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SUPREME COURT OF ALABAMA

OCTOBER TERM, 2022-2023

1210295

Valerio's Auto Sales, Inc.

v.

Audriana Flowers

**Appeal from Montgomery Circuit Court
(CV-20-441)**

MITCHELL, Justice.

Audriana Flowers sued Valerio's Auto Sales, Inc., in the Montgomery Circuit Court, claiming that Valerio's wrongfully attempted

to repossess a vehicle it had sold her. Citing an arbitration provision in the contract Flowers signed at the time of purchase, Valerio's moved the trial court to stay the proceedings and to compel arbitration. The trial court denied the motion. Valerio's appeals. We reverse and remand.

Facts and Procedural History

Flowers purchased a 2013 Chevrolet Traverse from Valerio's, financing the purchase over 40 months. The sale and financing contract authorized Valerio's to "repossess the vehicle" if Flowers failed "to pay any installment when due." The contract also contained an arbitration provision stating that "[a]ny Dispute shall ... be resolved by binding arbitration and not in court." The arbitration provision further defined a "Dispute" as "any contract, tort, statutory, or other claim or dispute between you and Seller arising out of or relating to your credit application, this contract, or any resulting transaction or relationship," and it specifically stated that "Dispute" included "any disagreement over the interpretation and scope of this clause, or the arbitrability of the Dispute."

About a month after the purchase, Flowers's vehicle began having transmission problems. Valerio's agreed to replace the transmission and

1210295

took possession of the vehicle, but it was unable to obtain a replacement transmission for over two months. Flowers alleges that when she asked about a loaner vehicle she was told that Valerio's could not provide one but that she could forgo making her monthly payments until her vehicle was repaired. Flowers then retook possession of her repaired vehicle.

The following month, Valerio's retained a company to repossess Flowers's vehicle because of a missed payment. When the company's agents went to Flowers's address to get the vehicle, there was an altercation with Flowers and her family. Flowers ultimately left with the vehicle before it could be taken.

The next day, Flowers went to Valerio's office to complain. She says that Valerio's did not offer a valid reason for the attempted repossession but that she ended up making a payment because she needed her vehicle. Sometime later, Flowers was arrested on robbery charges stemming from the altercation with the individuals who had attempted to repossess her vehicle.

Flowers filed a pro se complaint against Valerio's based on its attempt to repossess the vehicle. Valerio's did not immediately retain counsel and file a formal answer but, instead, submitted an unsigned

letter to the court explaining its version of events.¹ After neither party appeared for a virtual scheduling hearing, the trial court set the matter for a bench trial.² When the case was called on the trial date, only Flowers appeared. Accordingly, the trial court took testimony from her and then entered a default judgment against Valerio's for \$100,000.

Four days later, Valerio's -- now represented by counsel -- moved the trial court to set aside the default judgment. The trial court granted that motion and scheduled another bench trial. Six weeks before the rescheduled trial date, Valerio's moved the court to stay the proceedings and to compel arbitration in accordance with the arbitration provision in the parties' contract. The trial court denied Valerio's motion that same day without stating a rationale. After the trial court likewise denied its motion to reconsider, Valerio's appealed the denial of its motion to compel arbitration to this Court.

¹Of course, "the general rule is that a corporation can appear in court only through an attorney; it cannot appear pro se." A-OK Constr. Co. v. Castle Constr. Co., 594 So. 2d 53, 54 (Ala. 1992).

²Both Flowers and Valerio's later submitted letters to the court indicating that they had appeared in person for the hearing, not knowing it had been rescheduled as a virtual hearing.

Standard of Review

A trial court's order denying a motion to compel arbitration "is appealable as a matter of right." Rule 4(d), Ala. R. App. P. We review such orders de novo to determine, first, whether the appealing party submitted evidence to the trial court proving both the existence of a contract calling for arbitration and, second, that the contract evidences a transaction affecting interstate commerce. Oaks v. Parkerson Constr., LLC, 303 So. 3d 1141, 1144 (Ala. 2020). If those requirements are met, we then consider any arguments and evidence submitted by the party opposing arbitration that would indicate that the arbitration provision in question is not valid or does not apply to the current dispute. Id.

