

19-4022

Seneca Nation of Indians v. State of New York

1 UNITED STATES COURT OF APPEALS
2 FOR THE SECOND CIRCUIT

3 _____
4
5 August Term, 2020

6
7 (Argued: October 2, 2020

Decided: February 22, 2021)

8
9 Docket No. 19-4022
10
11 _____

12
13 SENECA NATION OF INDIANS,

14
15 *Plaintiff-Appellant,*

16
17 v.

19-4022-cv

18
19 STATE OF NEW YORK,

20
21 *Defendant-Appellee.*
22
23 _____

24
25 Before: POOLER, LOHIER, and NARDINI, *Circuit Judges.*

26
27 Appeal from the judgment of the United States District Court for the
28 Western District of New York (Skretny, J.) confirming an arbitration award in
29 favor of the defendant State of New York. The Seneca Nation of Indians (the
30 “Nation”) argues that the arbitration panel majority manifestly disregarded the

1 Indian Gaming Regulatory Act and the district court erred in confirming the
2 award. Alternatively, the Nation argues that the district court erred in declining
3 to refer the issues raised to the Department of the Interior pursuant to the
4 primary jurisdiction doctrine. We agree with the district court that the dispute
5 was a question of contractual interpretation reserved to the arbitral panel and
6 referral was not necessary. Therefore, we AFFIRM the judgment of the district
7 court.

8
9 _____
10 RIYAZ A. KANJI, Kanji & Katzen PLLC, Ann Arbor,
11 MI, *for Plaintiff-Appellant Seneca Nation of Indians.*

12 Carol E. Heckman, Carson R. Cooper, Lippes Mathias
13 Wexler Friedman LLP (*on the brief*), Buffalo, NY, *for*
14 *Plaintiff-Appellant Seneca Nation of Indians.*

15
16 GREGORY M. STARNER, White & Case LLP (Matthew
17 L. Nicholson, Lauri Kai, *on the brief*), New York, NY, *for*
18 *Defendant-Appellee State of New York.*

19
20
21 POOLER, *Circuit Judge:*

22 Plaintiff-Appellant Seneca Nation of Indians (the “Nation”) appeals from a
23 judgment of the United States District Court for the Western District of New
24 York (William M. Skretny, J.), entered on November 12, 2019, confirming an

1 arbitral award for the State of New York. In the district court, the Nation argued
2 that the arbitration panel majority manifestly disregarded the Indian Gaming
3 Regulatory Act (“IGRA”), 25 U.S.C. §§ 2701–2721. The Nation argued that the
4 panel usurped the authority of the Secretary of the Interior (the “Secretary”) by
5 requiring the Nation to continue making payments to New York during the
6 renewal period of a gambling compact between the parties. Alternatively, the
7 Nation argued that the district court should refer the issues raised to the
8 Department of the Interior (“DOI”) pursuant to the primary jurisdiction doctrine
9 if it had any doubt as to whether the Secretary’s approval was required for those
10 continued payments.

11 The district court rejected these arguments, finding that the arbitral panel
12 did not manifestly disregard the law in deciding on a disputed contractual term
13 and imposing the payments. The district court also determined that referral to
14 the DOI would undermine the parties’ agreement to submit disputes under the
15 gambling compact to binding arbitration, and in any case was unnecessary to
16 assess the propriety of the arbitration panel’s resolution of a contract dispute.
17 Therefore, the district court confirmed the award.

1 For the purposes of this appeal, the Nation concedes that it cannot
2 relitigate the question, decided by the arbitral panel, of whether the contract
3 requires payments during the renewal period. While the Nation focuses our
4 attention on IGRA and the purposes underlying it, our review is narrower. We
5 are simply asked to determine whether the arbitral panel manifestly disregarded
6 IGRA in its decision. As such, we consider only (1) whether IGRA clearly
7 imposes a requirement that the contract interpretation be subjected to the
8 Secretary's further approval, and (2) if so, whether the arbitration panel ignored
9 or defied that governing law. It did not. The arbitral panel performed its
10 assigned task of contract interpretation through standard methods. The district
11 court also was not required to refer this question to the Department of the
12 Interior, as contract interpretation is within the core competency of courts.

13 We express no view about whether the Secretary's position when the
14 Compact was deemed approved was that it in fact required additional payments
15 during the renewal term. We also express no view on whether a district court
16 reviewing the Compact in the first instance could determine after reviewing
17 post-agreement extrinsic evidence that the renewal term required continued
18 payments, or whether IGRA would require secretarial approval of judicial

1 interpretations that rely on extrinsic evidence. We hold only that the arbitral
2 panel – which did in fact consider IGRA – reasonably concluded that its task here
3 was a straightforward matter of contract interpretation not subject to the
4 Secretary’s approval. Therefore, we AFFIRM the judgment of the district court
5 confirming the arbitral award.

