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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

TGCA PEL LLC and TRAVIS GOAD, Petitioners, v. PELORUS CAPITAL GROUP, LLC, Respondent.	Case No. 8:26-cv-01289 **RESPONDENT PELORUS CAPITAL GROUP, LLC'S MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO VACATE ARBITRATION AWARD**

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I. PRELIMINARY STATEMENT

This Court should vacate the Final Award issued by the Arbitrator on February 23, 2026 because the Arbitrator exceeded her authority under the Federal Arbitration Act ("FAA"). What began as a narrow contract dispute over inspection rights under an operating agreement became a vehicle for Travis Goad ("Goad") to continue harassing Respondent Pelorus Capital Group, LLC ("PCG" or the "Company") and evade the consequences of his own misconduct.

The arbitration arose from a Demand for Arbitration (the "Demand") filed by TGCA Pel LLC ("TGCA") and Goad (together, "Petitioners") in September 2024 seeking to enforce an alleged contractual right to inspect PCG's books and records under the PCG Amended and Restated Limited Liability Company Operating Agreement (the "Operating Agreement") and the Grant Agreement (the "Grant Agreement," and together, the "Agreements"). The Arbitrator rejected that claim, finding Petitioners were not entitled to inspection based solely on the Agreements. That ruling should have ended the matter. Instead, the Arbitrator allowed Petitioners to transform the arbitration into a statutory proceeding under Section 18-305 of the Delaware Limited Liability Company Act (the "Act").

Throughout the statutory phase, the Arbitrator manifestly disregarded the law. She ignored the legally dispositive fact that Goad had been preliminarily enjoined by a separate AAA arbitrator for breaching his confidentiality obligations, misappropriating trade secrets, and violating the California Penal Code—misconduct underlying the forfeiture of his membership interests and his standing under Section 18-305. She acknowledged that Delaware law requires an inspection demand to demonstrate that each requested document category is "necessary and essential" to a proper purpose and described with "rifled precision," then reversed her own finding that Petitioners failed to meet that standard. And she disregarded settled Delaware law holding that the filing of a plenary action moots an inspection demand.

The fee award compounds these errors. The Operating Agreement's fee-shifting clause applies only to contract claims under the Agreement. The Arbitrator found in PCG's favor on the sole contractual claim, yet awarded Petitioners $347,414.84 in fees and costs for prevailing on a statutory claim the contract does not cover. That result cannot be squared with the plain language of the Agreement.

For these reasons, and those discussed below, the Court should vacate the arbitration award under 9 U.S.C. § 10(a)(4).

II. FACTUAL BACKGROUND

A. The Arbitration Began as a Narrow Contract Dispute

On September 5, 2024, TGCA Pel LLC ("TGCA") and Travis Goad ("Goad," and together with TGCA, "Petitioners") filed a Demand for Arbitration (the "Demand") before JAMS against Pelorus Capital Group, LLC ("PCG" or the "Company"). (Ex. A, Final Award at 2.)[1] Through the Demand, Goad sought to enforce what he claimed was an unfettered contractual right arising under the PCG Amended and Restated Limited Liability Company Operating Agreement (the "Operating Agreement") and the Grant Agreement (the "Grant Agreement," and together, the "Agreements") to inspect the Company's books and records. (*Id.*)

But the Agreements did not create an absolute inspection right untethered from Delaware law. To the contrary, Sections 4.3 and 11.3 of the Operating Agreement expressly provide that access to books and records shall be "pursuant to" and "in accordance with the provisions of § 18-305" of the Delaware Limited Liability Company Act (the "Act"). (*Id.* at 12-13.)

TGCA nevertheless urged the Arbitrator to treat the matter as "purely a matter of contractual interpretation," to resolve it "on the papers," and to dispense with an evidentiary hearing. (Ex. B, Claimant's Initial Letter Brief at 1, 7.) TGCA specifically

[1] All exhibits are attached to the Declaration of Ian Wright (the "Wright Decl."), dated May 26, 2026, and noted herein as "Ex.__."

argued that it had "contracted with Pelorus around the Delaware statute." (*Id.* at 7.)

