Dispute Resolution News Update

August 2013

IN THIS NEWSLETTER:		
Cases & Resolutions	News & Initiatives	ADR Fall Seminar Info
Update on Home Foreclosures	Cases Worth Noting	

Dear Friends and Colleagues,

This edition of Dispute Resolution Update features recent mediation-related court decisions, as well as news describing dispute resolution initiatives in this country and throughout the world. The information has been summarized by Keith L. Seat, a respected mediator and Editor of the International Academy of Mediator's newsletter. This issue includes interesting cases and developments, including a federal judge stating that for statute of fraud purposes, working out settlement terms with a mediator in a court-annexed mediation is equivalent to reading the terms into the record in open court. See <u>Tsakanikas v. Nationstar Mortgage, LLC</u> (U.S.D.C. S.D. Ohio, June 20, 2013)

EARLY-BIRD REGISTRATIONS ARE NOW OPEN <u>New Horizons: Expanding Opportunities for Mediators</u> Annual CLE/CME Training Event

Friday, September 20, 2013 6.0 Hours of CLE/CME with 1.0 Hour of Ethics (pending approval)

Each fall, Associates in Dispute Resolution welcomes litigators, mediators and professionals from around the region to attend our seminar and enhance their dispute resolution techniques. The focus is placed on mastering mediation issues, learning new skills and assessing our self-awareness and methods in dealing with conflict.

This year, our annual one-day continuing legal education event will be held in our traditional conferencing facility located at 212 SW 8th Avenue, Lower Level, Topeka, Kansas. In response to past concerns we have arranged for free parking for registrants at the City of Topeka parking facility, Crosby Place, located just one block East of our facility on 8th Avenue.

We are seeking approval for six (6) hours of CLE/CME credit in Kansas and Missouri, including 1.0 hours of ethics.

MEDIATION QUOTE:

"[I]n order to resolve our conflicts we have to move towards them, which is inherently dangerous because it can cause them to escalate. [But] our conflicts are laden with information that is essential for our growth, learning, intimacy, and change, . . . they present us with multiple openings for transformation and unique opportunities to let go of old patterns."

- Kenneth Cloke, Mediating Dangerously: The Frontiers of Conflict Resolution (Jossey- Bass 2001) at 3-4

NEW HORIZONS: EXPANDING OPPORTUNITIES FOR MEDIATORS

Friday, September 20, 2013

Please join Associates in Dispute Resolution LLC for our annual CLE/CME event. The program will be held in the Lower Level Conference Room of our offices located at 212 SW 8th Avenue, Topeka, Kansas.

New this year: For your convenience, we have arranged for free parking at the Crosby Place Parking Garage in the block just East of our building on 8th Avenue. Lunch is included with your registration fees.

6.0 Hours of CME/CLE for Missouri & Kansas with 1.0 Hours of Ethics (pending approval)

<u>Please visit our web site for detailed information about the speakers and agenda or feel free to print the registration</u> <u>form provided in a link below.</u>

Seminar Topics & Presenters:

- Multi-party Mediations: Set-up, Preparation, Conduct & Follow-up
- Ethical Issues in Mediation: Problems & Practice
- International Mediation Techniques
- Employment Mediations: Working with Parties and the EEOC
- Domestic Mediation: Perspectives on Practice
- Mediating the Probate Case

Registrations are limited to 50 spaces.

REGISTRATION INFORMATION Early-Bird Registration is \$150.00 prior to September 7, 2013. Late registrations are \$175.00 after September 7, 2013.

> To Register Click Here for Registration Form

ASSOCIATES IN DISPUTE RESOLUTION, LLC

Mediation | Arbitration | System Design

www.adrmediate.com

212 SW 8th Avenue, Topeka, Kansas 66603 785-357-1800 785-357-0002 (Fax) e-mail: info@adrmediate.com



CASES & RESOLUTIONS

Federal Court in Ohio Upholds Oral Settlement Agreement; Statute of Frauds May Be Satisfied by Court- Annexed Mediation

Applying Ohio and Sixth Circuit law, a federal court in Ohio upheld an oral settlement agreement reached in mediation, even though plaintiffs changed their minds after mediation and refused to sign a written agreement. The court found that an agreement had been reached in mediation because settlement was reported to the court by the mediator and was confirmed by plaintiffs' counsel asking for more time to obtain signatures. However, plaintiffs had forgotten to ask that their credit history be cleaned up until after the mediation and refused to sign the settlement agreement when the additional term could not be added. The court concluded that mediation confidentiality did not bar enforcement of the settlement because the court did not need to know the terms of the agreement. The court also noted that even if Ohio's statute of frauds applied to oral settlement agreements related to land, in this case finalizing the settlement terms with the mediator during a Settlement Week mediation was no different than reading the terms into the record in open court, so the settlement was binding.

