

# Alternative Dispute Resolution

consumer *brief*

## WHAT IS ADR?

Alternative Dispute Resolution (ADR) is an efficient method of resolving problems without use of the court system. Successful use of ADR avoids the need for often costly and time-consuming litigation. The need for ADR has become so clear that even the New Jersey Supreme Court requires parties in certain legal proceedings to submit to court-ordered mediation before being allowed to appear before a judge.

The term “ADR” is broadly defined and includes various types of dispute resolution techniques. The ADR Unit of the New Jersey Division of Consumer Affairs (Division) uses the two most common forms: mediation and arbitration.

## HISTORY

Faced with an ever-growing caseload within its Office of Consumer Protection, the Division established its ADR Unit in 1992. It serves as an independent, impartial, non-advocacy agency within the Division.

Most of the participants in our ADR program have said that they found the process to be “very good” or “excellent.”

Because of its success, the ADR Unit’s role was expanded to incorporate many professional licensing boards including the State Board of Medical Examiners, the New Jersey State Board of Cosmetology and Hairstyling and the New Jersey State Board of Architects.

The unit was further expanded in 1999 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 all parties. The mediator is not the decision-maker, but helps the disputing parties resolve conflicts by exploring all of the options and managing the negotiation process.

While mediation is a completely voluntary process, should the parties reach a written agreement, the agreement is binding and enforceable in court, as is any other contract. If the parties do not reach a mutually acceptable agreement, the parties are free to pursue legal action. Under certain circumstances, the Division may refer a matter to an investigative unit for further review.

**Arbitration** is a voluntary legal process which takes place outside of the courts. In arbitration, a neutral third party acts as a decision-maker. Unlike mediation, the award issued 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 receive the opportunity to present their case to the arbitrator in their own words, without an overly structured, formal hearing.

When matters are arbitrated, parties are required to sign an Arbitration Agreement. Should either party fail to live

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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. Our volunteers bring a wealth of industry experience to the ADR Unit, which benefits our ability to assist parties in reaching creative and conventional solutions for a variety of consumer complaints. All volunteers receive basic training and are evaluated for case assignment on the basis of their education, experience, and availability. The use of volunteers provides a significant financial savings to the State, while still offering top-quality service to ADR participants.

### **CONFIDENTIALITY**

Confidential information will not be revealed by mediators without the explicit permission of both parties. All discussions and documents disclosed during a mediation session will remain confidential and neither the documents nor the mediator may be subpoenaed. Only whether or not the mediation was resolved successfully will be considered as public information.

The arbitration process is also confidential and not open to the public. The award issued by the arbitrator is, however, considered a matter of public record.

### **WHAT ARE THE ADVANTAGES OF USING ADR?**

- Matters are dealt with promptly and the process often leads to longer-lasting agreements.
- Participants may be able to avoid time-consuming and expensive litigation.
- The service of trained volunteer mediators and arbitrators is free.

### **CONTACT INFORMATION**

If you would like to learn more about the ADR Unit, you may write to the:

State of New Jersey  
Office of the Attorney General  
Division of Consumer Affairs

Alternative Dispute Resolution Unit  
P. O. Box 45023, 153 Halsey Street  
Newark, New Jersey 07101

email: [adr@dca.njoag.gov](mailto:adr@dca.njoag.gov)

call: 973-504-6200 or visit:

[www.NJConsumerAffairs.gov/ocp/Pages/adr.aspx](http://www.NJConsumerAffairs.gov/ocp/Pages/adr.aspx)

If you have a question and/or complaint concerning a consumer-related issue, or would like to check the license or complaint history of any professional or business, you may contact the **New Jersey Division of Consumer Affairs** by mail, phone or online.

**Consumer Service Center**  
**124 Halsey Street**  
**P.O. Box 45025**  
**Newark, NJ 07101**

**1-973-504-6200**  
**1-800-242-5846**

**E-Mail:**  
**[AskConsumerAffairs@dca.lps.state.nj.us](mailto:AskConsumerAffairs@dca.lps.state.nj.us)**

**[NJConsumerAffairs.gov](http://NJConsumerAffairs.gov)**

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