B. The Arbitrator Rejected Petitioners' Contract Theory

On February 19, 2025, the Arbitrator denied Petitioners' contractual claim in full, finding "Claimant Travis Goad's request for an order requiring Respondent Pelorus Capital Group to permit an inspection of its books and records, based solely upon the Grant Agreement and the Operating Agreement, is denied." (Ex. A at 3.)

That ruling should have ended the arbitration. Yet the Arbitrator kept the matter open.

C. Goad Shifts to a Statutory Inspection Theory

After losing on his arbitration demand, Goad sent PCG a demand under Section 18-305 of the Act seeking nine categories of books and records from PCG and three related entities. (Ex. A at 3-4, 11-12.) In other words, after his contract theory failed, Goad attempted to recast the case as a statutory books and records proceeding—and the Arbitrator obliged, keeping the matter open to oversee what had become an entirely different claim.

On March 20, 2025, PCG responded to the statutory demand, raising several objections: that Goad lacked standing to inspect the Company's records and that the demand failed to establish a "proper purpose" or to show that the requested materials were "necessary and essential" to that purpose under Section 18-305. (Ex. A at 4, 16, 19.) On standing, PCG explained that Goad lacked standing under Section 18-305(a) based on his failure to cure material breaches of the Operating Agreement. (*Id.* at 4, 9.) Specifically, when Goad resigned as Managing Partner on May 29, 2024, he possessed and later disclosed PCG's confidential information to third parties in violation of Section 11.8 of the Operating Agreement. (*Id.* at 10-11.) On January 2, 2025, PCG's Managers issued a formal notice of breach and demanded cure within thirty days. (Ex. C, PCG Notice to Cure.) Goad neither responded nor cured. PCG therefore argued that

Goad's true purpose in seeking inspection was improper. (Ex. A at 4.)

On March 20, 2025—the same day PCG responded to the statutory demand—the Managers notified Goad that "Cause" existed and that his remaining membership interests were forfeited as of the date of his resignation (May 29, 2024).[2] (Ex. D, Forfeiture Notice.)

With its objections preserved, PCG made a good faith offer to make certain non-privileged corporate books and records available for inspection upon execution of a standard confidentiality and non-disclosure agreement ("NDA"). (Ex. A at 4-5, 10.) PCG attempted to meet and confer with Petitioners' counsel on March 24, 2025 to finalize the agreement and produce the documents. Petitioners' counsel refused to engage. And Goad never responded to PCG's offer or agreed to execute an NDA. (*Id.* at 10.)

On May 9, 2025, the Arbitrator issued Case Management Order No. 5, directing the parties to "enter into an appropriate Protective Order covering the documents that Respondents have agreed to produce, and Respondents shall promptly produce those documents." (*Id.* at 4.) Goad did not comply with any aspect of that Order. (*Id.* at 5.) In other words, after PCG offered production and the Arbitrator ordered protections to facilitate it, Goad refused to take the steps necessary to obtain the documents he claimed to need.

Yet again, the Arbitrator allowed the matter to proceed. In doing so, she brushed aside PCG's standing objection as a "unilateral allegation" being addressed in a separate AAA arbitration. (*Id.* at 25.) But standing under Section 18-305 was a threshold issue for the very statutory claim the Arbitrator was overseeing.

D. The AAA Injunction and Derivative Litigation

While the statutory claim remained pending, later developments further undermined any assertion that Goad was pursuing inspection for a proper purpose under

[2] While PCG maintains that Goad's interest was forfeited as of his material breaches of the Operating Agreement, at the latest he lost standing on February 1, 2025—thirty days after PCG's notice to cure.

Section 18-305.