6 **BACKGROUND**

7 On August 18, 2002, the Nation and New York entered into a compact
8 setting forth the terms and conditions under which the Nation could conduct
9 certain casino-style gaming (Class III gaming, as defined by 25 U.S.C. § 2701(d))
10 in New York (the “Compact”). On November 12, 2002, the Secretary completed
11 review of the Compact and declined to approve or disapprove it. Pursuant to 25
12 U.S.C. § 2710(d)(8)(c), the Compact was “considered to have been approved, ‘but
13 only to the extent the compact is consistent with the provisions of [IGRA].’”
14 App’x 163–64. The Compact became effective December 9, 2002. *See* Dep’t of the
15 Interior, Indian Gaming, 67 Fed. Reg. 72968-01 (Dec. 9, 2002).

16 The Compact provided for an initial term of 14 years and stated that
17 absent objection by either party, “the term of this Compact shall be renewed
18 automatically for an additional period of seven (7) years.” App’x 115. The

1 essential bargain of the Compact was that the Nation received exclusive rights to
2 maintain certain gaming machines in a large portion of Western New York (the
3 “Exclusivity Zone”) in exchange for graduated revenue-sharing payments to
4 New York from those machines (the “State Contribution”). For years 1-4, the
5 State Contribution was 18 percent of the “net drop” of these machines (money
6 dropped into machines, after payout, but before expenses). For years 5-7, it was
7 22 percent. For years 8-14, it was 25 percent. The Compact does not expressly
8 address the terms of any State Contribution in the 7-year renewal period. New
9 York received no other consideration in the Compact. The Nation’s obligation to
10 pay the State Contribution began on December 31, 2002, when the Nation opened
11 its first facility.

12 During the initial 14-year period, the parties seemed largely satisfied with
13 the agreement. The Nation notes that New York initially promised exclusivity for
14 the Nation in both slot machines and video lottery gaming devices. However,
15 New York began authorizing video lottery gaming devices within the Exclusivity
16 Zone in 2004 and has, accordingly, collected payments only on the Nation’s slot
17 machine revenue. Still, the parties agree that each received numerous benefits
18 from the Compact. New York received more than \$1.4 billion in payments

1 through 2016. The Nation's overall gaming revenue has been in the range of \$6.5
2 billion during the term of the Compact. At the end of the 14-year term, neither
3 party delivered written objections to renewal, resulting in automatic renewal of
4 the Compact for an additional seven years on December 9, 2016. Therefore, the
5 Compact remains in effect through December 9, 2023.

6 Shortly before the initial term ended, the Nation contacted DOI regarding
7 its understanding of the revenue-sharing provisions of the Compact during the
8 renewal period. DOI responded with a technical assistance letter. The letter
9 stated that DOI understood that the Compact contained 14 years of revenue
10 sharing in exchange for 21 years of exclusivity and suggested that New York
11 would need to make additional economic concessions benefiting the Nation to
12 justify extending the revenue sharing provision to cover the renewal period.

13 On March 31, 2017, Seneca Nation President Todd Gates notified New
14 York Governor Andrew Cuomo that the State Contribution for the last quarter of
15 2016 would be the final payment under the Compact. The Nation stated that the
16 Compact required only 14 years of the State Contribution. New York responded
17 that the payments should continue at the 25 percent rate for the seven-year
18 renewal period, and when the parties were unable to reach agreement, New

1 York issued a demand for arbitration on September 7, 2017, in accordance with
2 the Compact's dispute resolution procedures. On December 15, 2017, DOI
3 withdrew the technical assistance letter as it "did not provide the certainty
4 available to the parties in arbitration proceedings." App'x 212.

5 Section 14 of the Compact provides for binding arbitration to resolve
6 disputes. The Compact states that in the event of a dispute, the parties should
7 engage in good faith negotiations. If the negotiations fail, "either [p]arty may
8 submit the dispute, claim, question, or disagreement to binding arbitration" to be
9 conducted in accordance with the rules of the American Arbitration Association
10 ("AAA"). App'x 143-44. The parties then appoint an arbitral panel of three, with
11 each party selecting one arbitrator, and the two arbitrators picking the third. The
12 Compact specifies that the arbitral award would be "final, binding and non-
13 appealable." App'x 145. The Compact gave the United States District Court for
14 the Western District of New York exclusive jurisdiction to enforce the arbitral
15 award.

