SUPREME COURT OF MISSISSIPPI

Community Bank of Mississippi and Raymon McAlpin a/k/a Raymond McAlpin v. Donna Stuckey

52 So. 3d 1179 (Miss. 2010) · No. 2008-CT-01521-SCT · Decided December 9, 2010

SUMMARY

The Supreme Court of Mississippi held that the trial court did not clearly err in finding no convincing evidence that Donna Stuckey had signed the arbitration agreements at issue. The court also declined to compel arbitration under third-party-beneficiary or equitable-estoppel theories because the Bank's alleged involvement in or connection with forged signatures rendered its hands unclean. The court reversed the Court of Appeals and reinstated and affirmed the trial court's refusal to compel arbitration.

CASE DETAILS

COURT	Supreme Court of Mississippi
WRITING FOR THE COURT	Waller, Chief Justice; Carlson, P.J.; Graves, P.J.; Dickinson, J.; Lamar, J.; Kitchens, J.; Chandler, J.; Randolph, J.; Pierce, J.
JURISDICTION	Mississippi
DECIDED	December 9, 2010
DOCKET	2008-CT-01521-SCT
DISPOSITION	reversed
PROCEDURAL POSTURE	On writ of certiorari, the Mississippi Supreme Court reviewed the Court of Appeals' reversal of a circuit court order refusing to compel Donna Stuckey to arbitrate.
STANDARD OF REVIEW	Denial of a motion to compel arbitration is reviewed de novo. Underlying factual findings regarding whether an arbitration agreement was executed are accepted unless clearly erroneous.
PRECEDENTIAL VALUE	Published en banc opinion of the Supreme Court of Mississippi; precedential.
PARTIES	Community Bank of Mississippi, Raymon McAlpin a/k/a Raymond McAlpin v. Donna Stuckey

TOPICS

arbitration · contracts · equitable relief · commercial litigation · evidence

PRACTICE AREAS

arbitration | commercial litigation | contracts | equitable relief | evidence

QUESTIONS PRESENTED

1. Whether the trial court clearly erred in finding no convincing evidence that Donna Stuckey signed the arbitration agreements associated with the Appleridge Estates deed of trust and the June 2003 cattle-business loan.
2. Whether Donna Stuckey could nevertheless be compelled to arbitrate as a third-party beneficiary or under equitable-estoppel principles despite the alleged forgeries and the Bank's conduct.

HOLDINGS

1. The trial court did not clearly err in finding no convincing evidence that Donna Stuckey executed any of the subject arbitration agreements.
2. A party seeking to compel arbitration may not bind a nonsignatory as a third-party beneficiary or through equitable estoppel when the party seeking arbitration has encouraged or engaged in forging the nonsignatory's signature.

KEY QUOTATIONS

> *"The Bank's motion to compel arbitration is, in essence, a request for specific performance."* (1183)

> *"Regardless of who the forger might have been, we will not compel arbitration based on third-party-beneficiary status or equitable estoppel where the movant has encouraged or engaged in forging the nonmovant's signature."* (1184)

FACTUAL BACKGROUND

Community Bank alleged that Donna Stuckey had defaulted on a cattle-business loan and sought to compel arbitration of claims involving several cattle-business loans and an eleven-acre parcel secured by a deed of trust. Donna denied signing the arbitration agreements and alleged that her signatures on the loan and arbitration documents had been forged, including by or at the direction of the Bank's loan officer. The parties presented conflicting handwriting-expert opinions based on different versions of the arbitration documents. The trial court found no convincing evidence that Donna had executed any of the relevant arbitration agreements.

PROCEDURAL HISTORY

Community Bank filed a replevin action concerning collateral for cattle-business loans, and Donna Stuckey asserted counterclaims including forgery and misrepresentation. The trial court ordered Mike Stuckey's claims to arbitration but refused to compel arbitration as to Donna, finding no convincing evidence that she executed the arbitration agreements and finding that she was not a third-party beneficiary of the cattle-business loans. The Court of Appeals reversed and remanded, holding that Donna was bound as a third-party beneficiary and was equitably estopped from avoiding arbitration. The Supreme Court granted certiorari, reversed the Court of Appeals, and reinstated and affirmed the trial court's judgment.

DISPOSITION

reversed

REMAND INSTRUCTIONS

The Court of Appeals' judgment was reversed, and the Covington County Circuit Court's judgment refusing to compel Donna Stuckey to arbitrate was reinstated and affirmed.

CASES CITED

- United Credit Corp. v. Hubbard, 905 So. 2d 1176, 1177 (Miss. 2004)
- UHS-Qualicare, Inc. v. Gulf Coast Community Hospital, Inc., 525 So. 2d 746, 753-54 (Miss. 1987)
- Qualcomm v. American Wireless Group, 980 So. 2d 261, 269 (Miss. 2007)
- Adams v. Greenpoint Credit, LLC, 943 So. 2d 703, 708 (Miss. 2006)
- Terminix International, Inc. v. Rice, 904 So. 2d 1051, 1058 (Miss. 2004)
- Washington Mutual Financial Group, LLC v. Bailey, 364 F.3d 260, 268 (5th Cir. 2004)
- Cost Bros., Inc. v. Travelers Indemnity Co., 760 F.2d 58, 59 n.1 (3d Cir. 1985)
- Pickett v. Boutwell, 240 Miss. 18, 22, 125 So. 2d 822, 823 (Miss. 1961)

INSTRUCTIONS FOR AN AI ASSISTANT