

OVERVIEW

THE PROBLEM

Equipment LLC terminated its contract with Installation Inc.

AAA SOLUTION

- Special Arbitration Provisions
- Close and Continuous Management by the AAA and the Panel
- Draft of Detailed Award Issued

RESULTS

The AAA Panel issued its final and binding award in an expeditious and cost-effective manner.

Project Delay Leads to Terminated Contract, Complex Claims and Counter-Claims *Resolved through Arbitration*

PROBLEM

Equipment LLC terminated its contract with Installation Inc. and sought costs of up to five million dollars after Installation Inc. stated that its new completion date for its contracted work was three months late and the two parties could not agree on newly extended terms. Installation Inc. counter-sued.

AAA® SOLUTION

Special Arbitration Provisions:

The parties moved to arbitration, designing an agreement that addressed in detail the arbitrable claims, AAA Rules, location of the hearing, arbitrator appointment process, location of the arbitrators, discovery parameters, limits on the number of depositions and the length of each deposition, and third party claims.

Close and Continuous Management by the AAA and the Panel:

The AAA arranged a Preliminary Hearing conference call, which led to an approved Case Management Plan with a clear timeline. The Plan structured a fast, efficient process specific to the parties and the case. This helped ensure that the areas that typically lengthen the process and create additional expenses in the Court system were managed properly. The Plan included:

- limits were set on discovery and document production
- the parties would submit a jointly prepared set of exhibits
- direct testimony would be pre-filed as written
- notarized witness statements
- no court reporter would be used
- oral argument in lieu of post-hearing briefs

The AAA and the arbitrators used a series of status calls to manage progress for the pre-hearing process, created an "issues summary" document that identified Project Chronology, Procedural Chronology, Lists of Factual Issues, and other areas.

Five consecutive days of hearings were held. Simultaneous expert testimony was utilized to streamline hearings. Using a chess-clock system, the arbitrators managed the time allotted each party to ensure they stayed on schedule.

Draft of Detailed Award Issued:

The week after hearings were held the panel of three arbitrators issued a draft of the award. The parties then had an opportunity to submit a document responding to any perceived errors in the draft award—a rare component of arbitration that the parties designed together due to the complexity and multi-layered nature of their dispute.



RESULTS

After receiving the responses from the parties, the Panel issued its final and binding award.

Because the panelists were chosen for their expertise in the field, their award recognized the intricate complexities of the case. The neutrals were careful to sort through the range of claims, rather than decide one lump sum as a judge or jury might do. The panelists made numerous decisions that considered price adjustments such as change-orders, payment to other contractors to complete the job, credits to claimants, and many others.



THE DECISION	COSTS
Equipment LLC was awarded \$3.3 million	Administrative fees: \$25,250
Installation Inc. was awarded \$284,000	Fees/expenses of Panelists: \$148,000
	Attorneys' fees awarded to Claimant: \$390,000

The AAA and its arbitrators are experienced in fashioning comprehensive arbitration management for complex case projects. In this case, the parties were able to agree on controls and efficiencies and then rely on the arbitrators and the AAA to make sure everyone played by the rules—and the arbitrators came up with additional reassuring measures to keep things on track, such as the issues summary, status calls, the chess clock and circulating the draft award document first, to make sure it covered everything the parties expected to be covered in the final award.



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