16 The parties submitted their dispute to a panel of three arbitrators. The
17 Nation selected Kevin Washburn, Dean of The University of Iowa College of Law
18 and former Assistant Secretary of Indian Affairs in DOI. New York selected

1 Henry Gutman, of Counsel at Simpson Thacher & Bartlett LLP. Those two
2 arbitrators jointly selected William G. Bassler, a retired United States District
3 Judge for the District of New Jersey, as the arbitral panel chair.

4 With the parties' agreement, the panel bifurcated its consideration of
5 liability and remedy after conducting full arbitration hearings on December 12
6 and 13, 2018, resulting in a January 7, 2019 partial final award on liability with
7 dissent; and an April 12, 2019 final award addressing remedies. The panel heard
8 live testimony, including direct and cross examination, from Robert Williams,
9 Deputy Secretary in the Office of Governor Cuomo. The panel also received two
10 witness statements from Williams, a witness statement from Gates, and a
11 statement from David Sheridan, Chief Financial Officer of the Seneca Gaming
12 Corporation. It also received other documentary evidence.

13 The panel majority—comprised of Bassler and Gutman—found that the
14 renewal provision was ambiguous as to the Nation's obligation to pay the State
15 Contribution during the renewal period. Accordingly, the majority examined
16 extrinsic evidence to resolve the ambiguity. The panel concluded that "read as a
17 whole and in light of the extrinsic evidence" indicating "silence in the [renewal
18 term's] negotiating history" and the "central premise" of an exchange of

1 exclusivity for revenue sharing, the Compact should be read to require the
2 Nation to make revenue sharing payments in the renewal period. App'x 29, 59,
3 63, 67, 77. The panel examined the parties' pre-execution negotiations, post-
4 execution communications, submissions from both parties to DOI, and
5 determined "[t]he essential bargain of the Parties' agreement is a commercial
6 agreement wherein exclusivity payments are made in consideration for
7 exclusivity." App'x 67. The panel concluded that it would also be commercially
8 unreasonable and against common sense to find that the word "renew" would
9 extend the Nation's exclusivity without obligating the Nation to provide any
10 continuing consideration to New York.

11 The Nation argued that the panel could not approve additional payments
12 because the Secretary did not approve revenue sharing upon renewal of the
13 Compact, as required by IGRA. 25 U.S.C. § 2710(d)(8). The panel majority
14 acknowledged that it had no "legal authority to usurp the Secretary's" approval
15 authority, but found that it could determine whether the terms of the Compact
16 "already provide[d] for revenue-sharing payments upon renewal." App'x 65.
17 The majority found that the Nation's argument depended on finding that the
18 Secretary shared its interpretation, to wit, that the renewal term the Secretary

1 deemed approved did not include additional payments—but there was “no
2 evidence in the record” to support that contention. *Id.*

3 Furthermore, the majority found that if the Nation’s argument were
4 correct, DOI never approved the renewal term, and “that arguably would mean
5 that renewal of the Compact was not properly authorized and the Nation’s
6 gaming activities are unlawful.” *Id.* The majority was also unpersuaded that
7 adopting New York’s position would be “approving” an additional seven years
8 of payments; rather “it would simply be finding that the terms of renewal in the
9 Compact deemed approved by the Secretary included revenue sharing payment
10 obligations.” App’x 66.

11 Washburn dissented. He viewed the terms of the Compact as
12 unambiguously providing for only 14 years of State Contribution, with no State
13 Contribution due in the 7-year renewal period. Washburn found the extrinsic
14 evidence, the context of the negotiations, and the intent of the parties failed to
15 support New York’s position that the Compact provided for State Contribution
16 payments during the renewal period.

17 With regards to IGRA, Washburn found the majority’s holding
18 inconsistent with federal law and policy. First, he cited *County of Oneida v. Oneida*

1 *Indian Nation of New York State*, 470 U.S. 226, 247 (1985), for the principle that if
2 the Compact were indeed ambiguous, it should be interpreted liberally in the
3 Nation's favor and to its benefit. Second, he viewed the majority's construction of
4 the Compact as directly counter to the purpose of IGRA. Finally, Washburn
5 wrote that if the Compact were ambiguous, the Secretary "cannot be said to have
6 considered and reviewed or approved this key [renewal] provision," and
7 enforcement of the majority opinion had "the effect of enforcing an agreement
8 that goes beyond what was approved by DOI, thus potentially undermining
9 DOI's important regulatory role." App'x 102.

