UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF ARKANSAS, HOT SPRINGS DIVISION

Willie Newborn v. America's Car-Mart, Inc. d/b/a Colonial Auto Finance; Experian Information Solutions, Inc.; and TransUnion, LLC

Newborn · No. 6:25-cv-6065 · Decided May 26, 2026

SUMMARY

The United States District Court for the Western District of Arkansas adopted a magistrate judge's Report and Recommendation and granted America's Car-Mart, Inc.'s motion to compel arbitration. The court held that the arbitration clause in the vehicle purchase agreement was valid, survived termination of the agreement, and encompassed the plaintiff's Fair Credit Reporting Act and Arkansas-law claims concerning credit reporting. The court stayed the entire matter pending arbitration.

CASE DETAILS

COURT	United States District Court for the Western District of Arkansas, Hot Springs Division
WRITING FOR THE COURT	John Thomas Shepherd
JURISDICTION	United States District Court for the Western District of Arkansas, Hot Springs Division
DECIDED	May 26, 2026
DOCKET	6:25-cv-6065
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff objected to a magistrate judge's Report and Recommendation recommending that defendant Car-Mart's motion to compel arbitration be granted and the action stayed. The district court conducted de novo review of the portions of the R&R challenged by sufficiently specific objections, adopted the R&R in toto, granted the motion to compel arbitration, and stayed the entire action pending arbitration between Newborn and Car-Mart.
STANDARD OF REVIEW	De novo review of the portions of the Report and Recommendation to which sufficiently specific objections were made; pro se objections were liberally construed. The party resisting arbitration bears the

	burden of showing that the arbitration provision is invalid or does not encompass the claims.
PRECEDENTIAL VALUE	unpublished district court order; persuasive authority only
PARTIES	Willie Newborn v. America's Car-Mart, Inc. d/b/a Colonial Auto Finance, Experian Information Solutions, Inc., TransUnion, LLC

TOPICS

arbitration · consumer protection · contracts · civil procedure · commercial litigation

PRACTICE AREAS

arbitration · consumer protection · civil procedure · contracts

QUESTIONS PRESENTED

1. Whether the Purchase Agreement contained a valid and enforceable arbitration agreement.
2. Whether the arbitration clause encompassed Newborn's FCRA and Arkansas-law claims concerning Car-Mart's reporting of the vehicle's return.
3. Whether the arbitration clause survived termination, rescission, or payment in full of the Purchase Agreement.
4. Whether Car-Mart timely invoked arbitration and waived arbitration by litigating in court.
5. Whether the action should be stayed pending arbitration.

HOLDINGS

1. The arbitration clause was valid and enforceable under Arkansas contract law.
2. The arbitration clause encompassed Newborn's claims against Car-Mart because they related to the vehicle transaction and expressly included claims alleging violations of state or federal law, including the FCRA and Arkansas law.
3. The arbitration clause survived termination of the Purchase Agreement and remained applicable to Newborn's claims.
4. Car-Mart did not waive its right to arbitrate and timely invoked arbitration by filing its motion on the same day as its answer, within the ninety-day period specified by the arbitration clause.
5. The FAA required the court to stay the proceedings pending arbitration, and the court stayed the entire matter pending arbitration between Newborn and Car-Mart.

KEY QUOTATIONS

> *"A court must grant a motion to compel arbitration if a valid arbitration clause exists which encompasses the dispute between the parties."* (Discussion)

> *“The party resisting arbitration bears the burden of showing either that the arbitration provision is invalid or that it does not encompass the claims at issue.”* (Discussion)

> *“This entire matter is STAYED pending the outcome of arbitration between Plaintiff and Car-Mart pursuant to the Arbitration Clause.”* (Conclusion)

FACTUAL BACKGROUND

Newborn purchased a vehicle from Car-Mart and returned it within seven days because of a mechanical problem. Under a separate Return Agreement, he surrendered his down payment in exchange for a waiver of the remaining payments. Car-Mart later reported the returned vehicle as a repossession, and Experian and TransUnion allegedly reported derogatory or late-payment information. Newborn disputed the reporting and filed FCRA and Arkansas-law claims, while Car-Mart invoked the arbitration clause in the Purchase Agreement.

PROCEDURAL HISTORY

Newborn filed a federal action asserting Fair Credit Reporting Act claims against Experian, TransUnion, and Car-Mart, along with Arkansas-law claims against Car-Mart. After being served, Car-Mart filed a motion to dismiss, an answer, and an alternative motion to compel arbitration under the vehicle Purchase Agreement. Magistrate Judge Mark E. Ford recommended granting arbitration and staying the case. The district court overruled or rejected Newborn's objections, adopted the R&R, compelled arbitration, and stayed the entire matter.

DISPOSITION

other

CASES CITED

- Thompson v. Nix, 897 F.2d 356, 358-59 (8th Cir. 1990)
- Hudson v. Gammon, 46 F.3d 785, 786 (8th Cir. 1995)
- Triplet v. Menard, Inc., 42 F.4th 868, 870 (8th Cir. 2022)
- 3M Co. v. Amtex Security, Inc., 542 F.3d 1193, 1198 (8th Cir. 2008)
- Moses H. Cone Memorial Hospital v. Mercury Construction Corp., 460 U.S. 1, 24-25 (1983)
- Foster v. Walmart, Inc., 15 F.4th 860, 862 (8th Cir. 2021)
- Donaldson Co., Inc. v. Burroughs Diesel, Inc., 581 F.3d 726, 732 (8th Cir. 2009)
- Smith v. Spizzirri, 601 U.S. 472, 478 (2024)