

SUPREME COURT OF OKLAHOMA

Sutton v. David Stanley Chevrolet, Inc.

Sutton, 2020 OK 87 (Okla. 2020) · No. No. 117587; Comp. w/117588 · Decided October 13, 2020

SUMMARY

The Oklahoma Supreme Court reviewed a motion to compel arbitration arising from a vehicle purchase dispute. It held that the trial court's finding of constructive fraud in the inducement was supported by the evidence, vacated the Court of Civil Appeals' opinion, affirmed the trial court's order, and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Combs, J.; Gurich, C.J.; Kauger, J.; Edmondson, J.; Colbert, J.; Darby, V.C.J.; Winchester, J.; Kane, J.; Rowe, J.
JURISDICTION	Oklahoma
DECIDED	October 13, 2020
DOCKET	No. 117587; Comp. w/117588
DISPOSITION	vacated
PROCEDURAL POSTURE	David Stanley Chevrolet appealed an interlocutory order denying its motion to compel arbitration. The Oklahoma Court of Civil Appeals reversed and remanded for further proceedings concerning unconscionability. The Oklahoma Supreme Court granted certiorari, vacated the Court of Civil Appeals' opinion, affirmed the district court's order, and remanded for further proceedings.
STANDARD OF REVIEW	De novo review applies to the existence of an agreement to arbitrate and to questions of law. A specific challenge to the enforceability of an arbitration provision may be decided by the court.
PRECEDENTIAL VALUE	published
PARTIES	David Stanley Chevrolet, Inc. v. Isaac Sutton, Celeste Sutton

TOPICS

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PRACTICE AREAS

arbitration

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civil procedure

QUESTIONS PRESENTED

1. Whether Sutton presented sufficient evidence of constructive fraud or fraudulent inducement to defeat the dealership's motion to compel arbitration.
2. Whether the dealership's finance manager had a duty to disclose the dispute resolution clause when the manager partially explained the purchase agreement and the agreement's structure created a false impression about the purpose of Sutton's signature.
3. Whether Sutton's failure to read the dispute resolution clause barred his constructive-fraud challenge.

HOLDINGS

1. The district court's order overruling the motion to compel arbitration was supported by the evidence because the circumstances established constructive fraud concerning the arbitration clause.
2. Under the specific circumstances, the finance manager had a duty to disclose the material dispute resolution clause because the manager's representations and the structure of the purchase agreement created a false impression about what Sutton was signing.
3. Sutton's failure to read the finely printed dispute resolution clause was not a defense to his constructive-fraud claim where the dealership's conduct created a false impression about the provision and induced his signature.

KEY QUOTATIONS

“One may be under no duty to speak, but if he or she undertakes to do so, the truth must be told without suppression of material facts within his or her knowledge or materially qualifying those stated.” (¶15)

“The duty to disclose here is not a duty to read an entire contract; it is the duty to disclose enough information that will clear the false impression created, which under the circumstances, only concerned the DRC.” (¶24)

“Based upon the specific facts of this case, we hold, under a theory of constructive fraud, the order of the trial court overruling the motion to compel arbitration, which was based upon her oral findings of fraudulent inducement, finds full support in the evidence.” (¶25)

FACTUAL BACKGROUND

Isaac Sutton purchased a vehicle from David Stanley Chevrolet and traded in a vehicle with an outstanding loan. The dealership's finance manager represented that the purchase agreement was for verifying personal, vehicle, and payment information and directed Sutton where to sign. A dispute resolution clause requiring binding arbitration appeared in small red print immediately above one of the signature lines, but the manager did not discuss it. Sutton testified that he would not have been able to pay his share of arbitration fees without losing his home.

PROCEDURAL HISTORY

The Suttons sued David Stanley Chevrolet arising from their vehicle purchase and asserted, among other claims, fraudulent inducement, breach of contract, conversion, negligence, intentional infliction of emotional distress, and Oklahoma Consumer Protection Act violations. The dealership moved to compel arbitration under a dispute resolution clause in the purchase agreement. After an evidentiary hearing, the district court denied the motion based on fraudulent inducement. The Court of Civil Appeals reversed and remanded for consideration of unconscionability; the Supreme Court granted certiorari and reinstated the district court's result.

DISPOSITION

vacated

REMAND INSTRUCTIONS

The matter was remanded to the trial court for further proceedings consistent with the opinion. The Court of Civil Appeals' opinion was vacated and the district court's order denying the motion to compel arbitration was affirmed.

CASES CITED

- Rogers v. Dell Computer Corp., 2005 OK 51, 138 P.3d 826
- Hill v. Blevins, 2005 OK 11, 109 P.3d 332
- Signature Leasing LLC v. Buyer's Group LLC, 2020 OK 50, 466 P.3d 544
- Prima Paint Corp. v. Flood & Conklin Manufacturing Co., 388 U.S. 395, 403-404 (1967)
- Patel v. OMH Medical Center, Inc., 1999 OK 33, 987 P.2d 1185
- Croslin v. Enerlex, Inc., 2013 OK 34, 308 P.3d 1041
- Deardorf v. Rosenbusch, 1949 OK 117, 206 P.2d 996
- Berry v. Stevens, 1934 OK 167, 31 P.2d 950
- Barry v. Orahood, 1942 OK 419, 132 P.2d 645
- Morris v. McLendon, 1933 OK 619, 27 P.2d 811
- Gidney v. Chappell, 1910 OK 216, 110 P. 1099
- Dusbabek v. Bowers, 1934 OK 594, 43 P.2d 97
- Uptegraft v. Dome Petroleum Corp., 1988 OK 129, 764 P.2d 1350
- Silk v. Phillips Petroleum Co., 1988 OK 93, 760 P.2d 174
- Specialty Beverages, L.L.C. v. Pabst Brewing Co., 537 F.3d 1165 (10th Cir. 2008)
- Thrifty Rent-A-Car Systems, Inc. v. Brown Flight Rental One Corp., 24 F.3d 1190, 1195 (10th Cir. 1994)
- Gentry v. American Motorist Insurance Co., 1994 OK 4, 867 P.2d 468
- Faulkenberry v. Kansas City Southern Railway Co., 1979 OK 142, 602 P.2d 203
- Bankers Trust Co. v. Brown, 2005 OK CIV APP 1, 107 P.3d 609
- Varn v. Maloney, 1973 OK 133, 516 P.2d 1328

- Van Winkle v. Henkle, 1919 OK 373, 186 P. 942
- Griffith v. Scott, 1927 OK 361, 261 P. 371
- Rollings v. Thermodyne Industries, Inc., 1996 OK 6, 910 P.2d 1030
- Williams v. TAMKO Building Products, Inc., 2019 OK 61, 451 P.3d 146
- Nitro-Lift Technologies, L.L.C. v. Howard, 568 U.S. 17 (2012)
- Cole v. McLean, 93 Ind. App. 526, 177 N.E. 348 (1931)
- International Harvester Co. of America v. Franklin County Hardware Co., 101 Kan. 488, 167 P. 1057 (1917)

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