10 The majority's final award on remedy found that "the Nation is obliged
11 under ¶¶ 4(c)(1) and 12(b) of the Compact to continue to pay the State
12 Contribution during the Compact renewal period at a rate of 25% of Net Drop of
13 each category of Gaming Device for which exclusivity exists payable on a
14 quarterly basis." App'x 22. Accordingly, the panel held "the Nation is to
15 specifically perform its obligation . . . by paying the State Contribution currently
16 owed to the State, including all past due payments, and by making all future
17 payments in accordance with the Compact." *Id.* at 23. The panel accepted the
18 parties' joint submission that the 25 percent net drop during the period January

1 1, 2017 to December 31, 2018 was \$255,877,747.44, and held that the amount
2 attributable to the fourth quarter of 2018 was due and payable by March 31, 2019.
3 The majority held that each party would bear its own attorneys' fees and costs,
4 and administrative fees and costs along with the arbitrators' expenses and
5 compensation would be divided equally between the parties.

6 On April 16, 2019, the Nation submitted the final awards to DOI for the
7 Secretary's review. The Nation's letter stated that the review was sought under
8 the implementing regulations requiring the Secretary to review any substantive
9 or technical amendments and would "serve to confirm [the award's]
10 effectiveness and allow the Nation to perform its obligations under it and avoid
11 any further legal controversy as to its obligations thereunder." App'x 213. On
12 June 3, 2019, DOI returned the award as it lacked a "certification from the
13 Governor or other State representative that he or she is authorized under State
14 law to enter into the compact or amendment, as required by 25 C.F.R. § 293.8(c)."
15 App'x 291. In a footnote, DOI made clear that it took no position on the question
16 of whether the arbitration award amended the Compact.

17 On June 6, 2019, the Nation filed a petition to vacate the final award under
18 the Federal Arbitration Act ("FAA"), 9 U.S.C. § 10. The State cross-petitioned to

1 confirm the award under the FAA, 9 U.S.C. § 9, on July 12, 2019. The Nation
2 argued that the panel majority manifestly disregarded IGRA's requirement that
3 the Secretary review and approve compact obligations or amendments—in this
4 case, any payments beyond the 14-year initial term. Alternatively, the Nation
5 argued that if the district court was uncertain as to whether the Secretary
6 reviewed and approved the payments during the renewal term, it should stay
7 the case and refer the question to DOI pursuant to the primary jurisdiction
8 doctrine. New York argued that there was no basis to vacate the award or refer
9 the question.

10 On November 8, 2019, the district court confirmed the award. *Seneca*
11 *Nation of Indians v. New York*, 420 F. Supp.3d 89 (W.D.N.Y. 2019). The district
12 court found that the Nation “made no showing that the IGRA Secretary-approval
13 requirement clearly governs or that the panel simply ignored it.” *Id.* at 103. The
14 district court held that “the Nation’s position [wa]s premised on a proposition
15 that it has provided no authority for—that the arbitration award is an
16 amendment to the Compact that requires the Secretary’s approval under the
17 IGRA.” *Id.* at 104. Instead of a new payment obligation, the district court found

1 that the Secretary approved the renewal provision, and the panel simply
2 interpreted that approved provision to require further payments. *Id.*

3 The district court held that the panel did not manifestly disregard a clearly
4 governing legal principle, because it considered and appropriately rejected the
5 argument that the Nation offered. *Id.* at 103-04. The Secretary approved the
6 contract and the dispute resolution mechanism. *Id.* The district court declined to
7 refer the issue to DOI. The court reasoned that the “arbitration question was not
8 whether the Secretary explicitly approved State-Contribution payments during
9 the renewal period, but rather, whether the terms of the Compact that the
10 Secretary *did approve* provide for payment of the State Contribution during that
11 term.” *Id.* at 105–06. The district court held that this question was a matter of
12 contract interpretation in which DOI had no special expertise, and therefore that
13 referral to the agency was unnecessary. *Id.* at 105–06.

14 The Nation timely filed its notice of appeal.

15 DISCUSSION

16 We review de novo the district court’s application of the manifest
17 disregard standard to an arbitration award. *T.Co Metals, LLC v. Dempsey Pipe &*
18 *Supply, Inc.*, 592 F.3d 329, 339 (2d Cir. 2010).

