

Ignorance Is No Excuse – (Contract Interpretation)

When a stockbrokerage firm entered into a relationship with a new customer, the customer was asked to sign certain standard form documents for opening a cash management account. Among other things, those documents contained an agreement that any dispute between the parties arising out of their business dealings would be subject to arbitration. When the relationship went south, the customer brought suit against the stockbrokerage firm. In response, the stockbrokerage firm sought to stay (or hold in abeyance) the civil court case and compel the parties to proceed to arbitration.

During a hearing before the trial court on whether the case should be stayed pending arbitration, the customer acknowledged that she signed the documents in question, but claimed that she did not read them because she could not read English. In addition, the customer alleged that even though an employee of the stockbrokerage firm knew she could not read English, that employee did not read or explain the documents to her. Accepting the customer's position, the trial court refused to send the case to arbitration. The stockbrokerage firm appealed, and the appellate court reversed.

Citing an established Florida Supreme Court case, the appellate court stated the law as follows:

No party to a written contract in this State can defend against its enforcement on the sole ground that he signed it without reading it.... Unless one can show facts and circumstances to demonstrate that he was prevented from reading the contract, or that he was induced by statements of the other party to refrain from reading the contract, it is binding.

Essentially, this is the rule in the absence of coercion, duress, fraud in the inducement, or some other independent ground that would justify rescission of the contract. Since a person who signs an agreement is "presumed" to know its contents, it is the responsibility of a person who cannot read and understand an agreement themselves to have the agreement "read and explained" to them by a "reliable person" before signing it. Failure to have the agreement read and explained ahead of time constitutes gross negligence, and ignorance as to what an agreement does or does not say is simply no excuse.

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