

DecisionLayer.AI ARBITRATION

Valencia Industrial Supply, Inc.,	<u>CASE NO.</u>
Claimant,	<u>01a12d25-349a-777b-</u>
	<u>a293-33d0bfd06606</u>

-against-

Monterrey Fleet Solutions, LLC,

Respondent.

ARBITRATION DECISION

PARTIES: The parties to this arbitration are Valencia Industrial Supply, Inc. ("Plaintiff" or "Valencia"), a California corporation, and Monterrey Fleet Solutions, LLC ("Respondent" or "Monterrey"), a Nevada limited liability company.

BACKGROUND & JURISDICTION: This arbitration arises from a dispute between Plaintiff Valencia Industrial Supply, Inc. ("Valencia") and Respondent Monterrey Fleet Solutions, LLC ("Monterrey") concerning the final balance due on Invoice VP-INV-260210, dated February 10, 2026 (C-5). The invoice relates to a purchase order for industrial maintenance parts and services (C-2). The original invoice amount was \$29,500.00. Monterrey made a partial payment of \$8,000.00 (C-6), and Valencia issued a credit of \$1,500.00 (C-7), leaving a disputed balance of \$20,000.00. The parties' dispute concerns four specific issues: (1) the applicable product pricing; (2) a claimed shortage of four oil filters; (3) a \$500.00 charge for expedited delivery/handling; and (4) an \$1,875.00 charge for inventory-management services.

The parties' relationship is governed by a Supply & Services Agreement effective January 15, 2026 ("the Agreement"). Section 14 of the Agreement contains a broad arbitration clause requiring that any controversy or claim arising out of or

relating to the Agreement be settled by binding arbitration administered by DecisionLayer under its rules (Governing Contract, §14). This clause provides the basis for the Arbitrator's jurisdiction over this dispute. The Agreement specifies that it is governed by the internal laws of the State of New York and that the Federal Arbitration Act governs the arbitration provision (Governing Contract, §§14, 15.1).

SUMMARY OF ARGUMENTS: Plaintiff's Argument: Valencia argues that it is owed the remaining \$20,000.00 balance on Invoice VP-INV-260210. Valencia contends that the product prices are governed by the Purchase Order it accepted in writing, which supersedes any prior communications. Regarding the four missing oil filters, Valencia argues that the discrepancy is not dispositive and that the \$1,500.00 credit it issued should be considered as part of the overall reconciliation. Valencia asserts the \$500.00 expedited delivery charge is proper because Monterrey requested time-sensitive delivery, which Valencia provided. Finally, Valencia argues the \$1,875.00 inventory-management service charge is valid because the service was authorized in the accepted PO and work was performed (2).

Respondent's Argument: Monterrey disputes the \$20,000.00 balance. Monterrey argues that the product pricing should be based on Valencia's pre-PO communication, which quoted lower prices. Monterrey acknowledges a four-filter discrepancy and asks the arbitrator to determine if the \$1,500.00 credit already issued covers the shortage. Monterrey disputes the \$500.00 delivery charge, arguing it never provided the required written authorization for that specific amount. Monterrey also seeks a reduction of the \$1,875.00 service charge because the contemporaneous records show the service was not fully completed (3).

Plaintiff's Rebuttal: Valencia reiterates that the accepted Purchase Order is the binding agreement on price, per the terms of the Supply & Services Agreement. Valencia restates that the \$1,500 credit was issued to address the quantity discrepancy and that no additional credit is automatically due. Valencia argues that the full context of Monterrey's delivery request and the subsequent priority handling provides a sufficient basis for the \$500.00 charge. Valencia also maintains that because the inventory-management service was authorized and

substantially performed, any adjustment should be minimal and not a complete removal of the charge (4).

Respondent's Rebuttal: Monterrey maintains its position on all four disputed items. It argues the pre-PO pricing is relevant to the parties' understanding. It restates that Valencia has not proven where the four-filter loss occurred. Monterrey emphasizes that Valencia failed to follow the agreed process of providing the expedited delivery charge for review and approval before shipment, making the charge unauthorized. Finally, Monterrey agrees that some service work was done but argues that the final charge must reflect the actual work completed, which the records show was partial (5).