1 The FAA provides a “streamlined” process for a party seeking a “judicial
2 decree confirming an award, an order vacating it, or an order modifying or
3 correcting it.” *Hall St. Assocs., L.L.C. v. Mattel, Inc.*, 552 U.S. 576, 582 (2008).
4 “Normally, confirmation of an arbitration award is a summary proceeding that
5 merely makes what is already a final arbitration award a judgment of the court,
6 and the court must grant the award unless the award is vacated, modified, or
7 corrected.” *D.H. Blair & Co. v. Gottdiener*, 462 F.3d 95, 110 (2d Cir. 2006) (internal
8 quotation marks and citations omitted).

9 Section 10 of the FAA allows a court to vacate an arbitration award in four
10 circumstances, primarily involving fraud, corruption, partiality, misconduct, or
11 imperfect execution or exceeding of arbitral powers. *See* 9 U.S.C. § 10. We have
12 held that “as judicial gloss on the[] specific grounds for vacatur of arbitration
13 awards” in the FAA, an arbitrator’s “manifest disregard” of the law or of the
14 terms of the arbitration agreement “remains a valid ground for vacating
15 arbitration awards.” *Schwartz v. Merrill Lynch & Co.*, 665 F.3d 444, 451–52 (2d Cir.
16 2011) (internal quotation marks omitted). However, “[a] litigant seeking to vacate
17 an arbitration award based on alleged manifest disregard of the law bears a
18 heavy burden, as awards are vacated on grounds of manifest disregard only in

1 those exceedingly rare instances where some egregious impropriety on the part
2 of the arbitrator is apparent." *T.Co Metals*, 592 F.3d at 339 (internal quotation
3 marks, citations, and alterations omitted). This Court will uphold an arbitration
4 award under this standard so long as "the arbitrator has provided even a barely
5 colorable justification for his or her interpretation of the contract." *Schwartz*, 665
6 F.3d at 452. "Vacatur is only warranted, by contrast, when an arbitrator strays
7 from interpretation and application of the agreement and effectively dispenses
8 his own brand of industrial justice." *Weiss v. Sallie Mae, Inc.*, 939 F.3d 105, 109 (2d
9 Cir. 2019) (internal quotation marks omitted).

10 To succeed in challenging an award under the manifest disregard
11 standard, a party must make "a showing that the arbitrators knew of the relevant
12 legal principle, appreciated that this principle controlled the outcome of the
13 disputed issue, and nonetheless willfully flouted the governing law by refusing
14 to apply it." *Schwartz*, 665 F.3d at 452 (internal quotation marks, citation, and
15 alterations omitted). In addition to this "subjective component," a finding of
16 manifest disregard requires an objective determination that the disregarded legal
17 principle was "well defined, explicit, and clearly applicable." *Westerbeke Corp. v.*
18 *Daihatsu Motor Co.*, 304 F.3d 200, 209 (2d Cir. 2002) (internal quotation marks

1 omitted).

2 The Nation argues that the panel manifestly disregarded IGRA's
3 requirement of secretarial review. IGRA provides that the Secretary "is
4 authorized to approve any Tribal-State compact entered into between an Indian
5 tribe and a State governing gaming on Indian lands of such Indian tribe." 25
6 U.S.C. § 2710(d)(8)(A). Furthermore, a Tribal-State compact "shall take effect only
7 when notice of approval by the Secretary of such compact has been published by
8 the Secretary in the Federal Register." *Id.* § 2710(d)(3)(B). The Nation contends
9 that, while the panel's contract interpretation is not subject to challenge, when
10 the panel concluded that the contract was ambiguous, it necessarily held the
11 Secretary did not approve payments for the renewal term.

12 **A. The Panel Did Not Manifestly Disregard IGRA**

13 The panel did not manifestly disregard governing law. Neither party
14 disputes that the panel was aware of the secretarial review requirement of IGRA.
15 Indeed, the panel explicitly addressed the requirement in its decision. "[I]t is
16 beyond dispute that the Panel has no legal authority to usurp the Secretary's role
17 and enforce a Compact term that the Secretary did not approve." App'x 65.
18 Second, it explained that its award did not require independent secretarial

1 approval because it was merely interpreting a term in a compact that had already
2 been deemed approved by the Secretary. In short, far from flouting or
3 disregarding IGRA's established requirement that the Secretary approve
4 Compact terms, the arbitral panel openly discussed and applied it.

5 The Nation tries to sidestep this conclusion by positing a different and
6 novel legal proposition – that secretarial approval is required for an arbitrator's
7 interpretation of a gaming compact's terms which is based on extrinsic evidence
8 that was not before the Secretary at the time of the compact's approval – and
9 arguing that the arbitral panel manifestly disregarded this distinct proposition.
10 But the proposition advanced by the Nation does not, in fact, reflect the law, and
11 an arbitrator cannot be faulted for "manifest disregard" unless it has "willfully
12 flouted the governing law," *Schwartz*, 665 F.3d at 452 (internal quotation marks
13 omitted and emphasis added).

