pursuant to Florida law"; and that "no HIN number was required because the vessel . . . was built abroad and classified as a commercial vessel."

In its final award, the arbitrator found that "a closing did occur on May 6, 2021," and that "none of the issues raised by

[Spirit] prevented a sale of the vessel from closing." Specifically, the arbitrator explained:

> The fact that the vessel was not documented or registered did not prevent it from being sold. A vessel is "goods" under the Florida Uniform Commercial Code (UCC). Under the UCC ownership passes after a sale. The UCC does not permit repudiation of a sale under the circumstances of this case. No HIN was required because the vessel was foreign built and classified as a commercial vessel. Under Florida law a HIN number can be obtained by [Spirit]. . . . [The] sale [of the vessel] was confirmed by order of [a] U.S. District Court. The erroneous HIN on the bill of sale does not prevent a sale because the vessel is identified by name and manufacturer's official number. There was insufficient evidence to establish that there is no way under Florida law to correct the presence of the erroneous HIN number in the bill of sale. No Florida statute or regulation was so cited. . . . Even if it is a misdemeanor under Florida law to "transfer" a vessel that was not registered or documented it would not prevent that transfer by sale from occurring. Without such a transfer there could be no misdemeanor.

In light of his decision "in favor of [Yale] and against [Spirit]," the arbitrator ordered the escrow agent "to release the $220,000 purchase price that he [was] holding and to pay that sum to [Yale]."

The arbitrator also awarded Yale reasonable legal fees as the prevailing party and ordered Spirit to pay the fees and expenses of arbitration.

Spirit then filed a motion to vacate the arbitration award in district court, and Yale subsequently filed a motion to confirm the arbitration award. The district court granted Yale's motion to confirm the arbitration award and denied Spirit's motion to vacate, concluding that "Spirit has not shown that any of the exclusive statutory bases for vacating or modifying an arbitration award [were] present" in the case.

Spirit timely appealed.

II. Standard of Review

When reviewing an appeal from an order confirming an arbitration award or denying a motion to vacate an arbitration award, we review the district court's legal conclusions *de novo* and its factual findings for clear error. *Frazier v. CitiFinancial Corp., LLC*, 604 F.3d 1313, 1321 (11th Cir. 2010). "Because arbitration is an alternative to litigation, judicial review of arbitration decisions is among the narrowest known to the law." *AIG Baker Sterling Heights, LLC v. Am. Multi-Cinema, Inc.*, 508 F.3d 995, 1001 (11th Cir. 2007) (quotation omitted). Indeed, there "is a presumption under the [Federal Arbitration Act ("FAA")] that arbitration awards will be confirmed, and 'federal courts should defer to an arbitrator's decision whenever possible.'" *Frazier*, 604 F.3d at 1321 (quoting

B.L. Harbert Int'l, LLC v. Hercules Steel Co., 441 F.3d 905, 909 (11th Cir. 2006)).

III. Discussion

a. Whether the arbitrator exceeded his authority when interpreting the parties' contract

First, Spirit argues that the arbitrator "acted outside the scope allowed in the [c]ontract and overstepped his authority by consummating and mandating a crime" and by "ordering Spirit [to] commit . . . criminal acts." We disagree.

The FAA gives federal courts limited authority to vacate or modify arbitration awards.[1] *Gherardi v. Citigroup Glob. Mkts. Inc.*, 975 F.3d 1232, 1236 (11th Cir. 2020). Section 10 of the FAA enumerates the four circumstances in which vacatur is allowed.[2] 9

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[1] 9 U.S.C. § 11 governs modification, which is not relevant here.

[2] In full, § 10 provides that vacatur is permitted:

> (1) where the award was procured by corruption, fraud, or undue means;
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> (2) where there was evident partiality or corruption in the arbitrators, or either of them;
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> (3) where the arbitrators were guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; or of any other misbehavior by which the rights of any party have been prejudiced; or

U.S.C. § 10(a)(1)–(4). Both the Supreme Court and this Court have emphasized that these four statutory bases are the exclusive grounds for vacatur. *Hall St. Assocs., L.L.C. v. Mattel, Inc.*, 552 U.S. 576, 584 (2008); *Frazier*, 604 F.3d at 1324; *Johnson v. Directory Assistants Inc.*, 797 F.3d 1294, 1299 (11th Cir. 2015) ("[T]he grounds for vacatur listed in § 10(a) are exclusive."). Because Spirit invokes the fourth statutory basis as the ground for vacatur, only § 10(a)(4) is at issue in this case. Section 10(a)(4) provides that a court may vacate an award "where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made." 9 U.S.C. § 10(a)(4).