On June 20, 2025, in a separate AAA arbitration (*Pelorus Fund, LLC v. Travis Goad*, Case No. 01-25-0001-6904), Arbitrator Michael S. Winsten entered a preliminary injunction against Goad. (Ex. E, Outlaw Letter to B. Reeves, dated June 25, 2025, at 1; Ex. A at 11.) The AAA Arbitrator found a likelihood of success on claims for breach of confidentiality, misappropriation of trade secrets, and violations of the California Penal Code. He further found that Goad had disclosed Pelorus's confidential information "to gain preferential redemption treatment over other members and/or to replace [the Fund Managers] using improper means." (Ex. E at 13; Ex. A at 11.) The injunction enjoined Goad from using, disclosing, or disseminating any of Pelorus's confidential information; prohibited him from contacting or soliciting Pelorus's investors; and ordered him to gather and surrender or destroy all confidential information in his possession. (Ex. A at 11.)

Then, on June 24, 2025, Goad appeared as a plaintiff in a derivative lawsuit filed on behalf of Pelorus Fund, LLC (the "Derivative Action"), naming PCG as a defendant and repeating the same retaliation allegations Goad used as justification for the inspection demand. (Ex. F, Respondent's Brief in Support of Sanctions dated June 25, 2025, at 4-5.) Under Delaware law, the filing of a plenary action "concede[s] that the documents [sought] to inspect . . . were no longer necessary to investigate alleged wrongdoing." (Ex. G, Respondent Reply Letter, dated July 11, 2025, at 3.)

PCG presented both developments to the Arbitrator. The Arbitrator did not meaningfully address either throughout the proceedings.

E. The Arbitrator Issued Conflicting Interim Awards

On September 2, 2025, the Arbitrator issued an Interim Award. She found that Goad had met the proper purpose standard for inspection under Section 18-305. (Ex. A at 6.) The Interim Award also found, however, that Goad "has not shown that the document categories requested are necessary and essential to [his] stated purposes."

(Ex. A at 6.) The Arbitrator ordered Goad to provide further specificity explaining, for each category of books and records requested, how those books and records are essential to the proper purpose of his demand. (*Id.* at 6.)

On September 5, 2025, PCG wrote to the Arbitrator documenting Petitioners' pattern of non-compliance and the prejudice to PCG: "this arbitration is becoming abusive to Respondent and it appears Respondent is being prejudiced." (Ex. H, J. Outlaw Letter to B. Reeves, dated Sept. 5, 2025 at 3.)

On September 19, 2025, after Goad submitted a chart and PCG objected that he still had not met his burden, the Arbitrator issued a Case Management Order. (Ex. I, Case Management Order re Specificity of Requested Books and Records dated Sept. 19, 2025 at 2-3.) The Arbitrator acknowledged that Goad's requests lacked specificity and that Delaware law required "rifled precision" to meet the necessary and essential showing. (*Id.* at 2-3.) Nevertheless, rather than denying the demand on the existing record, the Arbitrator gave Goad yet another opportunity to refine his demand. (Ex. A at 6.)

On December 2, 2025, the Arbitrator issued the Second Interim Award, directing PCG to produce specified financial documents for PCG and PMG Solutions, LLC for January 2023 to the present. (*Id.* at 6-7.) The Second Interim Award reversed the Interim Award's finding on the same statutory element. Three months earlier, the Arbitrator had concluded that Goad failed to show that the requested documents were "necessary and essential." Now, on substantially the same record, the Arbitrator concluded that the standard was met, without explaining what analysis or evidence had changed. (*Id.* at 6-7, 23-24.) The Arbitrator did not identify why document requests previously found insufficient to meet the standard now satisfied it.

F. The Fee Application and Final Award

The Second Interim Award declared Goad the "prevailing party" for fees and costs—before either party had briefed the issue. (Ex. A at 7.) It directed Goad to submit a fee application within one week. Goad's fee application included invoices that were entirely redacted and devoid of any analysis under Delaware's reasonableness factors. (*Id.* at 26.)

Rather than deny the deficient application, the Arbitrator issued an Order giving Goad another opportunity to cure his submission, and on January 17, 2026, Goad submitted revised invoices with "refined" redactions. (Ex. A at 26-27.) PCG again objected on January 23, 2026, demonstrating that the revised submission still relied on block-billed entries, vague descriptions, and over $20,000 in charges for work performed in a separate matter. (Ex. J, J. Outlaw Letter to B. Reeves dated Jan. 23, 2026 at 3-4.) Goad submitted yet another fee request on January 26, 2026, excluding several time entries for work on other matters.

