

PUBLIC JUSTICE E-LERT

AMERICA'S PUBLIC INTEREST LAW FIRM

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We're all accustomed to corporations requiring us to sign contracts for cell phones, credit cards, and much more. But not many consumers know that there are millions of these contracts floating around that say if the consumer has a dispute, he or she must arbitrate that claim before the National Arbitration Forum.



The main problem here is that the NAF -- an arbitration provider that was notorious for its close ties to banks and debt collectors -- no longer conducts consumer arbitrations. It hasn't since 2009.

Late last week, as we urged, the New Mexico Supreme Court rejected a title lender's attempt to force one of its customers into arbitration rather than take her case to court. Since the NAF wasn't available, the lender asked the court to appoint a different arbitrator, but the court wouldn't hear of it.

We represented Kim Rivera, a New Mexico woman who had put her truck up as collateral for a loan from American General Financial Services, Inc. After her truck was destroyed in an accident, Rivera was no longer liable for the debt, but American General kept trying to collect: it notified credit reporting bureaus that Rivera was delinquent and hired a law firm to recover the debt.

As a result, Ms. Rivera's credit was shot, and without reliable transportation -- or the ability to get another loan for a new vehicle -- she ended up losing her job.

Ms. Rivera sued the lender for breaching its contract. American General then tried to force her into arbitration, requesting that a substitute arbitrator be appointed.

But the court rightly saw through American General's attempt to avoid the plain language of its own contract, which required arbitration before the NAF or not at all. The court also rejected as unconscionable American General's attempt to reserve its own right to go to court to repossess while requiring consumers like Ms. Rivera to arbitrate their claims.

Ms. Rivera deserves her day in court, and now she will get it.

To read the New Mexico Supreme Court's decision in *Rivera v. American General Financial Services*, [click here](#).

In addition to Public Justice Brayton-Thornton Attorney Melanie Hirsch, who argued the case, and Senior Attorney Paul Bland, Ms. Rivera was represented by Bruce Thompson, of Martinez, Hart & Thompson, P.C., in Albuquerque, and Robert Treinen, of the Treinen Law Office, also in Albuquerque. The New Mexico Trial Lawyers Association submitted an *amicus* brief on our behalf. Thanks and congratulations to all.

Thanks and congratulations to you, too. This important consumer rights decision would not have been possible without your support.

Arthur Bryant
Executive Director

