



New Jersey Division of
**Consumer
Affairs**

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ALTERNATIVE

DISPUTE

RESOLUTION

What is ADR?

Alternative Dispute Resolution (ADR) is a method of resolving problems without using the formal court system. Successful use of ADR renders unnecessary costly and often lengthy legal battles.

The need for ADR has become so apparent that the New Jersey Supreme Court requires parties in certain court proceedings to submit to court-sponsored mediation before being allowed to appear before a judge. The term ADR is broadly defined and includes various types of dispute resolution. Our ADR unit uses the two most common forms: mediation and arbitration.

History

The New Jersey Division of Consumer Affairs established the Alternative Dispute Resolution Unit in 1992.

Starting with 12 volunteer mediators, the unit currently utilizes approximately 30 volunteers, mediates about 2,000 cases a year and saves consumers nearly \$500,000 annually. Many participants in our ADR program have said that they found the process to be “very good” or “excellent.”

The scope of the unit was further expanded when it began resolving disputes through arbitration.

What are Mediation and Arbitration?

Mediation is an informal, voluntary process in which a neutral third party assists those in conflict to reach a resolution which is acceptable to both parties. The mediator is not the decision maker, but helps disputing parties resolve conflicts by exploring all of the options and managing the negotiation process.

While mediation is completely voluntary, should the parties reach an agreement, that agreement is binding and enforceable in court, as is any other contract. If the parties do not reach a mutually acceptable agreement, they are free to pursue legal action.

Arbitration is a voluntary legal process which takes place outside of the courts. In arbitration, a neutral third party acts as a final decision maker. Unlike mediation, the decision made by the arbitrator is legally binding and generally cannot be appealed. The arbitrator does not have to be a lawyer nor do the parties have to bring lawyers to the hearing. Those involved get the opportunity to present their cases to the arbitrator in their own words, without a structured, formal hearing.

When matters are arbitrated, parties are required, prior to arbitration, to sign an agreement to arbitrate. Should either party fail to live up to the arbitrator's decision, the other party may go to the court of appropriate jurisdiction to have the award enforced.

Who Serves as Mediators or Arbitrators?

Mediators and arbitrators are volunteers drawn from all walks of life. They are required to complete a three-day training seminar. The use of volunteers provides a significant financial savings to the State, while providing top quality service to ADR's clients.

Confidentiality

Prior to the mediation session, the mediator will explain the confidential nature of the process to all of the parties involved. All discussions and documents disclosed during a mediation session will remain confidential and neither the documents nor the mediator may be subpoenaed.

The arbitration process is also confidential and not open to the public.

What are the advantages of using ADR?

- ▶ Matters are dealt with promptly and disputes are generally settled faster.
- ▶ Participants may be able to avoid time-consuming and expensive litigation.
- ▶ The services of trained volunteer mediators and arbitrators are free.

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