

STATE OF NEW YORK

1219--A

Cal. No. 43

2025-2026 Regular Sessions

IN ASSEMBLY

January 9, 2025

Introduced by M. of A. DINOWITZ, SEAWRIGHT, STIRPE, BRONSON -- read once and referred to the Committee on Judiciary -- ordered to a third reading -- passed by Assembly and delivered to the Senate, recalled from the Senate, vote reconsidered, bill amended, ordered reprinted, retaining its place on the order of third reading

AN ACT to amend the civil practice law and rules, in relation to grounds for vacating an arbitration award on the basis of partiality of the arbitrator

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Article 75 of the civil practice law and rules is amended
2 by adding a new section 7500 to read as follows:

3 § 7500. Definitions. As used in this article:

4 (a) "Arbitration" means the use of a decision-making forum conducted
5 by an arbitrator or panel of arbitrators within the meaning and subject
6 to the provisions of this article.

7 (b) "Neutral third party arbitrator" means an arbitrator who does not
8 have an undisclosed known, direct, and material interest in the outcome
9 of the arbitration proceeding or a known, existing, and substantial
10 relationship with a party, counsel, or representative of a party.

11 (c) "Employment" means a relationship between an employer and an
12 employee, as defined in section three of the Fair Labor Standards Act of
13 1938 (29 U.S.C. § 203) but who is neither an officer nor employed pursu-
14 ant to an individualized, mutually-negotiated employment contract.

15 (d) "Consumer" means a natural person residing in this state who is
16 involved in a consumer dispute.

17 (e) "Consumer dispute" means a dispute between an individual who seeks
18 or acquires real or personal property, services (including services
19 relating to securities and other investments), money, or credit for
20 personal, family or household purposes and the seller or provider of
21 such property, services, money or credit, but shall not include any such

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 property or service, including financial products and services where the
2 terms of acquisition of such product or service are mutually negotiated
3 between the seller and the purchaser of such property or service.

4 § 2. Section 7501 of the civil practice law and rules, as amended by
5 chapter 532 of the laws of 1963, is amended to read as follows:

6 § 7501. Effect of arbitration agreement. A written agreement to
7 submit any [~~controversy~~] employment or consumer dispute thereafter arising
8 or [~~any~~] then existing [~~controversy~~] to arbitration is enforceable
9 without regard to the justiciable character of the controversy and
10 confers jurisdiction on the courts of the state to enforce it and to
11 enter judgment on an award; provided, however, that, with the exception
12 of arbitrators designated pursuant to a collective bargaining agreement
13 between an employer and a labor organization and except where inconsis-
14 ent with federal law, any language requiring that such employment or
15 consumer dispute be submitted to an arbitrator or arbitration organiza-
16 tion that is not a neutral third-party arbitrator, as that term is
17 defined in subdivision (b) of section seventy-five hundred of this arti-
18 cle, shall be deemed void; provided that it shall be valid with respect
19 to the requirement that the controversy be arbitrated. In arbitrations
20 that are not governed by a collective bargaining agreement between a
21 labor organization and an employer the requirement that such employment
22 or consumer dispute be heard by a neutral third-party arbitrator may not
23 be waived by party prior to the service on such party of a demand for
24 arbitration. Upon disclosure pursuant to section seventy-five hundred
25 five-a of this article of a known, direct, and material interest in the
26 outcome of the arbitration proceeding or a known existing and substan-
27 tial relationship with a party, counsel, or representative of a party, a
28 party shall be deemed to have waived any objection to the arbitrator by
29 failing to raise same within thirty calendar days of receiving the
30 disclosure. In determining any matter arising under this article, the
31 court shall not consider whether the claim with respect to which arbi-
32 tration is sought is tenable, or otherwise pass upon the merits of the
33 dispute.

34 § 3. The civil practice law and rules is amended by adding a new
35 section 7505-a to read as follows:

36 § 7505-a. Disclosure by arbitrator. (a) Before accepting appointment
37 to any employment or consumer dispute, an individual who is requested to
38 serve as an arbitrator, after making a reasonable inquiry, shall
39 disclose to all parties to the agreement to arbitrate and the arbi-
40 tration proceeding and to any other arbitrators any known facts that a
41 reasonable person would consider likely to affect the impartiality of
42 the arbitrator in the arbitration proceeding, including:

43 (1) a financial or personal interest in the outcome of the arbitration
44 proceeding; and

45 (2) an existing or past relationship with any of the parties to the
46 agreement to arbitrate or the arbitration proceeding, their counsel or
47 representatives, a witness, or another arbitrator.

48 (b) An arbitrator has a continuing obligation to disclose to all
49 parties to the agreement to arbitrate and the arbitration proceeding and
50 to any other arbitrators any facts that the arbitrator learns after
51 accepting appointment which a reasonable person would consider likely to
52 affect the impartiality of the arbitrator.

53 (c) If an arbitrator discloses a fact required by subdivision (a) or
54 (b) of this section to be disclosed and a party timely objects to the
55 appointment or continued service of the arbitrator based upon the fact
56 disclosed, the objection may be a ground for vacating an award made by

1 the arbitrator if the court holds that the arbitrator was partial as
2 provided for in section seventy-five hundred eleven of this article.

3 (d) If the arbitrator did not disclose a fact as required by subdivi-
4 sion (a) or (b) of this section, upon timely objection by a party after
5 discovery of such non-disclosure, the court may vacate an award based on
6 such non-disclosure if the court holds that the arbitrator was partial
7 as provided for in section seventy-five hundred eleven of this article.

8 (e) This section shall not apply to an arbitration proceeding
9 conducted pursuant to the terms of a collective bargaining agreement.

10 § 4. This act shall take effect immediately.