

**THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
ASHEVILLE DIVISION
CIVIL CASE NO. 1:25-cv-00296-MR-WCM**

ELEAZAR MONTGOMERY,)	
)	
Plaintiff,)	
)	
vs.)	<u>ORDER</u>
)	
GOODLEAP, LLC, et al.,)	
)	
Defendants.)	
<hr/>)	

THIS MATTER is before the Court on Defendant GoodLeap’s Motion to Compel Arbitration and Stay Case [Doc. 20].

On August 29, 2025, the Plaintiff initiated this action against Defendant GoodLeap, LLC,¹ alleging violations of the Fair Credit Reporting Act (“FCRA”), 15 U.S.C. § 1681 et seq., and the North Carolina Debt Collection Act (“NCDCA”), N.C. Gen. Stat. § 75-50 et seq., based on a loan from GoodLeap that was executed in the Plaintiff’s name on June 13, 2020. [Doc. 1]. The loan agreement contains an arbitration provision that requires “[a]ll

¹ The Plaintiff named three other defendants in his Complaint: Experian Information Solutions, Inc.; Equifax Information Services, LLC; and TransUnion, LLC. [Doc. 1]. However, all three have settled the Plaintiff’s claims against them, and the Plaintiff has filed dismissals with prejudice as to his claims against them. [Docs. 1, 16, 17, 19, 24, 25]. As a result, GoodLeap, LLC is the only defendant remaining in this matter.

claims and disputes arising out of or relating to th[e] Agreement . . . [to] be resolved by binding arbitration.” [Doc. 21-1 at 7]. Additionally, the arbitration provision provides that “[t]he arbitrator shall also decide any issues relating to the making, validity, enforcement or scope of this arbitration agreement, arbitrability, defenses to arbitrability including unconscionability, or the validity of the jury trial, class action, or representative action waivers.” [Id.]. In light of that agreement, the Defendant moved to compel arbitration in this case on November 26, 2025. [Doc. 20].

The Plaintiff, however, declares that he was illiterate and under the abusive control of his mother at the time the loan agreement was executed, that he never signed the loan agreement, and that he did not know that the loan agreement was executed in his name until 2024. [Doc. 22-1 at ¶¶ 3-10, 14; Doc 28-2 at ¶¶ 3-5]; see also [Doc. 1 at ¶¶ 31-56]. The Plaintiff further declares that he never authorized anyone to act on his behalf regarding the loan agreement and that he had no access to the bank account from which payments were made on the loan for the almost four years between the execution of the loan and his discovery of the loan’s existence. [Doc. 22-1 at ¶ 15-29]; see also [Doc. 1 at ¶ 37]. Accordingly, the Plaintiff contends that he cannot be compelled to arbitrate because he never agreed to the loan agreement or the arbitration provision in the first place. [Docs. 22, 29].

The Fourth Circuit recently affirmed that “the threshold issue of contract formation is for the district court, not the arbitrator.” Johnson v. Cont'l Fin. Co., LLC, 131 F.4th 169, 175 (4th Cir. 2025). Therefore, “[a] challenge to a contract's formation necessarily puts the ‘making’ of any arbitration provision within that contract at issue,” and “[i]t would defy the plain text of the [Federal Arbitration Act] to enforce an arbitration clause without first determining that the contract in which it is contained was properly formed.” Id.

Moreover, the party seeking to compel arbitration under the FAA has the burden of establishing the existence of a valid agreement to arbitrate. Minnieland Priv. Day Sch., Inc. v. Applied Underwriters Captive Risk Assurance Co., Inc., 867 F.3d 449, 456 (4th Cir. 2017). When “determining whether parties agreed to arbitrate a given dispute, ‘the district court must employ the summary judgment standard as a gatekeeper.’” Austin v. Experian Info. Sols., Inc., 148 F.4th 194, 202 (4th Cir. 2025) (quoting Rowland v. Sandy Morris Fin. & Est. Plan. Servs., LLC, 993 F.3d 253, 258 (4th Cir. 2021)). “In other words, to obtain a jury trial, the parties must show genuine issues of material fact regarding the existence of an agreement to arbitrate.” Chorley Enters., Inc. v. Dickey's Barbecue Restaurants, Inc., 807 F.3d 553, 563 (4th Cir. 2015). It is, after all, “well-settled that a ‘party cannot

be required to submit to arbitration any dispute which he has not agreed to so submit.” Id. at 563 (quoting Levin v. Alms & Assocs., Inc., 634 F.3d 260, 266 (4th Cir.2011)).

Here, the Plaintiff has challenged the formation of the loan agreement between himself and the Defendant on grounds that he never signed, authorized, or ratified the loan agreement, and that he did not know that the agreement was executed in his name until almost four years after its execution. The Defendant contends that the Plaintiff admitted, during a telephone call with an employee for the Defendant, that he signed the loan agreement. [Doc. 21 at 11]; see also [Doc. 21-4 at ¶¶ 9-12]. The Plaintiff, however, has offered a sworn declaration to clarify his unsworn and seemingly inconsistent prior statement during that call.² [Doc. 28-2]. According to the Plaintiff’s declaration, when the Plaintiff told the Defendant’s employee that the Plaintiff’s mother told him “to come sign some papers” and that the Plaintiff “wrote [his] name just as it is,” [Doc. 26-2 at 4], the Plaintiff was referring to a time when his mother made him sign papers “with pen and

² The Defendant contends that the call recording should take priority over the Plaintiff’s statements, and that the Plaintiff cannot create a genuine issue of material fact by offering allegations and a declaration that contradict the call recording. [Doc. 26 at 2-3]. That argument, however, is premised on a mistake. The Plaintiff has offered statements to *clarify*, not to *contradict*, the meaning of the statements the Plaintiff made during the call. Moreover, even if the Plaintiff’s prior statement were inconsistent, the Defendant has cited no authority for the proposition that the Court must defer to statements on a call recording that were not made under oath when those statements conflict with a sworn declaration.

ink”—papers that he now believes were “a deed to the house,” [Doc. 28-2 at ¶¶ 3, 5]; see also [Doc. 29-1 at 11, 15]. The loan agreement, by contrast, was signed electronically, and the Plaintiff informed the Defendant’s employee during the telephone call that the email address associated with that electronic signature belonged to his mother. [Doc. 26-2 at 4]. Further, according to the Plaintiff’s declaration, the Plaintiff did not sign “any papers” or “anything” at all regarding the loan agreement. [Doc. 28-2 at ¶¶ 3, 5]; see also [Doc. 22-1 at ¶¶ 20-24].

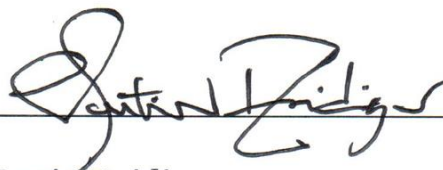
The Court concludes that the Plaintiff’s challenge to the formation of the loan agreement raises genuine issues of material fact regarding the existence of an agreement to arbitrate between the Plaintiff and the Defendant. Therefore, the Defendant has not carried its burden to establish the existence of a valid agreement to arbitrate. Accordingly, the Court will deny the Defendant’s motion to compel arbitration.

ORDER

IT IS, THEREFORE, ORDERED that Defendant GoodLeap’s Motion to Compel Arbitration and Stay Case [Doc. 20] is hereby **DENIED**.

Signed: March 23, 2026

IT IS SO ORDERED.



Martin Reidinger
Chief United States District Judge

