



Ethics Standards for Neutral Arbitrators in Contractual Arbitration in California

Fact Sheet

This fact sheet has been developed to provide information concerning the actions taken by the American Arbitration Association (“AAA”) to comply with the California Ethics Standards for Neutral Arbitrators in Contractual Arbitration (“Standards”) and provide the required disclosures regarding consumer arbitrations. The AAA may amend this fact sheet periodically to update any changes to the AAA’s procedures pursuant to these Standards or other changes implemented by the AAA. The AAA’s Web site will contain the current fact sheet.

The information provided in this fact sheet, and any disclosures made prior to or during an arbitration are pursuant to California Civil Code Section 1281.85. Parties participating in AAA administered consumer arbitration dispute resolution services provide party information contained within the actual disclosures. The AAA has compiled the available information from parties. That information has not been reviewed, investigated, or evaluated for accuracy or completeness of the information received. The AAA makes no representations regarding the accuracy or completeness of this information.

The information provided in this document and any disclosures made pursuant to the Standards is on an "as is" basis without warranty of any kind, express or implied. To the fullest extent permissible, pursuant to applicable law, the AAA disclaims all warranties, express or implied, including, but not limited to, any implied warranties of merchantability or fitness for a particular purpose. You assume the entire risk related to your use of this information. In no event will the AAA be liable to you or any other person for any damages resulting from the use or misuse of the information provided, or any acts, omissions, and/or errors in the gathering, compiling and dissemination of this information.

1. General Information Concerning the AAA’s Gathering of Information for Disclosures in Consumer Arbitrations

- a. The AAA has made a reasonable effort to accurately comply with the reporting and disclosure requirements of the Standards as they relate to consumer arbitrations administered by the AAA. In gathering, compiling and reporting the information for a given arbitration, the AAA has relied upon the information provided by the parties to that arbitration. Any attempt to gather and compile information for a particular disclosure will be limited to a search based on the information provided by the parties to that particular arbitration.
- b. Regarding disclosures on lawyers for the parties, the AAA will rely solely on the information under “Name of Representative” contained in the original Demand for Arbitration unless advised otherwise by the parties prior to the AAA’s gathering and compiling of information for possible disclosures. It is the responsibility of the parties to provide the AAA with additional information concerning any other relevant representatives if they wish the AAA to include in its gathering and compiling of information other representative information for possible disclosures. Under AAA rules, a party may be represented by an attorney or a non-attorney and therefore our disclosures will include both attorney and non-attorney representatives.
- c. Any attempt to gather and compile information concerning a specific company or organization is limited to the name of that particular company or organization as designated in the Demand Form, and will not include any parent organizations or subsidiaries of that company or organization. Specifically, the AAA will rely on the “Party” information contained in the original Demand for Arbitration unless advised otherwise by the parties prior to the AAA’s gathering and compiling of possible disclosures. It is the responsibility of the parties to provide the AAA with information concerning any other relevant companies and organizations that they wish the AAA to include in its search for possible disclosures.



d. By naming the AAA in an arbitration agreement, parties agree to arbitrate under the rules of the AAA. When participating in an AAA administered arbitration in accordance with the AAA's rules, the parties are expected to act in accordance with those rules. Any party who proceeds with the arbitration after knowledge that any provisions or requirement of the rules has not been complied with, and who fails to state objections thereto in writing, shall be deemed to have waived the right to object (see, for example, Rule 37 of the Commercial Dispute Resolution Procedures and Rule 36 of the National Rules for the Resolution of Employment Disputes).

2. Relationship between provider organization and arbitrator

The AAA administers cases. It does not determine the merits of a case: arbitrators decide cases. AAA staff members do not hear evidence, do not write awards, and do not review the reasoning of awards. AAA awards are only reviewed to ensure proper format.

Arbitrators and mediators at the AAA are independent contractors. Arbitrators that serve on the AAA panel are bound by the Code of Ethics for Arbitrators in Commercial Disputes. Mediators are bound by the Model Standards of Conduct for Mediators.