FINDINGS OF FACT: 1. The parties entered into a Supply & Services Agreement effective January 15, 2026 (1). 2. On January 30, 2026, Valencia provided Monterrey with a pricing communication for the products at issue (9). On January 31, 2026, Monterrey responded that its team was working from those figures (10). 3. On February 2, 2026, Monterrey submitted Purchase Order MFS-PO-260201 ("the PO"), which listed different, higher unit prices for the products than those in the January 30 communication. The PO total was \$29,000.00, which included a \$1,875.00 charge for an "Inventory-management service" (6, 11). 4. On February 3, 2026, Valencia accepted the PO in writing, confirming it would process the order based on "the quantities, unit prices, [and] inventory-management service line" stated in the PO (7, 12). 5. On February 5, 2026, Monterrey requested "priority handling" for the delivery and asked Valencia to "identify the amount and basis" for any additional charge "before shipment so our procurement team can review it" (18). Valencia responded that it could arrange priority handling and that if a separate charge resulted, it would "send the amount and basis for review before the shipment" left its facility (19). The record contains no subsequent communication where Valencia provided a specific charge for review or where Monterrey approved a specific charge (20). 6. On February 8, 2026, Valencia shipped the products. Its packing record indicates that 100 Fleet Oil Filter Assemblies were packed for shipment (15). 7. On February 9, 2026, Monterrey received the shipment. Its receiving records consistently show that 96 of the 100 Fleet Oil Filter Assemblies were received, a shortage of four units (13, 14). 8. Valencia's service report and Monterrey's service log both indicate that the inventory-management service was partially, but not fully, completed. Specifically,

the "pre-receipt inventory setup" was completed, but "receiving reconciliation support" was partially completed and the final "cycle-count / variance review" was in progress or incomplete (21, 22). 9. On February 10, 2026, Valencia issued Invoice VP-INV-260210 for \$29,500.00. This amount was based on the prices in the accepted PO but also included a new \$500.00 line item for an "Expedited delivery / handling charge" (8). 10. Monterrey timely disputed the invoice, raising concerns about the quantity shortage, the expedited delivery charge, and the inventory-management service charge (3). 11. On February 24, 2026, Monterrey made a partial payment of \$8,000.00 (23). 12. On March 5, 2026, Valencia issued Credit Memo VP-CM-260305 for \$1,500.00. The stated reason was "Account adjustment relating to quantity discrepancy and related billing review" (16). Valencia's internal accounting record confirms the credit was a "Customer account adjustment relating to the February quantity discrepancy and related billing review" and was not allocated to the delivery or service charges (17). 13. After the payment and credit, the remaining balance on the invoice is \$20,000.00, which is the amount Valencia seeks in this arbitration (2).

FINDINGS OF LAW: 1. **Product Pricing** The prices stated in the accepted Purchase Order MFS-PO-260201 are controlling. Section 3.2 of the Agreement states, "the unit prices stated in an accepted Purchase Order will apply to the Products covered by that Purchase Order." Section 15.2, the "Entire Agreement" clause, provides that the Agreement and its accepted Purchase Orders supersede prior or contemporaneous agreements and understandings (1). Although the parties exchanged pricing communications on January 30-31 (9, 10), Monterrey subsequently issued, and Valencia accepted, the February 2 PO containing higher prices (6, 7). This accepted PO constitutes the final, binding agreement on the product prices for this specific transaction under the terms of the Agreement (1). Therefore, no adjustment for product pricing is warranted.

1. **\$500 Expedited Delivery/Handling Charge:** This charge is not payable by Monterrey. Section 3.5 of the Agreement states that Valencia may not charge for amounts "that are not authorized by this Agreement, an accepted Purchase Order, or a subsequent written agreement between the parties" (1). The charge was not on the accepted PO (6). While Monterrey requested priority handling, it expressly conditioned its approval of any related charge on Valencia identifying the "amount and basis before shipment" for review

(18). Valencia agreed to this condition but failed to provide the \$500 amount for review before shipment (19). There was no subsequent written agreement authorizing this specific charge. Accordingly, the \$500.00 charge must be deducted from the balance (1).