14 It is not a clear controlling legal principle that the Secretary is required to
15 approve an arbitrator's enforcement of its interpretation of an ambiguous
16 contractual term. The Nation disavows the argument that it views the arbitration
17 award as an amendment to the Compact. Instead, it argues that the Secretary's
18 approval is required because there is no evidence as to how the Secretary would

1 interpret the disputed renewal provisions, so the Secretary cannot be said to have
2 approved the payments.

3 This argument suffers from several infirmities. First, the text of the laws
4 and regulations cited by the Nation contain no such requirement. IGRA simply
5 requires secretarial approval for gaming compacts, and the regulations address
6 amendments, not interpretations of existing contractual terms. *See* 25 U.S.C.
7 § 2710(d)(3)(B), d(8)(A) (requiring secretarial approval for “compact[s]”); 25
8 C.F.R. § 293.4(a)–(b) (“Compacts are subject to review and approval by the
9 Secretary. All amendments, regardless of whether they are substantive
10 amendments or technical amendments, are subject to review and approval by the
11 Secretary.”) The Nation counters that IGRA makes clear that all terms of a
12 Compact are subject to the Secretary’s approval, so a term not approved by the
13 Secretary has no legal force. However, since the Nation acknowledges that the
14 award is not an amendment and acknowledges that it is bound by the panel’s
15 holding that the renewal term itself required payments, the provision of the
16 Compact that it challenges can only be the renewal term and that term—for the
17 purposes of this appeal—has already been deemed approved by the Secretary.

18 Second, there is no clearly controlling legal reason why the arbitrators’

1 reliance on extrinsic evidence must be viewed as transforming the panel's
2 contract interpretation into a new term requiring separate IGRA approval.
3 Consideration of extrinsic evidence has long been regarded as a staple of contract
4 interpretation. *See Chicago, R.I. & P. Ry. Co. v. Denver & R.G.R. Co.*, 143 U.S. 596,
5 609 (1892) ("There can be no doubt whatever of the general proposition that in
6 the interpretation of any particular clause of a contract, the court is not only at
7 liberty, but required, to examine the entire contract, and may also consider the
8 relations of the parties, their connection with the subject-matter of the contract,
9 and the circumstances under which it was signed."). A panel's resort to *evidence*
10 outside the four corners of a contract does not necessarily imply its creation of a
11 *term* outside the contract's scope.

12 The Nation cites *Missouri River Servs., Inc. v. Omaha Tribe of Nebraska*, 267
13 F.3d 848, 855 (8th Cir. 2001), for the proposition that a reviewing court should
14 invalidate an arbitration decision that adds an additional term to a compact in
15 clear conflict with the contractual text. But as we have just explained, here the
16 arbitration agreement left the question of contract interpretation to the panel, and
17 the panel's resolution of that question did not add a new term to the Compact.
18 There is no suggestion the arbitrator lacked the power to order payments;

1 indeed, this was the very question submitted to it. Upholding the decision here
2 does not undermine IGRA's secretarial review requirement. Instead, it merely
3 reinforces the principle that where a party chooses to leave contract
4 interpretation to arbitrators, a party cannot invoke that requirement to evade the
5 consequences of its choice.

6 Third, neither IGRA nor our case law contains a clear rule requiring
7 secretarial approval of arbitral awards based on extrinsic evidence. Even were
8 we to determine that, as a matter of first impression, IGRA's secretarial approval
9 requirement applied in this context, the panel could not have willfully flouted
10 that legal principle because it was not "well defined, explicit, and clearly
11 applicable." *Westerbeke Corp*, 304 F.3d at 209 (internal quotation marks omitted).
12 As such, the Nation cannot succeed on its manifest disregard challenge. *See, e.g.*
13 *T.Co Metals*, 592 F.3d at 339 ("[T]he award should be enforced, despite a court's
14 disagreement with it on the merits, if there is a *barely colorable justification* for the
15 outcome reached." (internal quotation marks and citation omitted)); *Merrill*
16 *Lynch, Pierce, Fenner & Smith, Inc. v. Bobker*, 808 F.2d 930, 934 (2d Cir. 1986) ("We
17 are not at liberty to set aside an arbitration panel's award because of an arguable
18 difference regarding the meaning or applicability of laws urged upon it.").