The Supreme Court has interpreted § 10(a)(4)'s language "very narrowly." *Gherardi*, 975 F.3d at 1237. A party seeking relief under this provision "bears a heavy burden"; "[i]t is not enough . . . to show that the arbitrator committed an error—or even a serious error." *Oxford Health Plans LLC v. Sutter*, 569 U.S. 564, 569 (2013) (alteration adopted) (quotation omitted). "Because the parties bargained for the arbitrator's construction of their agreement, an arbitral decision even arguably construing or applying the contract must stand, regardless of a court's view of its (de)merits." *Id.*

> (4) where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made.

9 U.S.C. § 10(a).

(quotations omitted); *see Stolt-Nielsen S.A. v. AnimalFeeds Int'l Corp.*, 559 U.S. 662, 682 (2010) ("[A]n arbitrator derives his or her powers from the parties' agreement to forgo the legal process and submit their disputes to private dispute resolution."). Accordingly, the "sole question for us is whether the arbitrator (even arguably) interpreted the parties' contract, not whether he got its meaning right or wrong." *Sutter*, 569 U.S. at 569.

To answer this question, and to determine whether a court may vacate an arbitration award because it "exceeds the scope of the arbitrator's authority," "two principles guide us." *Wiregrass Metal Trades Council AFL-CIO v. Shaw Env't & Infrastructure, Inc.*, 837 F.3d 1083, 1087 (11th Cir. 2016) (quotation omitted); *id.* at 1088 (explaining that these two principles "define the scope of the arbitrator's authority"). First, "we must defer entirely to the arbitrator's interpretation of the underlying contract no matter how wrong we think that interpretation is." *Id.* at 1087. And second, "an arbitrator may not ignore the plain language of the contract." *Id.* at 1088 (quotations omitted).

Spirit argues that the arbitrator exceeded his authority by mandating a criminal act. Specifically, Spirit argues that because the vessel lacked a HIN, certificate of title, and proper bill of sale—which Spirit contends are all required to "transfer a vessel" under Florida law—the arbitrator's award "enforced [a] criminal closing on the [v]essel" and "therefore ordered numerous criminal acts."

Spirit presented these same arguments to the arbitrator. But after considering Spirit's arguments—and Yale's arguments to the

contrary—the arbitrator ultimately found that a closing occurred on May 6, 2021, and that "none of the issues raised by [Spirit] prevented a sale of the vessel from closing."

Spirit's argument boils down to a disagreement with the arbitrator's conclusion that a closing occurred and with how the arbitrator interpreted and applied Florida law to the transaction. In other words, Spirit disagrees with the arbitrator's legal conclusions. But "the FAA does not empower us to review . . . allegations of legal error." *White Springs Agric. Chems., Inc. v. Glawson Invs. Corp.*, 660 F.3d 1277, 1281 (11th Cir. 2011) (citing *Frazier*, 604 F.3d at 1323–24). Indeed, when considering vacatur under § 10(a)(4), we may not "look to the legal merits of the underlying award." *Id.* at 1283. As we have explained, "even a serious error" is not enough. *Sutter*, 569 U.S. at 569 (quotation omitted). We look only to whether the arbitrator arguably interpreted the parties' contract—"not whether he got its meaning right or wrong." *Id.*

Here, the arbitrator was tasked with deciding "whether a sale had or had not occurred, whether there [were] grounds for recission of the transaction, and who [was] entitled to the $220,000 purchase price which [was] being held in escrow." These questions fall within the scope of the parties' arbitration clause—which provides that "[t]he parties shall refer to arbitration any dispute relating to this Agreement, including, but not limited to, its interpretation, breach, or existence"—and thus are properly within the arbitrator's ambit. The arbitrator's conclusions that a closing occurred and that Yale should receive the $220,000 purchase price

do not stray from the contract's scope or its plain language. *See Wiregrass Metal*, 837 F.3d at 1087–88 (explaining that "we must defer entirely to the arbitrator's interpretation of the underlying contract no matter how wrong we think that interpretation is" and that "an arbitrator may not ignore the plain language of the contract" (quotation omitted)). Accordingly, the arbitrator did not exceed his authority under the contract and arguably interpreted and applied the contract. *See Sutter*, 569 U.S. at 569. And where the arbitrator arguably construed and applied the contract, his arbitral decision must stand. *Id.*