On February 23, 2026, the Arbitrator issued the Final Award, confirming the production order under Section 18-305, finding Goad to be the prevailing party, and awarding $263,927.66 in legal fees and $83,487.18 in arbitration costs. (Ex. A at 28.) The fee-shifting clause in the Operating Agreement provides that "THE PREVAILING PARTY IN ANY DISPUTE, CLAIM OR CONTROVERSY HEREUNDER SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREFOR." (*Id.* at 25-26.) But the Arbitrator had found in PCG's favor on the contractual claim—the only claim for which the Operating Agreement permits fees—yet still deemed Goad the prevailing party.

III. LEGAL STANDARD

Under the Federal Arbitration Act ("FAA"), the Court can vacate an arbitration award when "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).

IV. ARGUMENT

The Award should be vacated pursuant to 9 U.S.C. § 10(a) because the Arbitrator exceeded her power by issuing a decision that was irrational and manifestly disregarded the law and engaged in conduct that prejudiced PCG's rights.

A. The Final Award Should be Vacated Because the Arbitrator Exceeded Her Authority

The Court may vacate an arbitral award "where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter was not made." 9 U.S.C. § 10(a). The U.S. Supreme Court has explained:

> It is only when an arbitrator strays from an interpretation and application of the agreement and effectively dispenses his own brand of industrial justice that his decision may be unenforceable. In that situation, an arbitration decision may be vacated under § 10(a)(4) of the FAA on the ground that the arbitrator exceeded his powers, for the task of an arbitrator is to interpret and enforce a contract, not to make public policy.

Stolt-Nielsen S.A. v. AnimalFeeds Int'l Corp., 559 U.S. 662, 671-72 (2010) (citations omitted).

The Ninth Circuit has provided additional guidance on assessing whether an arbitrator has "exceeded their power." An arbitrator "exceeds their powers" when the arbitrator makes an award that manifestly disregards the law. *See Comedy Club, Inc. v. Improv W. Assocs.*, 553 F.3d 1277, 1288 (9th Cir. 2009); *Biller v. Toyota Motor Corp.*, 668 F.3d 655, 665 (9th Cir. 2012). A "[m]anifest disregard of the law means something more than just an error in the law or a failure on the part of the arbitrators to understand or apply the law." *Biller*, 668 F.3d at 665. Additionally, "in some circumstances . . . legally dispositive facts are so firmly established that an arbitrator cannot fail to recognize them without manifestly disregarding the law." *Coutee v. Barington Capital Group, L.P.*, 336 F.3d 1128, 1133 (9th Cir. 2003). "To vacate an arbitration award on this ground, it must be clear from the record that the arbitrators recognized the applicable law and then ignored it." *Biller*, 668 F.3d at 665.

In granting TGCA access to certain of PCG's books and records, the Arbitrator exceeded her authority by issuing a decision that manifestly disregarded the law. First, the Arbitrator manifestly disregarded the legally dispositive fact that an injunction had been issued against Goad due to violations of his confidentiality obligations to PCG and its affiliates. Second, the Arbitrator manifestly disregarded the legally dispositive fact that as a result of material breaches of his confidentiality obligations to PCG, Goad forfeited his membership interests in PCG as of May 29, 2024. Third, despite acknowledging that well-settled Delaware law places the burden on the party seeking inspection to justify each requested category of documents and describe the same with rifled precision, the Arbitrator relieved TGCA of its burden of establishing why the requested categories were necessary and essential to achieving its inspection purposes. Fourth, the Arbitrator ignored well-settled Delaware law that when a party, like Goad, files a plenary action he concedes the documents he sought to inspect are no longer necessary and essential to investigate purported wrongdoing. For these reasons, the Award should be vacated.

1. The Arbitrator Disregarded the Legally Dispositive Fact That Goad Was Enjoined for Violating His Confidentiality Obligations.

