

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW MEXICO

ADT, LLC v. Michael Sanchez

No. 1:25-cv-00143-JHR-SCY · No. No. 1:25-cv-00143-JHR-SCY · Decided March 17, 2026

SUMMARY

The United States District Court for the District of New Mexico denied ADT, LLC's petition to compel arbitration of Michael Sanchez's claims arising from alleged misconduct by an ADT-affiliated sales representative. Applying New Mexico law, the court held that the arbitration agreement was invalid because the service contract gave ADT an unfettered right to modify its terms, making the consideration illusory. The court deemed Sanchez's motion to invalidate moot and remanded the claims to state court.

CASE DETAILS

COURT	United States District Court for the District of New Mexico
WRITING FOR THE COURT	Jerry H. Ritter
JURISDICTION	United States District Court for the District of New Mexico
DECIDED	March 17, 2026
DOCKET	No. 1:25-cv-00143-JHR-SCY
DISPOSITION	remanded
PROCEDURAL POSTURE	ADT removed Sanchez's claims against it from New Mexico state court and petitioned under § 4 of the Federal Arbitration Act to compel arbitration. The district court denied the petition, found Sanchez's motion to invalidate the arbitration agreement moot, and remanded the claims to state court.
STANDARD OF REVIEW	A motion to compel arbitration proceeds similarly to a motion for summary judgment. The movant must initially establish that a valid arbitration agreement exists; if that showing is made, the burden shifts to the opposing party to demonstrate a genuine dispute of material fact regarding validity or enforceability. Factual conflicts are resolved in favor of the nonmovant, and absent a genuine dispute the court resolves the issue as a matter of law.
PRECEDENTIAL VALUE	Unknown; memorandum opinion and order from a federal district court
PARTIES	ADT, LLC v. Michael Sanchez

TOPICS

arbitration

contract formation

consideration

civil procedure

remedies

PRACTICE AREAS

arbitration

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QUESTIONS PRESENTED

1. Whether ADT established the formation and validity of an enforceable arbitration agreement under the Federal Arbitration Act and New Mexico law.
2. Whether the arbitration clause was invalid because the service contract gave ADT an unfettered right to modify the contract, making the consideration illusory.
3. Whether Sanchez's motion to invalidate the arbitration agreement became moot after the court denied ADT's petition to compel arbitration.

HOLDINGS

1. ADT failed to establish a valid and enforceable arbitration agreement because the service contract's consideration was illusory.
2. The arbitration clause was illusory and invalid because the service contract gave ADT an unfettered right to modify the contract without requiring customer approval, notice, or temporal limits tied to the assertion of a claim.
3. Sanchez's motion to invalidate the arbitration agreement was moot after the court denied ADT's petition to compel arbitration.

KEY QUOTATIONS

"Applying New Mexico law, the Court finds that the arbitration agreement is invalid because it is supported by illusory consideration." (IV)

"In short, the ADT service contract grants ADT the same unfettered right of modification found in the employment contract from Dumais, and its arbitration clause is therefore illusory and invalid." (IV)

FACTUAL BACKGROUND

Sanchez purchased an ADT security system from Safe Streets, an authorized ADT dealer, in November 2021 and signed an Alarm Services Contract containing an arbitration clause. He alleged that Safe Streets sales representative Randal Brooks repeatedly appeared at his home and, on November 22, 2021, assaulted and sexually abused him. ADT later purchased the contract from Safe Streets and relied on its arbitration clause after Sanchez sued ADT and others in New Mexico state court.

PROCEDURAL HISTORY

Sanchez filed suit in the Second Judicial District Court of New Mexico against ADT, Safe Streets USA, and Randal Brooks. ADT removed the claims against it to federal court and sought to compel arbitration based on an

arbitration clause in a service contract originally signed with Safe Streets. After briefing and additional briefing authorized by the court, the court denied arbitration because the arbitration agreement was supported by illusory consideration and remanded the matter to state court.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The Clerk was directed to remand the matter to the Second Judicial District Court, Bernalillo County, New Mexico.

CASES CITED

- Epic Sys. Corp. v. Lewis, 584 U.S. 497, 505-06 (2018)
- Citizens Bank v. Alafabco, Inc., 539 U.S. 52, 56 (2003)
- First Option of Chicago, Inc. v. Kaplan, 514 U.S. 938, 944 (1995)
- AT&T Mobility LLC v. Concepcion, AT&T Mobility LLC v. Concepcion, 563 U.S. 333, 339 (2011)
- Rent-A-Center, West, Inc. v. Jackson, 561 U.S. 63, 69, 69 n.1, 71-72 (2010)
- Coinbase, Inc. v. Suski, 602 U.S. 143, 151 (2024)
- Fedor v. United Healthcare, Inc., 976 F.3d 1100, 1106 (10th Cir. 2020)
- Granite Rock Co. v. Int'l Bhd. of Teamsters, 561 U.S. 287, 297 (2010)
- BOSC, Inc. v. Bd. of Cnty. Comm'rs, 853 F.3d 1165, 1177 (10th Cir. 2017)
- Hancock v. AT&T Co., 701 F.3d 1248, 1261 (10th Cir. 2012)
- Howard v. Ferrellgas Partners, L.P., 748 F.3d 975, 978 (10th Cir. 2014)
- THI of NM at Hobbs Ctr., LLC v. Spradlin, 532 F. App'x 813, 819 (10th Cir. 2013)
- Strausberg v. Laurel Healthcare Providers, LLC, 2013-NMSC-032, ¶ 42, 304 P.3d 409, 420
- Salazar v. Citadel Commc'ns Corp., 2004-NMSC-013, ¶ 9, 90 P.3d 466, 469
- Dumais v. Am. Golf Corp., 299 F.3d 1216, 1217, 1219-20 (10th Cir. 2002)
- Hardin v. First Cash Fin. Servs., Inc., 465 F.3d 470, 478 (10th Cir. 2006)
- Sisneros v. Citadel Broad. Co., 2006-NMCA-102, ¶ 33, 142 P.3d 34, 43
- Pennington v. Northrop Grumman Space & Mission Sys. Corps., 269 F. App'x 812, 819 (10th Cir. 2008)
- Parrish v. Valero Retail Holdings, Inc., 727 F. Supp. 2d 1266, 1277-79 (D.N.M. 2010)
- A.C. Dellovade, Inc. v. Walsh Federal/Alberici Joint Venture, No. 19-cv-00163, 2019 WL 2870110, at *3 (W.D. Okla. July 3, 2019)
- Vernon v. Quest Commc'ns Int'l, Inc., 925 F. Supp. 2d 1185, 1194 (D. Colo. 2013)
- Grosvenor v. Qwest Corp., 854 F. Supp. 2d 1021, 1033 (D. Colo. 2012)