Rather than arguing that the arbitrator exceeded his authority by failing to "arguably construe or apply the contract," *id.*, Spirit's arguments largely rest on public policy grounds. Spirit argues that "[i]t is a general principle of contract law that courts will not enforce contracts requiring the performance of an illegal act"; that "[t]here can be no real debate that an award that mandates a criminal act and orders further continuing criminal activity is a violation of public policy"; and that a federal court should not be compelled to adopt an arbitrator's determination of whether an act is illegal when doing so would result in the federal court compelling illegal and criminal acts.

But Spirit's arguments fall outside the scope of § 10(a)(4)—the statutory basis for vacatur under which the "sole question for us" is "whether the arbitrator (even arguably) interpreted the parties' contract." *Sutter*, 569 U.S. at 569. Instead, Spirit's arguments are aimed at seeking vacatur on grounds that we

explicitly rejected in *Frazier v. CitiFinancial Corp., LLC*.[3] *See* 604 F.3d at 1324 (holding that "our judicially-created bases for vacatur are no longer valid in light of *Hall Street*"). Spirit attempts to distinguish *Frazier* by arguing that *Frazier* "does not address the issue of an arbitration award which mandates or condones a criminal or illegal act or orders the performance of future criminal acts."[4] But Spirit's arguments—which invoke "public policy"

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[3] In *Frazier*, when holding that our "judicially-created" bases for vacatur were "no longer valid," we specifically identified three non-statutory grounds for vacatur that "our prior precedents [had] recognized": (1) the "arbitrary and capricious ground" permitted vacatur when the award "exhibit[ed] a wholesale departure from the law" or "when the award [was] not grounded in the contract which provide[d] for the arbitration"; (2) the "public policy" ground permitted "district courts to refuse to enforce arbitration awards where enforcement would violate some explicit public policy that [was] well defined and dominant, and [was] to be ascertained by reference to the laws and legal precedents and not from general considerations of supposed public interests"; and (3) the "manifest disregard of the law" ground permitted "district courts to vacate an award where there [was] clear evidence that the arbitrator was conscious of the law and deliberately ignored it." 604 F.3d at 1322 n.7, 1324 (quotations omitted).

[4] In addition to attempting to distinguish *Frazier*, Spirit relies on *American Postal Workers Union v. United States Postal Service*, 682 F.2d 1280, 1282 (9th Cir. 1982), in which the Ninth Circuit held that an arbitration order was unenforceable because it compelled the Postal Service to perform an illegal act. As an initial matter, this out-of-circuit case is not binding on us. Moreover, in coming to its conclusion, the Ninth Circuit reasoned that "courts are bound to defer to the conclusions of the arbitrator unless the arbitrator has manifestly disregarded the law." *Id.* at 1284. Considering the Supreme Court's more recent declaration that § 10 provides the exclusive bases for vacatur, *Hall St. Assocs., L.L.C.*, 552 U.S. at 586, and our explicit rejection of

grounds and maintain that the arbitrator's award exhibits a "manifest disregard of [the] law"—fall squarely within the "judicially-created bases for vacatur" that were repudiated in *Frazier*. 604 F.3d at 1322 n.7, 1324 (rejecting the "public policy" ground and the "manifest disregard of the law" ground as permissible bases for vacatur (quotation omitted)). Indeed, the heart of Spirit's argument—that the arbitrator's award mandates a criminal act—is essentially an argument that the arbitrator "exhibit[ed] a wholesale departure from the law" or "was conscious of the law and deliberately ignored it," which are vacatur grounds that *Frazier* rejected.[5] *Id.* (rejecting vacatur grounds based on an "award exhibit[ing] a wholesale departure from the law" or an award where an "arbitrator was conscious of the law and deliberately ignored it" (quotations omitted)). Accordingly, Spirit's

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the "manifest disregard for the law" ground as a basis for vacatur, *Frazier*, 604 F.3d at 1323–24, we do not find *American Postal Workers Union* persuasive.