Tsakanikas v. Nationstar Mortgage, LLC (U.S.D.C. S.D. Ohio, June 20, 2013)

Mediation and Settlement Confidentiality Provisions Waive Free Speech Protected by Anti-SLAPP Law

A California appellate court concluded that litigation to enforce confidentiality provisions in a mediated settlement does not violate the state's anti-SLAPP law, even though the material related to a sex tape of a former Miss California USA that was of interest to the public. Defendants had moved to strike the complaint based on the anti-SLAPP statute, which is intended to prevent chilling of the constitutional rights of freedom of speech and petition in connection with a public issue, and protects statements made in judicial or other official proceedings. The court concluded that signing a confidentiality provision waives First Amendment rights and that the breach of confidentiality at issue was after the mediation and litigation had concluded, so the litigation seeking damages for breach of confidentiality could proceed.

LiMandri v. Wildman, Harrold, Allen & Dixon, LLP, Nos. B234460, B237158 (Cal. App. 2d Dist., June 6, 2013)

Other Notable & High Profile Proceedings

- Applying the standards for determining if mediation is conducted in good faith, a federal bankruptcy court held a lender in contempt and required payment of the borrowers' attorney's fees in a loss mitigation negotiation because the lender kept "moving the goalposts" by failing to provide timely information, failing to obtain a timely appraisal, failing to provide written terms following an oral modification, and failing to appear as ordered. In re Bambi, No. 11-36861 (U.S. Bankr. S.D.N.Y., May 9, 2013)
- America's Cup organizers turned to mediation to resolve differences among the four teams over how and when the regatta will proceed, as well as 37 safety and rule changes that were recommended following a fatal capsize during training in May. Two mediators - both sailing experts - conducted four days of mediation and achieved agreement on the vast majority of the safety recommendations, although issues on the racing format and start date remained unresolved, to the frustration of fans. <u>New Zealand Herald</u> (June 16, 2013); <u>TVNZ</u> (June 20, 2013); <u>Sail World</u> (June 22, 2013)



NEWS & INITIATIVES



Surface Transportation Board Adopts Rules to Increase Use of Mediation

The Surface Transportation Board (STB) favors alternatives to litigation and, after a process lasting nearly three years, adopted final rules to increase use of mediation and arbitration to resolve matters before the Board. With the changes, the Board may order parties to participate in mediation of certain disputes and simplified some of its mediation rules. The Board also launched a new "Litigation Alternatives" page on its website to provide information to stakeholders on its mediation process and rules on confidentiality. STB Decision, EP 699 (May 10, 2013); STB Website

Brooklyn Court Brings Mandatory Mediation to New York

The trial court in Brooklyn is said to be the first in the state of New York to require mediation in civil matters. While beginning with a pilot program, the court may eventually require mediation in all civil cases. Mediation will be required after discovery is complete and prior to setting a trial date. The program will rely on volunteer mediators. The new program implements the June 2012 suggestion of mandatory mediation in the Chief Judge's Task Force on Commercial Litigation in the 21st Century.

Brooklyn Daily Eagle (June 14, 2013); CPR (June 19, 2013)

Massachusetts Expands Mediation for Tax Disputes

The Massachusetts Department of Revenue has successfully completed a pilot mediation program for tax disputes, and is expanding the mediation program and making it permanent. The minimum amount in dispute is being reduced from \$1 million to only a half or quarter million. Other limits on the program remain: there is a limited window during the audit cycle for mediation and the Department must agree to mediate. Although only four cases were mediated during the pilot, three of the four settled within four months. JDSupra (June 24, 2013)

Connecticut Adopts Insurance Mediation Program for Catastrophes

Connecticut has enacted a law establishing a mediation program for insurance disputes arising from catastrophic events, such as Hurricane Sandy, in which the governor of Connecticut declares a state of emergency. This legislation follows mediation programs recently established in New York and New Jersey for victims of Hurricane Sandy. Mediation is available to consumers if the amount in dispute is

at least \$5,000; insurers are required to participate and cover the costs of mediation.

