



American Arbitration Association
Dispute Resolution Services Worldwide

NEWS RELEASE
For Immediate Release

Contact:

Wayne Kessler, Vice President, Corporate Communications
American Arbitration Association
(212) 716-3975
kesslerw@adr.org

**The American Arbitration Association® Calls For
Reform of Debt Collection Arbitration**

Largest Arbitration Services Provider Will Decline to Administer Consumer Debt
Arbitrations until Fairness Standards are Established

New York, NY– (July 23, 2009) – The American Arbitration Association (AAA), the world's largest conflict management and dispute resolution services organization, today recommended in a House subcommittee hearing that the process surrounding consumer debt collection arbitration needs major reform and recommended a national policy committee to identify and research solutions. AAA said it will not administer any consumer debt collection programs until those solutions are determined.

AAA senior vice president Richard Naimark told the Domestic Policy Subcommittee of the House Oversight and Government Reform Committee that the AAA “has not administered significant numbers of debt collection arbitrations relative to some other organizations,” and has not handled any since June after it concluded a single high-volume program. However, he said that AAA had independently reviewed areas of the process and concluded that it had some weaknesses. As a result of that review, it is evident to the AAA that “a series of important fairness and due process concerns must be addressed and resolved before we will proceed with the administration of any consumer debt collection programs.” According to Mr. Naimark, areas needing attention from the national policy committee include consumer notification, arbitrator neutrality, pleading and evidentiary standards, respondents’ defenses and counterclaims, and arbitrator training and recruitment.

“AAA has been working with the Domestic Policy Subcommittee to review potential improvements in consumer debt collection arbitration procedures for some time. We believe that arbitration can play a major role in consumer debt collection disputes. A national policy committee dedicated to meaningful reform can enhance an array of due process elements so that there is deeper fairness and transparency. Consumers deserve an alternative to litigation, but they also need to be able to trust that option. Our goal will be to achieve that trust,” Mr. Naimark said after the hearing.

“We have been studying this issue for some time. We made our decision to impose a moratorium on administering consumer debt arbitration independently and not at the behest of any outside entity as has been claimed. We commend the Domestic Policy Subcommittee for its initiatives to protect consumers in debt collection cases, and we will continue to work with it willingly and enthusiastically,” Mr. Naimark said.

About the American Arbitration Association

The global leader in conflict management since 1926, the American Arbitration Association is a not-for-profit, public service organization committed to the resolution of disputes through the use of arbitration, mediation, conciliation, negotiation, democratic elections and other voluntary procedures. In 2008, 138,447 cases were filed with the Association in a full range of matters including commercial, construction, labor, employment, insurance, international and claims program disputes. Through 30 offices in the United States, Ireland, Mexico, and Singapore, the AAA provides a forum for the hearing of disputes, rules and procedures and a roster of impartial experts to resolve cases. Find more information online at www.adr.org.

###