[5] We have rejected this type of argument before. In *White Springs*, the appellant argued that the arbitration panel exceeded its powers by awarding prejudgment interest because Florida law prohibited such a recovery. 660 F.3d at 1282–83. We explained that, in essence, the appellant was arguing that "the panel exceeded its powers by acting contrary to the law." *Id.* at 1283. Rejecting that argument, we explained that we could not "review the panel's award for underlying legal error" and that "[e]ven though [the appellant] present[ed] its argument in terms of the FAA, it ask[ed] us to do what we [could] not—look to the legal merits of the underlying award." *Id.* So too here. Although Spirit presents its argument in terms of the arbitrator exceeding his authority under the contract, in reality, it is asking us to evaluate the legal merits of the arbitrator's decision—which we cannot do.

arguments that we should vacate the arbitrator's award based on general principles of contract law or public policy fly in the face of *Frazier* and fail because they are not based on a statutory ground for vacatur under § 10 of the FAA.[6] *See also Hall St. Assocs., L.L.C.*, 552 U.S. at 586 ("[T]he text compels a reading of the §§ 10 and 11 categories as exclusive."); *id.* at 589 ("[T]he statutory text gives us no business to expand the statutory grounds."); *id.* at 590 ("[Sections] 10 and 11 provide exclusive regimes for the review provided by the statute . . . .").

b. Whether the arbitrator exceeded his authority when awarding relief to Yale

Second, Spirit argues that the arbitrator "exceeded his powers" by ordering the escrow agent to release the "contract sale money," which totaled $220,000, to Yale. Spirit argues that Yale never affirmatively requested this relief and thus "[t]he award exceeded the scope of the matters before the [a]rbitrator." We disagree.

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[6] When arguing that the arbitrator acted outside the scope of his contractual authority, Spirit focuses on the arbitrator's finding that "[e]ven if it is a misdemeanor under Florida law to 'transfer' a vessel that was not registered or documented it would not prevent that transfer by sale from occurring. Without such a transfer there could be no misdemeanor." But, as we explained, Sprit's arguments ultimately quibble with the legal merits of the arbitration award and the public policy implications of the arbitrator's decision, and it is not our role to review either. *White Springs*, 660 F.3d at 1283 (explaining that we do not "look to the legal merits of the underlying award"); *Frazier*, 604 F.3d at 1322 n.7, 1324.

An arbitrator derives his powers from the parties' agreement. *White Springs*, 660 F.3d at 1281. As such, courts look to the "terms of the governing arbitration clause to determine" the arbitrator's powers. *Id.* As explained above, to vacate an award under § 10(a)(4), we look only to whether the arbitrator arguably interpreted the parties' contract—"not whether he got its meaning right or wrong." *Sutter*, 569 U.S. at 569. Accordingly, we do not "look to the legal merits of the underlying award." *White Springs*, 660 F.3d at 1283. "[E]ven a serious error" is not enough. *Sutter*, 569 U.S. at 569 (quotation omitted).

Here, the parties' arbitration provision stated: "The parties shall refer to arbitration any dispute relating to this Agreement, including, but not limited to, its interpretation, breach, or existence." And the purchase agreement provided that Spirit (the buyer) would pay Yale (the seller) $220,000, the negotiated purchase price, at closing.[7] The arbitrator—who was tasked with determining "whether a sale had or had not occurred" and "who [was] entitled to the $220,000 purchase price"—ultimately concluded that a closing had occurred and that Yale, as the seller, was entitled to $220,000. Awarding the purchase price amount to Yale was within the scope of the arbitrator's powers, and thus the arbitrator did not exceed his authority under the contract by doing

[7] The purchase price was divided into the deposit ($22,000), which Spirit was required to pay to the selling broker or escrow agent upon signing the purchase agreement, and the balance ($198,000), which was "due and payable from [Spirit] or [the escrow agent] at closing."

so. Accordingly, because the arbitrator arguably interpreted and applied the contract and did not ignore the contract's plain language, the arbitral decision must stand. *See Sutter*, 569 U.S. at 569 ("[A]n arbitral decision even arguably construing or applying the contract must stand, regardless of a court's view of its (de)merits." (quotations omitted)); *Wiregrass Metal*, 837 F.3d at 1087–88 (explaining that "we must defer entirely to the arbitrator's interpretation of the underlying contract no matter how wrong we think that interpretation is" and that "an arbitrator may not ignore the plain language of the contract" (quotation omitted)).

IV. Conclusion

Because Spirit has not shown that a statutory basis for vacating the arbitration award exists, we affirm the district court's order.

AFFIRMED.