From the outset of the arbitration, PCG expressed concerns that allowing Goad to access its confidential books and records would be detrimental to PCG. Indeed, PCG informed the Arbitrator that pursuant to 6 Del. C. § 18-305(c), its managers had a statutory "right to keep confidential from the members, for such period of time as the manager deems reasonable, any information which the manager reasonably believes to be in the nature of trade secrets or other information the disclosure of which the manager in good faith believes is not in the best interest of the limited liability company or could damage the limited liability company or its business[.]"[3] Moreover, despite recognizing that Goad had been enjoined for violating his confidentiality obligations, the Award

[3] *See also Ga. Notes 18, LLC v. Net Element, Inc.*, 2021 Del. Ch. LEXIS 268, at *6 (Del. Ch. Nov. 18, 2021) (A company "may resist a demand for inspection when it 'establishe[s] factually' that 'the plaintiff's demand is made for purposes adverse to the [company's] best interests.'")

concluded that "[a] confidentiality agreement or protective order would protect Respondent's interests." (Ex. A, at 22.) This conclusion is legally irreconcilable with Goad's prior (and likely ongoing) misconduct. "[B]ecause facts and law are often intertwined, an arbitrator's failure to recognize undisputed, legally dispositive facts may properly be deemed a manifest disregard for the law." *Coutee*, 336 F.3d at 1133.

2. The Arbitrator Disregarded the Legally Dispositive Fact That Goad Forfeited His Membership Interests and Lacked Standing.

It is well-established under Delaware law that "Section 18-305(a) of the LLC Act confers inspection rights only on current members of an LLC." *Prokupek v. Consumer Capital Partners, LLC*, 2014 Del. Ch. LEXIS 271, *18. The same material breaches of confidentiality obligations that led to Goad being enjoined by an arbitrator with the American Arbitration Association served as the basis for the forfeiture of his membership interests in PCG. Because cause existed for his forfeiture at the time of his resignation from PCG, Goad ceased being a member of the company as of May 29, 2024. As a result, TGCA lacked standing to inspect PCG's books and records from that date forward. Accordingly, PCG rejected TGCA's March 4, 2025 inspection demand.

The Arbitrator disregarded these legally dispositive facts and ruled in the award that they raised "issues, which, the Parties have told the Arbitrator are being addressed in the separate AAA arbitration brought by Respondent against Claimant." (Ex. A at 25.) As an initial matter, the Arbitrator should have known that PCG was not a party to the AAA arbitration as the case caption on the injunction award, a copy of which she received, shows Pelorus Fund, LLC as the claimant and Goad as the respondent. Accordingly, the AAA arbitration is not an appropriate forum for Goad to challenge TGCA's forfeiture of PCG interests. Moreover, neither TGCA nor Goad has brought any claim or filed any action to date challenging TGCA's forfeiture. Thus, instead of applying well-settled Delaware law on the issue of standing, the Arbitrator distorted the record to dispense with her own "brand of industrial justice."

3. The Arbitrator Recognized Delaware's "Necessary and Essential" Standard, Then Ignored It.

The September 19, 2025 Case Management Order reflects the Arbitrator's recognition that she was "bound by Delaware law which limits a member's right of inspection to 'such information as is necessary and essential to achieving that purpose.' The party seeking relief under Section 18-305 must 'justify each category of the requested production, and the scope of the request must also be circumscribed with 'rifled precision.'" (Ex. I at 2.) Instead of adhering to these legal principles, the Arbitrator subsequently reversed her prior findings that TGCA had carried its burden in showing that each of the requested documents were not only necessary and essential to its stated investigation purposes, but also that the documents were described with the requisite particularity required under Delaware law. As the record indicates, TGCA was provided multiple opportunities to carry this burden and despite being given ample opportunity to do so, it simply could not meet its burden. In fact, its final submission on the issue was substantively identical to the submission the Arbitrator ruled was legally deficient. Thus, the Arbitrator's decision to reverse herself was yet another instance of her manifest disregard of well-settled Delaware law that she had expressly recognized.

