

BOISE, WEDNESDAY, APRIL 14, 2021 AT 10:00 A.M.

IN THE SUPREME COURT OF THE STATE OF IDAHO

| | | |
|------------------------------------------|---|-------------------------|
| OFF-SPEC SOLUTIONS, LLC, |) | |
| |) | |
| Claimant-Cross Respondent, |) | |
| |) | |
| and |) | |
| |) | |
| DANIEL R. SALVADOR, and |) | |
| CHRISTOPHER A. SALVADOR, |) | |
| |) | |
| Respondents-Cross Claimants- |) | |
| Respondents on Appeal, |) | Docket No. 47940 |
| |) | |
| v. |) | |
| |) | |
| TRANSPORTATION INVESTORS, LLC, |) | |
| THE CENTRAL VALLEY FUND II, L.P., |) | |
| and THE CENTRAL VALLEY FUND III, |) | |
| L.P., |) | |
| |) | |
| Cross Respondents- |) | |
| Appellants on Appeal. |) | |
| _____ |) | |

Appeal from the District Court of the Third Judicial District of the State of Idaho, Canyon County. Gene A. Petty, District Judge.

Andersen & Schwartzman, PLLC, Boise, and Weintraub Tobin Chediak Coleman Grodin Law Corporation, Sacramento, California, for appellants.

Hawley Troxell Ennis & Hawley, LLP, Boise, for respondents.

This appeal addresses whether a forum selection clause is enforceable under California law if enforcement would contravene a strong public policy of the forum where suit is brought. Daniel Salvador and Christopher Salvador sold 51 percent of their ownership interest in Off-Spec Solutions, LLC to Transportation Investors, LLC. The transaction included two agreements between the Salvadors and Transportation Investors: the Membership Interest Purchase Agreement and the Amended and Restated Limited Liability Company Agreement. Additionally, Off-Spec Solutions entered into separate employment agreements with Daniel Salvador and

Christopher Salvador. All the agreements designate the State of California as the forum and the County of Sacramento as the venue for arbitration proceedings. The purchase agreement and LLC agreement provide for the application of California law, but the employment agreements call for the application of Idaho law.

After disputes arose between the parties, Off-Spec Solutions filed an application with the district court to compel the Salvadors to arbitrate claims relating to the employment agreements in Idaho instead of California. In response, the Salvadors filed a cross-application with the district court seeking to have all claims between the Salvadors, Off-Spec Solutions, and Transportation Investors and its affiliates arbitrated together in Idaho. Transportation Investors and its affiliates—The Central Valley Fund II, L.P. and The Central Valley Fund III, L.P.—filed a motion with the district court to dismiss the Salvadors’ cross-application or, in the alternative, to compel the Salvadors to arbitrate claims concerning the purchase agreement and LLC agreement in California. The district court held that claims concerning the employment agreements must be arbitrated in Idaho utilizing Idaho law. Further, the district court held that claims pertaining to the purchase agreement and LLC agreement must be arbitrated in Idaho utilizing California law. Transportation Investors and its affiliates contend the district court erred when it held that claims involving the purchase agreement and LLC agreement must be arbitrated in Idaho. Thus, they timely appealed this aspect of the district court’s decision to the Idaho Supreme Court.