



Supplementary Procedures for Consumer-Related Disputes Questions and Answers

Q. What is arbitration?

A. Arbitration is a process, not unlike court (but much less formal), where an independent neutral person hears evidence and issues a decision, known as an "award". This award is generally final and binding on the parties in the case.

Q. What is the American Arbitration Association and what role does it play?

A. The American Arbitration Association (AAA) is a not-for-profit, public service organization committed to the resolution of disputes through the use of arbitration, mediation and other voluntary procedures. In 2002, more than 230,000 cases were filed with the Association in a range of areas including finance, construction, labor and employment, insurance and technology. The AAA has 36 offices in the United States and Europe.

As an administrative agency, the AAA processes a case from filing to closing, appointing arbitrators, setting hearings, transmitting documents and scheduling conference calls. The goal is to keep cases moving in a fair and impartial process until completion.

Q. What kinds of disputes are covered by these supplementary procedures?

A. The AAA applies the Supplementary Procedures for Consumer-Related Disputes to arbitration clauses in agreements between individual consumers and businesses where the business has a standardized, systematic application of arbitration clauses with customers and where the terms and conditions of the purchase of standardized, consumable goods or services are non-negotiable or primarily non-negotiable in most or all of its terms, conditions, features, or choices. The product or service must be for personal or household use. The AAA will have the discretion to apply or not to apply the Supplementary Procedures and the parties will be able to bring any disputes concerning the application or non-application to the attention of the arbitrator. Consumers are not prohibited from seeking relief in a small claims court for disputes or claims within the scope of its jurisdiction, even in consumer arbitration cases filed by the business.

Q. Who are the arbitrators?

A. Arbitrators are the independent third parties who hear the evidence and decide the outcomes of cases. They are independent contractors and not employees of the AAA. Arbitrators (often referred to as neutrals) are carefully selected for their expertise and trained extensively by the AAA. In consumer cases, the AAA will appoint an arbitrator who is an attorney, unless the parties agree otherwise for example, on a case in which there are many financial records, the parties may agree to use an arbitrator who is an accountant instead of an attorney.

Q. If the contract says I have to arbitrate my dispute, does that mean I can't go to court?

A. The AAA's Consumer Due Process Protocol gives either the consumer or the company the option of going to small claims court if the amount of money they are seeking falls within the limits set for small claims courts in the state in which they live or operate.

Q. Do I have to hire an attorney?

A. Either party may be represented by an attorney. However, there is no requirement that you have an attorney to participate in an arbitration.

Q. Where can I find further information about arbitration?

A. You can review other arbitration information on the AAA's Web site.



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Q. Why has the AAA developed the Supplementary Procedures for Consumer-Related Disputes?

A. The AAA developed the Supplementary Procedures for Consumer-Related Disputes to provide a low-cost, streamlined process to resolve disputes between consumers and businesses whose contracts contain a standardized arbitration clause where those terms and conditions are non-negotiable or primarily non-negotiable in most or all of its terms, conditions, features, choices. The Supplementary Procedures are also intended to reinforce the principles of the Consumer Due Process Protocol.

Q. What is the Consumer Due Process Protocol?

A. The Consumer Due Process Protocol (Protocol) is a statement of principles and standards aimed at promoting fair procedures that protect consumers in arbitrations. The protocol was developed to address a wide range of consumer transactions - those involving the purchase or lease of goods or services for personal, family or household use. A complete copy of the Protocol can be found on the AAA's Web site.

Q. What if I am having problems with the business? Will the AAA help me before I file for arbitration?

A. No. The AAA is a neutral administrative agency and cannot act on behalf of either the consumer or the business, or become involved in a dispute before the filing of a case. If you are attempting to resolve a problem with a business, you should contact that business directly or seek the assistance of a consumer advocacy group.

Q. Where can I file my claim?

A. Our administrative services are available through the Association's Case Management Centers in Atlanta, Dallas, Fresno and East Providence. Address information can be found on the AAA's Web site at www.adr.org. In-person hearings, if any are needed, can be held at any location convenient to the parties.

Q. How do I file my claim?

A. To begin the process, either the consumer or the business can use the Demand for Arbitration form found on the AAA's Web site. Send the completed form, along with a copy of the arbitration provision in your contract, and the appropriate filing fees and/or deposits to any AAA office. The AAA will notify the other party, advising them that the AAA has received a consumer case under these supplementary procedures.

Q. Can a business file for arbitration against a consumer?

A. Yes. Either the business or the consumer can start an arbitration proceeding.

Q. Who pays the arbitration costs?

A. Under the supplementary procedures, if the consumer's claim for actual damages does not exceed \$10,000, the consumer's cost is set at \$125. If the consumer's claim is between \$10,000 and \$75,000, the consumer's cost is set at \$375. The business is responsible for all other arbitration costs in these cases.

If the consumer's claim for actual damages exceeds \$75,000, then the consumer is responsible for costs as set forth in the Commercial Dispute Resolution Procedures Fee Schedule.

A full explanation of the costs can be found at the end of the Supplementary Procedures for Consumer-Related Disputes and in the Commercial Arbitration Rules and Mediation Procedures.



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Q. What if I, as a consumer, can't afford to pay the fees?

A. A consumer can apply for a waiver or deferral of administrative fees. Under appropriate circumstances, the AAA can also appoint an arbitrator who will serve at no cost. Additional information about the AAA's waiver or deferral process can be found in "Administrative Fee Waivers and Pro Bono Arbitration Services" on the AAA's Web site.

Q. Can I have a hearing?

A. Many consumer disputes can be resolved simply through the review of documents. However, either party may request a hearing. This request should be made no later than ten days after the AAA has initiated the case. You can request either a telephone hearing or an in-person hearing. In-person hearings are administered under the Expedited Procedures of the Commercial Arbitration Rules and Mediation Procedures.

Q. What if a party refuses to participate?

A. If a party refuses to participate after being properly notified of the arbitration proceeding, the arbitrator can make a decision based on the participating party's evidence.

Q. Is Mediation available?

A. Mediation is available to assist parties in resolving their disputes. If the parties want to use mediation, they may do so under the Association's Commercial Mediation Rules.

In mediation, an impartial person (the mediator) helps the parties to try and settle their dispute by reaching an agreement together. A mediator does not arbitrate or decide the outcome.