When an arbitrator or mediator is selected from a list of potential neutrals, (s)he is required to disclose the existence of interests or relationships that are likely to affect her/his impartiality or that might reasonably create an appearance that (s)he is biased against one party or favorable to another.

There is judicial oversight for arbitrator impartiality, as arbitrator bias is one of the grounds for vacating an award.

The AAA charges a \$450 annual panel maintenance fee to Arbitrators to reimburse for the cost of maintaining and updating all Arbitrators' resumes. Not all Arbitrators pay this fee. Only those Arbitrators that serve on a case pay this fee, which is deducted from arbitrator compensation. Arbitrators must also pay for each of the training classes they are required to attend. The arbitrator training requirements are listed below.

3. AAA Process and Criteria for Recruiting, Screening and Training of Neutrals

Recruiting and Screening: The AAA is the nation's leading provider of alternative dispute resolution services. Openings on our National Roster of Neutrals are extremely limited, based primarily on caseload needs and user preferences. Consequently, even candidates with strong credentials may not be added to our roster.

Applicants for membership on the AAA National Roster of Arbitrators and Mediators must meet or exceed seven stringent requirements. Please visit the Arbitrators & Mediators page of our Web site at www.adr.org to view these requirements, and for more information on our panel of neutrals.

Training: All commercial, construction and employment arbitrators on our National Roster are required to complete the following training requirements to be considered for service:

a. *Arbitration Fundamentals & Best Practices for New AAA Arbitrators* – this includes: i) Pre-Workshop Home Study (online); ii) In Person New Arbitrator Training (two days); and (iii) Post-Workshop Supplemental Reference Materials (online) and the successful completion of the online course *AAA Arbitration Awards: Safeguarding, Deciding & Writing Awards*.



b. Arbitrator Continuing Education (“ACE”) – beginning the calendar year following the completion of new arbitrator training, all commercial, construction and employment arbitrators must complete 2.5 hours of ADR-related continuing education each year.

4. AAA Process for Identifying, Recommending, and Selecting Potential Neutrals for Consumer Arbitration Cases

For claims that exceed \$75,000: The AAA encourages the parties to a dispute to provide their preference on the qualifications for arbitrators on specific cases, to assist in the identifying of potential neutrals. Using this information, the case manager will review our National Roster of Neutrals in the areas of expertise, locale and compensation ranges. Once a pool of candidates is identified, the AAA reviews the list to remove arbitrators with obvious conflicts to the parties or law firms to the dispute. In accordance with the Rules, the AAA sends simultaneously to each party to the dispute an identical list of names of persons recommended from the panel. It is the parties who select the neutral for a specific case. Parties are encouraged to agree on a neutral.

The specific procedures used to create a list for a particular case may vary depending on the type of case filed and the Rules under which that case is being administered. The AAA will also comply with the terms of any court order received regarding the arbitrator selection process, and unless the applicable administrative procedures state otherwise or the parties agree otherwise, the AAA will comply with any express contractual provisions.

Where appropriate and in accordance with AAA rules and procedures, the AAA will make direct appointments of neutral arbitrators without the submission of a list to the parties.

For claims that are \$75,000 or less: If no claim in the arbitration exceeds \$75,000, the AAA will appoint an arbitrator and notify the parties of the name and qualifications of the arbitrator. The AAA will appoint an arbitrator who is an attorney, unless the parties agree otherwise. After the appointment of the arbitrator, the parties may submit to the AAA any objections to that arbitrator’s service.

5. AAA’s Process in Ruling on Requests for Disqualification of Neutrals

In accordance with the applicable rules, upon objection of a party to the continued service of a neutral arbitrator, the AAA is empowered to determine, at its sole discretion, whether the arbitrator should be disqualified, which decision shall be conclusive. The AAA requests both parties’ input before making a decision on removal or confirmation.

The AAA will consider the requirements of any applicable statute or other controlling authority with regard to the disqualification of neutral arbitrators.