

Court Finds Contract and Arbitration Clause Unenforceable Due to Fraud in the Inception

The Ninth Circuit, in an unpublished opinion, has found that a contract, and therefore an arbitration clause within it, was unenforceable due to fraud in the inception, despite the fact that both parties had ample opportunity to review the contract in its entirety, reports **Reinsurance Focus**, a publication of **Carlton Fields Jordan Burt, P.A.**

“This result was required, the court found, because, assuming the allegations of the complaint to be true, the plaintiff did not know that by signing the contract it was agreeing to be a victim of defendants’ scheme,” writes **Jason Brost**.

The court cited a California Court of Appeals decision for the proposition that it was enough that defendants, as the party drafting the contract, drafted the contract “‘in such a way as to not apprise’ the other party of its intentions.”

Read the article.