

**COURT OF APPEALS
DECISION
DATED AND FILED**

September 16, 2026

Samuel A. Christensen
Clerk of Court of Appeals

NOTICE

This opinion is subject to further editing. If published, the official version will appear in the bound volume of the Official Reports.

A party may file with the Supreme Court a petition to review an adverse decision by the Court of Appeals. See WIS. STAT. § 808.10 and RULE 809.62.

**Appeal No. 2025AP1103
STATE OF WISCONSIN**

Cir. Ct. No. 2024CV287

**IN COURT OF APPEALS
DISTRICT II**

RANDAL PALLO,

PLAINTIFF-RESPONDENT,

V.

GREAT LAKES LAW FIRM, LLC,

DEFENDANT-APPELLANT.

APPEAL from an order of the circuit court for Washington County:
JAMES K. MUEHLBAUER, Judge. *Reversed and cause remanded for further proceedings.*

Before Lazar, P.J., Gundrum, and Grogan, JJ.

Per curiam opinions may not be cited in any court of this state as precedent or authority, except for the limited purposes specified in WIS. STAT. RULE 809.23(3).

¶1 PER CURIAM. Great Lakes Law Firm, LLC (Great Lakes) appeals from a circuit court order denying Great Lakes’ motion to stay and compel arbitration, among other motions. Based upon our review of the briefs and Record, for the following reasons, we reverse and remand the matter for further proceedings.

BACKGROUND

¶2 Randal Pallo sought legal assistance from Great Lakes to address his high consumer debt. After receiving information on Great Lakes’ services and fees from a Great Lakes representative, Pallo signed a retainer agreement in September 2020, countersigned by Great Lakes. Under the retainer agreement, Great Lakes agreed to provide legal services to Pallo with respect to his consumer debt. To fund those settlements and pay Great Lakes’ fees, Pallo agreed to set aside funds every month, which were deposited into a dedicated account. Pallo acknowledged that it may take 52 months, until January 2025, for Great Lakes to fully resolve his debts.

¶3 In the event a dispute arose between the parties, they agreed to a mandatory arbitration clause, which provided, in relevant part:

Any controversy, claim or dispute between Client ... and Great Lakes ... arising out of or relating to this agreement or the breach, termination, enforcement, performance, interpretation or validity thereof, including any determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in the county in which Client lives in accordance with the Federal Arbitration Act pursuant to the substantive laws of the state of Client’s residence.

....

Any arbitration of any controversy, claim or dispute between Client ... and Great Lakes ... will take place on an

individual basis without resort to any form of class or representative action. This class action waiver precludes Client from participating in or being represented in any class or representative action regarding a controversy, claim or dispute. Client waives the right to arbitrate any controversy, claim or dispute between Client ... and Great Lakes ... as a class action, either as a member of a class or as a representative.

....

Binding arbitration means that both Client and Great Lakes give up the right to a trial by a jury and their rights to have a dispute resolved in a court of law. It also means that both Client and Great Lakes give up the right to appeal from the arbitrator's ruling except for a narrow range of issues that can be appealed, that discovery may be severely limited by the arbitrator, and that certain remedies such as statutory injunctions and fee shifting which may be available in a court of law may not be available. In addition, under the terms of this Agreement, Client also gives up the right to bring any claims on a consolidated or class basis in the arbitration.

In the event Client ... or Great Lakes ... brings suit against the other party in federal, state or local court instead of proceeding with arbitration, or unsuccessfully challenges the arbitrator's award, or fails to comply with the arbitrator's award, the other party is entitled to costs of suit, including reasonable attorneys' and paralegals' fees and costs for having to compel arbitration or defend or enforce the award. The provisions of this Arbitration Agreement section shall survive any termination of this Agreement.

(Formatting altered.) Pallo agreed to be bound by the arbitration clause when he signed the retainer agreement. He also initialed the clause, confirming that he agreed to the provision.

¶4 In addition, the parties also agreed that any disputes between them would be handled on an individual basis only. Pallo agreed to and initialed the following class action waiver:

Any court proceedings (whether before a judge or jury) of any controversy, claim or dispute between Client ... and Great Lakes ... will take place on an individual basis

without resort to any form of class or representative action[]. THIS CLASS ACTION WAIVER PRECLUDES CLIENT FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION REGARDING A CONTROVERSY, CLAIM OR DISPUTE. Client waives the right to litigate in court any controversy, claim or dispute between Client ... and Great Lakes ... as a class action, either as a member of a class or as a representative, or to act as a private attorney general. The provisions of this Class Action Waiver section shall survive any termination of this Agreement.

