**Note:** The company mentioned herein is merely a hypothetical organization with characteristics developed to enable students to respond to the assignment. You may create and / or make all necessary assumptions needed for the completion of this assignment if those assumptions are consistent with the facts presented. **Do not make assumptions which obviate the need to conduct a legal analysis of the issues.**

**Scenario**

Earlier this year, Paul Mason and his wife Chardonnay Mason went to Rivertown and Gregory Ford, Dodge and Chryslers LLC. to purchase a new car. Last time the Masons bought a car was in 1990 when they bought their current car, a 1991 Plymouth Voyager van. The Mason’s daughter, Rosé recently gave birth to the Masons’ first grandchild and the proud grandparents were excited to be taking a road trip from Macon, Georgia to Freehold, New Jersey, to see the new addition to the Mason family. They knew that the old Plymouth had seen better days and that it might not make the 2,000 plus mile round-trip. The Masons were leaving for New Jersey in the morning, so they needed a new car and fast. When the Masons met with the salesperson at R&G, they explicitly stated that they were on a fixed income and could afford no more than $400 per month in the form of a car note. They were, however, willing to trade in their old van toward the purchase of the new car.

Hector Dosales, one of R&G’s most aggressive salespersons, convinced the Masons to buy a new Chrysler 200. By the time the Masons were ready to buy, it was after 9:00 p.m. and the dealership was soon closing. To speed things along, Hector had the Masons sign blank form contracts that he would fill out the next day. Among the blank contracts that the Mason’s signed were a “Retail Installment Sales Contract”, a “Retail Buyer's Order”, and an “Odometer Disclosure Form”. When Paul Mason asked about the terms of the deal, Hector said not to worry about it. He would structure things so that the payments would be under their $400 limit. When Paul asked how much he was getting for his trade-in, Hector said, “Don’t worry about it. I’ll make sure you get a fair price.” While the various forms were being signed, Chardonnay, who has a weak bladder, excused herself and in the confusion neglected to sign the Retail Buyer’s Order.

The next day when Hector was filling out the sales documents, he was having difficulty getting the car payments under the $400 per month limit he had promised. While reviewing the forms, he noticed that the Odometer Disclosure Form indicated that the Masons’ van had only 58,528 miles on it. Due to the exceptionally low mileage on the vehicle, Hector was able to substantially raise the trade-in value, thereby reducing the car payments to just under $400 per month. The Odometer Disclosure Form had, in fact, been completed by Mary Jane, one of the clerks working at the dealership.

After Hector had completed the sales documents and while the Masons were on their road trip, Hector attempted to place the sales documents with a third-party finance company. Because of the Masons’ low monthly income and poor credit history, no one was willing to purchase the contract. In the meantime, the Masons’ van was sent to auction. A Carfax report quickly indicated that the correct mileage on the vehicle was 154,000 miles not 54,528 miles. In fact, service records from R&G’s service department, where the Masons regularly brought the car for maintenance, clearly indicated that the car had over 100,000 miles on it. Because of the high mileage, the Van sold for $800 at auction, despite the $2,800 Hector had indicated as a trade value.

When the Masons returned home, they were contacted by the service department of R&G and asked to bring in their new car for a complimentary service and detailing. When the Masons arrived, they surrendered the keys to the new Chrysler and were subsequently asked into a meeting with Hector and Felicia Fees, head of the finance department at R&G. Felicia informed the Masons that they did not qualify for financing the new car and that unless they had the cash to buy it, they would have to return the car. Of course, the Masons did not have the money to buy the car and told Felicia that they could just keep the car and they would take their old car back. Felicia informed the Mason’s that their van had already been sold at auction. Moreover, the Masons would be responsible for the usage of the new car at the standard lease mileage rates of .45c per mile. Since they drove the car 2,500 miles, they owed the dealership $1,125. Subtracting the $800 R&G received for the Masons’ van at auction, Felicia demanded payment from the Masons of $325. Needless to say, the Masons refused.

The Masons have filed suit against R&G in Magistrate Court in Macon, Georgia, to recover the value of their van which they claimed to be the $2,800 Hector listed in the sales documents. (Magistrate Courts are low level courts that handle, among other things, small claims matters.) R&G has moved to dismiss the case and compel the Masons to arbitrate any claims they might have in accordance with the Arbitration clause contained in the Retail Buyer’s Order, which reads as follows:

“Buyer and Dealer agree that all claims, demands, disputes and controversies of every kind or nature that may arise between them concerning any of the negotiations leading to the sale of the vehicle, the terms and provisions of the sale, the performance or condition of the vehicle, or any other aspects of the vehicle and its sale shall be settled by binding arbitration. ... Without limiting the generality of the foregoing, it is the intention of the Buyer and the Dealer to resolve by binding arbitration all disputes between them concerning the vehicle, its sale and its condition, including disputes concerning the terms and conditions of the sale, the condition of the vehicle, any damage to the vehicle, the terms and meaning of any of the documents signed or given in connection with the sale, any representations, promises or omissions made in connection with negotiations for or sale of the vehicle, or any terms, conditions or representations made in connection with the financing, credit life insurance, disability insurance, and vehicle service contract purchased or obtained in connection with the vehicle.”

The Retail Buyer's Order also contained the following provisions:

“If the purchase of the vehicle is being financed, Buyer understands that the sale is contingent upon obtaining approval of the financing by the financing agency. In the event that the vehicle has been delivered to Buyer but financing approval is not obtained, Buyer agrees to immediately return the vehicle to the Dealer.”

**Claims**

You are the Magistrate Judge in Macon County Georgia and have to decide this case. The Masons make the following claims in the complaint:

1. There never was a contract in this case since the contract documents were not completed at the time they were signed. Since they did not contain the essential elements of a contract, no contract was formed.
2. Since there was no contract, sale of the van was the tort of conversion and they are entitled to the value of the van which the defendant’s own statements value at $2,800.

The defendant answered the complaint and moved to dismiss and to compel arbitration. The answer made the following statements:

1. There was a contract because the actions of the parties indicated intent to make a contract.
2. The Masons signed an arbitration agreement, and under the law are required to bring their claims before an arbitrator and not the courts.
3. The Masons have been unjustly enriched by the use of the new Chrysler and must pay the reasonable value of that use.
4. The Masons committed fraud by signing a false Odometer Disclosure Form. Because of their fraud, the Masons are estopped from recovering anything on the value of the van.