4. The Arbitrator Ignored Settled Delaware Law That Filing a Plenary Action Moots an Inspection Demand.

The Arbitrator ignored well-settled Delaware law that prohibits using inspection demands as substitutes for discovery. *See, e.g., CHC Invs., LLC v. FirstSun Capital Bancorp* (Ch. Jan. 24, 2019, No. 2018-0610-KSJM) 2019 Del. Ch. LEXIS 32, at *6 ("Using Section 220 inspections to investigate pending plenary claims undermines well-established discovery law."); *Jaiyong An v. Archblock, Inc.*, No. 2023-0754-BWD, 2024 Del. Ch. LEXIS 111, at *3 (Del. Ch. Apr. 1, 2024) (affirming dismissal of Section

220 complaint where plenary action was pending because it is settled law that "once a stockholder commences plenary litigation, discovery rules dictate what information relevant to its claims the stockholder may receive and when the stockholder may receive that information"). PCG provided credible evidence that TGCA's actual purpose for its inspection demand was an improper one – namely, to gain access to PCG's books and records to aid in Goad's quest to replace the Fund's managers using the Derivative Litigation. Indeed, the complaint in that litigation repeated the same retaliation allegations being used as justification for TGCA's inspection demand. For example, paragraph 82 of the Complaint states "In their effort to retaliate against the NCM, Defendants went so far as to issue letters to the NCM in which Defendants purported to strip the NCM of all of his economic interests in both the Fund and the Managing Member. Defendants wrongly believed they could do so by claiming that the NCM was 'expelled' from the Fund and 'removed' from the Managing Member." (Ex. K, Derivative Complaint, ¶ 82.)

As PCG explained to the Arbitrator, by filing the complaint and putting these allegations in issue, any inquiry by Goad into these allegations will be governed by the rules of discovery. (Ex. G at 3.) Thus, in granting TGCA access to certain of PCG's books and records, the Arbitrator effectively countenanced TGCA's impermissible attempt to side-step well-settled Delaware law. The Arbitrator rationalized her decision by claiming "the preliminary injunction issued in the AAA Arbitration, and/or a confidentiality order in this arbitration, can be used to protect against improper use of the books and records." (Ex. A 22.) However, that analysis misses the issue – which is whether, under Delaware law, Petitioners were entitled to inspect PCG's books and records despite Goad's involvement in the pending Derivative Litigation. The answer is so clearly no that the only way the Arbitrator could have found otherwise was to manifestly disregard the law on this issue.

B. The Fee Award Should Be Vacated Because the Arbitrator

Disregarded the Plain Language of the Fee-Shifting Clause

The Arbitrator exceeded her powers in issuing the fee award. An award must be vacated when it "disregard[s] specific provisions of the plain text [of the parties' agreement] in an effort to prevent what the Arbitrator deem[s] an unfair result." *ASPIC Eng'g & Constr. Co. v. ECC Centcom Constructors LLC*, 913 F.3d 1162, 1165 (9th Cir. 2019). That is precisely what happened here. The Operating Agreement's fee clause authorizes fees only to the prevailing party in a dispute "hereunder"—that is, a dispute under the Operating Agreement itself. Goad lost the only claim brought under the Operating Agreement. The Arbitrator nonetheless awarded him $347,414.84 in fees and costs. That award cannot be reconciled with the contract's plain language.

The contract language is unambiguous. The Operating Agreement contains a broad arbitration clause covering disputes "arising out of or relating to" the Agreement, but a narrower fee clause: "THE PREVAILING PARTY IN ANY DISPUTE, CLAIM OR CONTROVERSY HEREUNDER SHALL BE ENTITLED TO RECOVER ITS COSTS OF ARBITRATION AND REASONABLE ATTORNEYS' FEES THEREFOR." (Ex. A at 25.) The term "hereunder" limits fee-shifting to disputes under the Agreement itself, not to any claim that bears some relationship to the Agreement's subject matter.

The Arbitrator ignored that limitation. Instead, she effectively rewrote the parties' agreement to find Goad's statutory demand necessarily arose under the Operating Agreement "in an effort to prevent what . . . [she] deemed an unfair result." *ASPIC*, 913 F.3d at 1165. Such an award is "'irrational.'" *Id.* A contractual reference to a statute does not transform a statutory cause of action into a contract claim. The Arbitrator's reading of "hereunder" to mean any claim with some relationship to the Operating Agreement is contract revision prohibited by § 10(a)(4).