The retainer agreement also contained this language, under which Pallo signed:

I represent that I have read, understand and agree to be bound by the terms of this Client Representation Agreement as set forth above and in the documents incorporated in this Agreement. I further acknowledge that the terms and conditions of this Agreement have been explained to my satisfaction by a representative of Great Lakes and that I have no unanswered questions about the program or this Agreement. I confirm that I agree to arbitrate any claims and to waive any right to bring or participate in a class action against Great Lakes.

(Formatting altered.)

¶5 Great Lakes assumed representation of Pallo and performed services under the retainer agreement for more than three years. Pallo deposited funds into the dedicated account, which enabled Great Lakes to utilize those funds for debt settlement negotiations with Pallo's creditors. Great Lakes settled at least three of Pallo's accounts and defended him in litigation.

¶6 Pallo filed the class action lawsuit underlying this appeal in May 2024, approximately 40 months into the 52 months of representation, despite the arbitration clause and class action waiver, and he alleged five claims. The affidavit of service filed with the circuit court stated that service was effectuated on Great Lakes on May 23, 2024, by serving Great Lakes' registered agent,

CT Corporation System. Great Lakes was not aware of the summons and complaint until September 9, 2024.¹

¶7 Once aware of the action, on September 25, 2024, Great Lakes filed a motion to compel arbitration under WIS. STAT. § 788.02 (2023-24),² or, alternatively, to dismiss. Pallo filed a motion to strike Great Lakes' motion as untimely under WIS. STAT. RULE 801.15(2)(a).

¶8 In May 2025, the circuit court denied Great Lakes' motion to compel arbitration. In its entirety, the opinion concluded:

IT IS HEREBY ORDERED AS FOLLOWS:

- (1) The Great Lakes Law Firm Motion to Stay and Compel Arbitration is denied;
- (2) The Great Lakes Law Firm Motion to Dismiss for Failure to State a Claim is denied;
- (3) The Great Lakes Law Firm Motion to Enlarge Time to File its First Responsive Pleading is denied;
- (4) The Randal Pallo Motion to Strike the Great Lakes Law Firm pleadings is granted;
- (5) The Randal Pallo Motion to Compel Discovery is denied.

¹ The delay is attributable to the process by which Great Lakes received its mail from its registered agent via a third-party vendor, the latter of which was involved in litigation that put it into receivership and thus caused a delay in the normal procedure by which Great Lakes received its mail. See *Consumer Fin. Prot., Bureau v. StratFS, LLC*, No. 24-CV-40-EAW-MJR, 2024 WL 911518 (W.D.N.Y. Mar. 4, 2024).

² All references to the Wisconsin Statutes are to the 2023-24 version.

¶9 With respect to the motion to stay and compel arbitration, the circuit court said the motion was moot because Great Lakes failed to establish excusable neglect for failing to promptly respond to the lawsuit. Great Lakes appeals.

DISCUSSION

¶10 Great Lakes makes three claims on appeal: (1) this court has jurisdiction to review the entirety of the circuit court’s May 2025 order; (2) the court erred in denying Great Lakes’ motion to compel arbitration as untimely; and (3) the court erred in denying Great Lakes’ remaining motions (and granting of Pallo’s motion to strike). We have already concluded we have jurisdiction to review the circuit court’s order denying Great Lakes’ motion to compel arbitration in a previous order,³ and we conclude that the circuit court erred in denying the motion, and which we reverse and remand.

¶11 A circuit court’s discretionary decisions are reviewed under the erroneous exercise of discretion standard. *Weborg v. Jenny*, 2012 WI 67, ¶41, 341 Wis. 2d 668, 816 N.W.2d 191. “A circuit court erroneously exercises its discretion if it applies an improper legal standard or makes a decision not reasonably supported by the facts of record.” *Id.* (citation omitted). While a circuit court’s findings of fact are set aside only if clearly erroneous, “the application of the facts to a legal standard ... is a question of law that we review

³ We determined that we have jurisdiction over the motion to compel arbitration in a June 2025 court order, in which the parties were directed to address in their appellate briefs whether we have jurisdiction over the remaining matters in the circuit court’s order. Because we conclude the circuit court erred in denying the motion to compel arbitration and reverse and remand as to that matter, it is unnecessary for this court to decide whether we have jurisdiction over the denial of Great Lakes’ motion for enlargement of time; nor do we need to decide the issue of excusable neglect.

independently of the [circuit] court.” *Kirk v. Credit Acceptance Corp.*, 2013 WI App 32, ¶41, 346 Wis. 2d 635, 829 N.W.2d 522 (alteration in original; citation omitted).

