



Case Law Summaries

Riehl v. Toll Brothers, III, L.P.

A-2383-05T3 (N.J. Super. App. Div. 2006) (Unpublished)

OPINION DATE: MAY 17, 2006 [BUSINESS LAW](#) [E-MAIL](#)

CONSUMER FRAUD; ARBITRATION—There is no public policy that precludes arbitration of consumer fraud claims and the subject agreement need not specifically refer to consumer fraud claims to be applicable to such claims.

Buyers signed a contract with a developer for the purchase of a single family home in a new residential development. The buyers sued the developer for misrepresentations with respect to the size, location, and character of the property they agreed to purchase. They alleged that the lot was smaller than represented, and that the developer told them there would be open space behind their lot but an access road was being built there instead. They sued for fraud, misrepresentation, breach of contract, and for violations of the Consumer Fraud Act. The developer made a motion to dismiss the complaint and to enforce the arbitration clause in the contract. The arbitration clause was broadly written to encompass all disputes of any nature, whether related to on-site or off-site conditions, and all types of claims, including of breach of contract, breach of warranties, and statutory causes of action. The lower court denied the developer's motion to enforce the arbitration provision, narrowly construing the arbitration clause as intended to cover post-closing construction issues. It also found that the arbitration clause was not intended to cover consumer fraud claims and that arbitration was not an appropriate forum for resolving consumer fraud claims.

The Appellate Division reversed, finding that there is no public policy that precludes the arbitration of consumer fraud claims and that the enforcement of an arbitration clause with respect to consumer fraud claims depends on the content and clarity of the arbitration provision. The Court also noted that, contrary to the lower court's determination that the contract did not intend for the arbitration of matters unrelated to construction defects, the contract clearly provided for the arbitration for disputes arising from the contract and the communications between the parties. Even though the contract did not specifically mention the Consumer Fraud Act, the arbitration provision provided for arbitration of all statutory causes of action, which was broad enough to include the Consumer Fraud Act. The Court also found that the arbitration clause provided for arbitration of "on-site and off-site conditions," which was broad enough to include claims related to the access road built behind the lot.

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