Analysis

In support of its motion to compel arbitration, Valerio's submitted to the trial court a copy of the contract Flowers signed when she purchased her vehicle; that contract contained the arbitration provision described above. Valerio's further noted in its motion this Court's caselaw indicating that the sale of a used vehicle is in every instance a transaction affecting interstate commerce. See, e.g., Edwards v. Costner, 979 So. 2d 757, 762 (Ala. 2007) ("It is unquestionable that the sale of an

automobile, either new or used, 'use[s] the channels of interstate commerce,' 'involve[s] ... things in interstate commerce,' and 'involve[s] general activities having a substantial effect on interstate commerce.'" (quoting McKay Bldg. Co. v. Juliano, 949 So. 2d 882, 885 (Ala. 2006)); Dan Wachtel Ford, Lincoln, Mercury, Inc. v. Modas, 891 So. 2d 287, 292 (Ala. 2004) ("This Court has previously recognized that the purchase of a used automobile from an automobile dealer was a transaction that involved interstate commerce."). Thus, Valerio's met its initial burden of showing that it was entitled to an order granting its motion to compel arbitration.³

The trial court denied Valerio's motion to compel arbitration the same day it was filed and denied Valerio's motion to reconsider that ruling the day after that motion was filed. Under these circumstances,

³Valerio's did not submit an affidavit authenticating the contract containing the arbitration provision, but neither did Flowers move to strike the contract on that basis. "Because we have no record of [the party opposing arbitration] objecting to the admissibility of the ... contract [containing the arbitration provision], we must consider it to be part of the record evidence." Bugs "R" Us, LLC v. McCants, 223 So. 3d 913, 918 (Ala. 2016). Cf. Oaks, 303 So. 3d at 1148 (reversing an order compelling arbitration when the opposing party had properly moved the trial court to strike the unauthenticated contract containing an arbitration provision).

it is not surprising that Flowers -- who at the time was represented by counsel -- never submitted any argument or evidence to the trial court opposing arbitration. The trial court did not state its rationale for denying the motion to compel arbitration, and Flowers, who is now proceeding pro se, has not filed a brief with our Court. The sum result is that we have nothing before us challenging the arbitration provision Valerio's has invoked. While we may affirm a trial court's ruling for any reason that satisfies the requirements of due process, regardless of which arguments were made to either the trial court or this Court, see CitiFinancial Corp. v. Peoples, 973 So. 2d 332, 340 (Ala. 2007), we can discern no basis for affirming the trial court's judgment here, and we are not obligated to search the record and caselaw in an attempt to find one.⁴ Cf. Blevins v. Hillwood Off. Ctr. Owners' Ass'n, 51 So. 3d 317, 322 (Ala. 2010) (explaining that "just because the Court is duty bound to notice the

⁴We note that Valerio's has argued in its brief that the record would not support a finding that it had waived its right to arbitration. We agree. There is no argument or evidence before us indicating that Flowers has been substantially prejudiced by Valerio's decision to invoke the arbitration provision when it did, and this Court has previously indicated its unwillingness to find waiver in the absence of any evidence of prejudice. Hoover Gen. Contractors-Homewood, Inc. v. Key, 201 So. 3d 550, 555 (Ala. 2016).

absence of subject-matter jurisdiction, it does not follow that it is so bound to construct theories and search the record for facts to support the existence of jurisdiction for plaintiffs who choose to stand mute in the face of a serious jurisdictional challenge" (emphasis omitted)). Valerio's motion to compel arbitration, therefore, should have been granted.

Conclusion

After Flowers sued Valerio's claiming it had wrongfully attempted to repossess her vehicle, Valerio's moved to compel arbitration based on an arbitration provision in the contract Flowers signed when she purchased the vehicle. The trial court denied that motion but, for the reasons explained above, erred in doing so. The judgment is therefore reversed and the case remanded for the trial court to enter an order staying the court proceedings and compelling arbitration in accordance with the terms of the parties' contract.

REVERSED AND REMANDED.

Parker, C.J., and Shaw, Bryan, and Mendheim, JJ., concur.