¶12 In its May 2025 order, the circuit court found that Great Lakes’ motion to compel arbitration was an “untimely response” to Pallo’s complaint. The court stated, “[i]t is undisputed that after the July 8, 2025 deadline passed, neither side made any filings with this court until the law firm filed its Motion to Stay and Compel Arbitration (or to dismiss) on September 25, 2024, which was 79 days past the due date for a response.” The court’s decision rests on WIS. STAT. RULE 802.06(1)(a)⁴ and WIS. STAT. RULE 801.15(2)(a). However, a motion to compel arbitration is not subject to the 45-day time requirement under RULE 802.06. RULE 802.06(2)(a) identifies the defenses that may, at the pleader’s option, be raised by motion in response to a complaint; notably, a motion to compel arbitration is not among them. Thus, the circuit court erred in concluding that Great Lakes was required to file its motion to compel arbitration within 45 days of service of the complaint. Further, neither the Federal Arbitration Act nor the Wisconsin Arbitration Act prescribes a specific timeframe for bringing such a motion. See 9 U.S.C. § 4 (2024); WIS. STAT. § 788.02. Because the motion to compel arbitration is rooted in contract law, we turn to the contract. See *U.S. Bank Nat’l Ass’n v. Klein*, 2024 WI App 7, ¶11, 410 Wis. 2d 598, 3 N.W.3d 726.

¶13 Arbitration agreements are a matter of contract law. *Pruett v. WESTconsin Credit Union*, 2023 WI App 57, ¶18, 409 Wis. 2d 607, 998 N.W.2d

⁴ Here, Pallo served Great Lakes with a 45-day summons. In relevant part, WIS. STAT. RULE 802.06(1)(a) states: “[I]f any cause of action raised in the original pleading, cross claim, or counterclaim is founded in tort, the periods of time to serve a reply or answer shall be 45 days.”

529. “[A] motion to compel arbitration involves contract interpretation, which we review de novo.” *U.S. Bank*, 410 Wis. 2d 598, ¶11. “Where the terms of a contract are clear and unambiguous, we construe the contract according to its literal terms, construing it according to its plain or ordinary meaning and consistent with what a reasonable person would understand the words to mean under the circumstances.” *Pruett*, 409 Wis. 2d 607, ¶33 (citation omitted). “[W]hen ... parties have contracted to arbitrate, the [appellate] court’s function is limited to a determination of whether: (1) there is a construction of the arbitration clause that would cover the grievance on its face and (2) whether any other provision of the contract specifically excludes it.” *Midwest Neurosciences Assocs., LLC v. Great Lakes Neurosurgical Assocs., LLC*, 2018 WI 112, ¶41, 384 Wis. 2d 669, 920 N.W.2d 767 (citation omitted).

¶14 The arbitration clause that Pallo signed satisfies both inquiries. First, the plain language of the arbitration clause covers the claims alleged in Pallo’s complaint. Pallo alleges causes of action for: (1) violations of the Wisconsin Deceptive Trade Practices Act, see WIS. STAT. § 100.18(1); (2) breach of the retainer agreement, (3) injunctive and declaratory relief, (4) civil theft, see WIS. STAT. §§ 895.446 and 943.20; and (5) punitive damages. Those counts each relate to Great Lakes’ services or its alleged breaches of the retainer agreement. Because the claims fall within the agreement’s broad language, the arbitration clause applies. The arbitration clause unambiguously provides that “[a]ny controversy, claim or dispute” between Pallo and Great Lakes arising out of the retainer agreement, breach, or performance shall be determined by arbitration. Specifically, the Arbitration Clause provided, in part:

Any controversy, claim or dispute between Client ...
and Great Lakes ... arising out of or relating to this
agreement or the breach, termination, enforcement,

performance, interpretation or validity thereof, including any determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in the county in which Client lives in accordance with the Federal Arbitration Act pursuant to the substantive laws of the state of Client's residence.

¶15 Second, the retainer agreement does not include any exclusion of Pallo's claims from arbitration. Thus, under these terms, Pallo and Great Lakes agreed by contract to arbitrate the claims that Pallo asserted in his lawsuit. We conclude that the circuit court erred in denying the motion to compel arbitration.

By the Court.—Order reversed and cause remanded for further proceedings.

This opinion will not be published. See WIS. STAT. RULE 809.23(1)(b)5.