Courts vacate fee awards that exceed the parties' agreement. *See Gas Aggregation Servs. v. Howard Avista Energy*, 319 F.3d 1060, 1065-66 (8th Cir. 2003) (vacating fee award where arbitrator "identif[ied] the applicable, governing law and then proceed[ed] to ignore it" because the arbitrator is not "free to ignore or abandon the plain language of the parties' agreement"); *ASPIC*, 913 F.3d at 1165 (affirming vacatur where "[t]he Award disregarded specific provisions of the plain text in an effort to prevent what the Arbitrator deemed an unfair result"); *Int'l Union of Painters & Allied Trades Dist. Council 5 v. Alliance Partition Sys.*, No. C19-0145RSL, 2019 U.S. Dist. LEXIS 125138, at *12 (W.D. Wash. July 26, 2019) (vacating fee remedy "wholly untethered" to the arbitration agreement); *Caroline Cho v. Casnak*, LLC, No. 2:25-CV-06868-JLS-BFM, 2026 WL 973766, at *4 (C.D. Cal. Mar. 24, 2026) (vacating award where arbitrator "exceeded his authority" by awarding relief "in violation of the agreement"); *PMA Capital Ins. Co. v. Platinum Underwriters Bermuda*, Ltd., 659 F. Supp. 2d 631, 636 (E.D. Pa. 2009) (vacating where panel's decision "does not draw its essence from the Agreement, but rather is in manifest disregard thereof").

Delaware law is clear on fee-shifting provisions, yet the Arbitrator disregarded it. Fee-shifting provisions are enforced based on the "plain meaning" of the language the parties chose. *Bako Pathology LP v. Bakotic*, 288 A.3d 252, 281 (Del. 2022). A fee clause "only shifts fees arising from claims covered by the provision." *Surf's Up Legacy Partners, LLC v. Virgin Fest, LLC*, No. N19C-11-092, 2025 WL 3232923, at *7 (Del. Super. Ct. Nov. 19, 2025). The statutory inspection claim is not covered by Section 11.21. The only claim "hereunder" was the contractual inspection claim, and Respondent prevailed on that claim. Because the Arbitrator acknowledged governing law then proceeded to ignore it, the fee award must be vacated.

Moreover, the procedural history confirms that the fee award was driven by the Arbitrator's sense of equity rather than the contract's terms. The Arbitrator declared Goad the "prevailing party" before either side briefed the issue. She permitted Goad three attempts to cure a deficient fee application. Delaware law requires fee awards to be reasonable, evaluated under the factors in Rule 1.5(a) of the Delaware Lawyers'

Rules of Professional Conduct. *Danenberg v. Fitracks, Inc.*, 58 A.3d 991, 995-96 (Del. Ch. 2012). The Final Award recites those factors but ignores Goad's failure to satisfy them. This procedural course confirms that the Arbitrator acknowledged the governing standard, then disregarded it to reach what she deemed a fair result. *ASPIC*, 913 F.3d at 1165.

The fee award thus exceeds the Arbitrator's authority and must be vacated.

V. CONCLUSION

For the foregoing reasons, PCG respectfully requests that the Court vacate the Arbitration Award.

Dated: May 26, 2026

ALSTON & BIRD LLP

By: */s/ Ian Wright*
Ian Wright

Counsel for Respondent PELORUS CAPITAL GROUP, LLC

<u>CERTIFICATE OF COMPLIANCE</u>

The undersigned, counsel of record for Respondent Pelorus Capital Group, LLC, certifies that he conferred with counsel for Petitioners prior to filing this motion and they could not reach a resolution. The undersigned also certifies that the foregoing Memorandum of Points and Authorities contains 5,253 words, which complies with the word limit of L.R. 11-6.1.

Dated: May 26, 2026 **ALSTON & BIRD LLP**

By: */s/ Ian Wright*
Ian Wright

Counsel for Respondent PELORUS CAPITAL GROUP, LLC