1 The Nation argues that to allow the panel majority to enforce its
2 interpretation would open the door to widespread evasion of IGRA’s secretarial
3 review requirement. It suggests that affirming the decision would allow parties
4 to evade review through secret side agreements and incorporate illegal terms
5 such as certain types of taxes that are themselves unauthorized under IGRA, 25
6 U.S.C. § 2710(d)(4). Again, this argument rests on accepting the view that the
7 renewal term did not require the payments, which conflicts with the panel’s
8 holding. If this case involved the panel introducing additional terms or terms in
9 conflict with the contractual text, a court might have a stronger basis to
10 determine that this ruling manifestly disregarded IGRA. Similarly, a court could
11 certainly vacate an arbitration award that interpreted an agreement to require
12 something expressly prohibited by law or statute, insofar as that would show
13 that the arbitrators “willfully flouted the governing law by refusing to apply it.”
14 *Schwartz*, 665 F.3d at 452 (internal quotation marks omitted). But here, there is no
15 side agreement or separate term that the panel incorporated in this case; the
16 panel held that the existing term required the payments.

17 In attempting to find support for a principle forbidding consideration of
18 post-agreement extrinsic evidence, the Nation cites to *In re Nortel Networks Inc.*,

1 737 F.3d 265, 272 (3d Cir. 2013), which briefly touched on the difficulties of
2 resorting to extrinsic evidence in interpreting court-approved agreements. Since
3 the court could not be said to have examined that evidence in granting approval
4 to the agreement, the Third Circuit questioned whether this was permissible in
5 interpreting court-approved agreements. Yet that discussion was dicta, because
6 the Third Circuit resolved the question before it on the basis of the agreement's
7 text, without resorting to extrinsic evidence. *Id.* Moreover, the dicta concerned
8 the importance of clear affirmative language indicating the parties' agreement to
9 arbitrate allocation disputes in bankruptcy proceedings. *Id.* Furthermore, the
10 language of the Third Circuit strongly implied that far from a clear application of
11 existing law, the question of whether the use of extrinsic evidence was
12 inappropriate in such circumstances was difficult and required further review.
13 *Id.* (observing that "[t]hese difficult questions underscore the usefulness of
14 reducing agreements . . . to plain language that can be recognized and enforced
15 by courts examining only the text of the agreement"). Here, even if we were to
16 agree with the Nation that there would have been some value in the panel
17 seeking secretarial review after determining that the agreement was ambiguous,
18 the panel's decision to continue its assessment and determine the proper

1 meaning of ambiguous text was not the panel dispensing its own brand of
2 industrial justice in manifest disregard of governing law. *See Weiss*, 939 F.3d at
3 109.

4 **B. Referral to the DOI Was Not Warranted**

5 As an alternative to vacatur of the arbitral decision, the Nation argues that,
6 if there was any question regarding the validity of its argument, the proper
7 course of action would have been for the district court itself to refer the question
8 to DOI under the doctrine of primary jurisdiction. The doctrine of primary
9 jurisdiction allows a court to stay litigation and refer issues to an administrative
10 agency when a case involves issues that fall within the special competence of that
11 agency. *See United States v W. Pac. R.R. Co.*, 352 US 59, 62–65 (1956). The district
12 court declined to do so here. We review a district court’s decision not to apply
13 the doctrine of primary jurisdiction de novo. *Ellis v. Tribune Television Co.*, 443
14 F.3d 71, 83 n.14 (2d Cir. 2006).

15 In this case, referral would have been inappropriate and would have
16 clashed with the goals of the FAA. The FAA explicitly states:

17 If the parties in their agreement have agreed that a judgment of the
18 court shall be entered upon the award made pursuant to the
19 arbitration, and shall specify the court, then at any time within one

1 year after the award is made any party to the arbitration may apply
2 to the court so specified for an order confirming the award, and
3 thereupon the court *must* grant such an order unless the award is
4 vacated, modified, or corrected.

5
6 9 U.S.C. § 9 (emphasis added). The parties here agreed to put the arbitration
7 award before a district court. Court review under the FAA is intended to be a
8 “streamlined” process for a party seeking a “judicial decree confirming an
9 award, an order vacating it, or an order modifying or correcting it.” *Mattel*, 552
10 U.S. at 582. “Normally, confirmation of an arbitration award is a summary
11 proceeding that merely makes what is already a final arbitration award a
12 judgment of the court, and the court must grant the award unless the award is
13 vacated, modified, or corrected.” *D.H. Blair*, 462 F.3d at 110 (internal quotation
14 marks and citation omitted). Invoking primary jurisdiction here would
15 unnecessarily prolong the case and undermine the goal of the FAA to promote
16 speedy and efficient resolution of disputes.