2. **Four-Filter Quantity Discrepancy:** No additional credit for the four missing filters is warranted. The parties' records establish a discrepancy between the 100 units packed by Valencia (15) and the 96 units received by Monterrey (13, 14). Section 5.4 of the Agreement requires an appropriate credit for missing products (1). In response to Monterrey's dispute, Valencia issued a general credit of \$1,500 for "Account adjustment relating to quantity discrepancy and related billing review" (16, 17). While the credit memo does not specifically itemize the four filters (valued at \$168.00), its stated purpose directly addresses the quantity discrepancy raised by Monterrey. It is a reasonable inference under Arbitration Rule 1 that this substantial credit was intended to resolve the noted shortage (2, 3). No further adjustment for the filters is required.
3. **\$1,875 Inventory-Management Service Charge:** A partial reduction of this charge is warranted. The service was properly authorized in the accepted PO (6), making the charge permissible under Section 6.2 of the Agreement (1). However, both parties' service records show the work was not fully completed (21, 22). Section 6.5 provides that in a service dispute, the parties shall use service records to determine if the charge was authorized and the service was performed (1). The records show that one of three tasks was complete, one was partially complete, and the final one was incomplete. A reduction is appropriate to reflect the incomplete portion of the service. A reduction of one-third of the fee, or \$625.00, is a reasonable adjustment based on the evidence provided. Valencia is entitled to payment for the portion of the services it performed. The charge is therefore reduced by \$625.00.
4. **Final Calculation:** The starting disputed balance is \$20,000.00. A deduction of \$500.00 for the unauthorized delivery charge and a deduction of \$625.00 for the incomplete inventory-management service are required. $\$20,000.00 - \$500.00 - \$625.00 = \$18,875.00$. Valencia is entitled to recover the remaining balance of \$18,875.00, plus interest as provided by the Agreement (1).

AWARD: For the reasons set forth herein, I find in favor of Plaintiff Valencia Industrial Supply, Inc. in the amount of \$18,875.00.

Respondent, Monterrey Fleet Solutions, LLC, is ordered to pay Plaintiff, Valencia Industrial Supply, Inc., the principal sum of \$18,875.00.

In addition, pursuant to Section 8.5 of the Supply & Services Agreement, interest shall accrue on the awarded amount at a rate of 1% per month, beginning on March 12, 2026, the date the amount became overdue, until the award is paid in full.

This award is in full and final settlement of all claims submitted to this Arbitration. All claims not expressly granted herein are hereby denied.

CITATIONS: 1. Governing Contract, Supply & Services Agreement, Effective Date January 15, 2026. 2. Plaintiff Argument. 3. Respondent Argument. 4. Plaintiff Rebuttal. 5. Respondent Rebuttal. 6. Exhibit C-2, Purchase Order MFS-PO-260201. 7. Exhibit C-3, Order Confirmation VC-260201. 8. Exhibit C-5, VantoroPay Invoice VP-INV-260210. 9. Exhibit R-7, Valencia Pre-PO Pricing Communication. 10. Exhibit R-8, Monterrey Pre-PO Pricing Response. 11. Exhibit R-9, PO Transmission Email. 12. Exhibit R-10, Valencia PO Acceptance Email. 13. Exhibit C-4, Delivery / Receiving Records MFS-PO-260201. 14. Exhibit R-1, Monterrey Receiving Discrepancy Log. 15. Exhibit R-15, Valencia Packing Verification Sheet. 16. Exhibit C-7, Credit Memo VP-CM-260305. 17. Exhibit C-16, Valencia Credit Allocation Record. 18. Exhibit R-11, Monterrey Delivery Timing Request Email. 19. Exhibit R-12, Valencia Delivery Timing Response. 20. Exhibit R-4, Delivery Charge Authorization Record. 21. Exhibit C-15, Valencia Inventory Management Service Report. 22. Exhibit R-2, Inventory Management Service Log. 23. Exhibit C-6, VantoroPay Payment Record VTP-PMT-260224.

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