17 Additionally, the factors we have instructed courts to consider in assessing
18 primary jurisdiction do not favor referral here. We consider four factors when
19 determining whether to apply the doctrine:

20 (1) whether the question at issue is within the conventional
21 experience of judges or whether it involves technical or policy

1 considerations within the agency's particular field of expertise; (2)
2 whether the question at issue is particularly within the agency's
3 discretion; (3) whether there exists a substantial danger of
4 inconsistent rulings; and (4) whether a prior application to the
5 agency has been made.

6
7 *Ellis*, 443 F.3d at 82–83. Contract interpretation is a basic competency of courts,
8 and, as discussed above, the parties asked the arbitrators to decide if the renewal
9 provision of the Compact required additional payments. Moreover, while the
10 Nation stresses that it seeks a review of the question of approval of the payment
11 obligations under the renewal term, not an interpretation of the Compact, the
12 two issues cannot be separated in this manner. While in the first instance DOI
13 exercised broad discretion to approve or reject the Compact, IGRA does not
14 provide for subsequent agency review upon an arbitrator's determination that a
15 party is required to make further payments under an existing compact. As for
16 the final two factors, the record reveals that DOI has already declined to
17 intercede in this case. DOI withdrew its technical assistance letter in favor of the
18 certainty of the arbitration proceedings. DOI again declined to become involved
19 upon the Nation's request after the end of the arbitration hearings. Accordingly,
20 there is no indication that DOI could reach a contrary ruling. The district court
21 was correct in finding that agency referral was not warranted.

1 **CONCLUSION**

2 In this case, we are not asked to make pronouncements regarding the
3 wisdom of the panel decision or of the Secretary's view of the disputed term. The
4 Nation attempts to draw the court into these disputes and the competing policy
5 interests of the Nation and the State. However, the parties agreed to leave these
6 difficult questions to the arbitrators.

7 We conclude that the arbitral panel did not manifestly disregard
8 governing law, and the district court properly confirmed the award.

9 Accordingly, the judgment of the district court is **AFFIRMED**.

**United States Court of Appeals for the Second Circuit
Thurgood Marshall U.S. Courthouse
40 Foley Square
New York, NY 10007**

DEBRA ANN LIVINGSTON
CHIEF JUDGE

Date: February 22, 2021

Docket #: 19-4022cv

Short Title: Seneca Nation of Indians v. State of New York

CATHERINE O'HAGAN WOLFE
CLERK OF COURT

DC Docket #: 19-cv-735

DC Court: WDNY (BUFFALO)

DC Judge: Skretny

BILL OF COSTS INSTRUCTIONS

The requirements for filing a bill of costs are set forth in FRAP 39. A form for filing a bill of costs is on the Court's website.

The bill of costs must:

- * be filed within 14 days after the entry of judgment;
- * be verified;
- * be served on all adversaries;
- * not include charges for postage, delivery, service, overtime and the filers edits;
- * identify the number of copies which comprise the printer's unit;
- * include the printer's bills, which must state the minimum charge per printer's unit for a page, a cover, foot lines by the line, and an index and table of cases by the page;
- * state only the number of necessary copies inserted in enclosed form;
- * state actual costs at rates not higher than those generally charged for printing services in New York, New York; excessive charges are subject to reduction;
- * be filed via CM/ECF or if counsel is exempted with the original and two copies.

**United States Court of Appeals for the Second Circuit
Thurgood Marshall U.S. Courthouse
40 Foley Square
New York, NY 10007**

DEBRA ANN LIVINGSTON
CHIEF JUDGE

Date: February 22, 2021

Docket #: 19-4022cv

Short Title: Seneca Nation of Indians v. State of New York

CATHERINE O'HAGAN WOLFE
CLERK OF COURT

DC Docket #: 19-cv-735

DC Court: WDNY (BUFFALO)

DC Judge: Skretny

VERIFIED ITEMIZED BILL OF COSTS

Counsel for

respectfully submits, pursuant to FRAP 39 (c) the within bill of costs and requests the Clerk to prepare an itemized statement of costs taxed against the

and in favor of

for insertion in the mandate.

Docketing Fee _____

Costs of printing appendix (necessary copies _____) _____

Costs of printing brief (necessary copies _____) _____

Costs of printing reply brief (necessary copies _____) _____

(VERIFICATION HERE)

Signature