The Insurance and Reinsurance Report (June 27, 2013)

Ohio Begins Mediation Program to Resolve Property Value Disputes

The auditor of Franklin County, Ohio has begun a mediation program to streamline the complaint process over changes in property values. The Board of Revisions has a backlog of 13,000 cases in the wake of the sharp market drop, some of which are still pending from 2008. Nine mediators have been hired and the program hopes to resolve up to 4,000 cases. Twelve mediations have been held so far and all have settled. <u>NBC4i.com</u> (June 4, 2013)

Pennsylvania Finally Offers Mediation for Employment Discrimination Complaints

The Pennsylvania Human Relations Commission has launched a formal mediation program to resolve employment discrimination complaints, which virtually every other state has in place. Mediation will be offered to anyone filing an employment discrimination complaint at no cost and without the need for legal counsel. If mediation is not successful within ten days, the case will be investigated as usual. Complaints against state agencies may not be mediated under the program.

Sacramento Bee (June 17, 2013); 90.5 WESA (June 18, 2013)

Other Notable News Items

- The Massachusetts Appellate Tax Board is to begin encouraging mediation of certain corporate excise tax cases, in an effort to reduce its docket of 8,000 cases. JDSupra (June 24, 2013)
- Mediation requests are being accepted in New Jersey for Hurricane Sandy insurance disputes by the American Arbitration Association, which is administering the mediation program. About seven percent of Sandy-related claims have not yet been resolved. Flood claims are not eligible for the mediation program, but the New Jersey insurance department is discussing the possibility of mediation with the National Flood Insurance Program. Insurance Journal (May 3, 2013); NJ Com (May 1, 2013)
- The city of Northglenn, Colorado, has begun a mediation program with a goal of reducing repeat complaints from residents. The new program relies on city staff members who have been trained in mediation. <u>Our</u> <u>Northglenn News</u> (June 5, 2013)
- A new mediation service for disputes between tenants and landlords has begun in Fargo, North Dakota, and Moorhead, Minnesota. Begun by a group of area landlords and representatives of housing agencies, the free service gives priority to low-income residents. The goal is to help work out issues to avoid homelessness and help tenants avoid having an eviction on their record even if they move out. <u>The Republic (May 24, 2013)</u>; <u>The Jamestown Sun (May 20, 2013)</u>
- A Fairborn, Ohio, city councilman proposes establishing a city mediation service to resolve disputes between neighbors. <u>Fairborn Daily Herald</u> (June 2, 2013)
- A Michigan supreme court justice and county judge teamed up at a public gathering to advocate for less use of courts and more alternative dispute resolution for both civil and criminal matters. While criminal cases can be more difficult because the state also has an interest, bringing the perpetrator and victim together can

give the victim a voice and start the healing process. Battlecreek Enquirer (June 4, 2013)

• The Kansas Agricultural Mediation Service, based in Kansas State University, continues to help farmers and lenders work out solutions to challenging financial problems which have been heightened this year by drought leading to USDA disaster designations in all 105 counties in the state. <u>The Garden City Telegram</u> (June 15, 2013)

International Mediation Developments

- The European Council in late April adopted a Directive on Alternative Dispute Resolution and a Regulation on Online Dispute Resolution to provide **E.U.** consumers quick and efficient means of resolving disputes with businesses. Lexology (May 15, 2013)
- A mediation network for workplace disputes has been established by the Department for Business Innovation & Skills in the **U.K.** as part of a one year trial in Manchester and Cambridge, before deciding whether to roll it out nationwide. <u>Bdaily</u> (May 13, 2013)
- The Italian Constitutional Court declared **Italy**'s mandatory civil and commercial mediation legislation unconstitutional last October because it exceeded the scope of both the E.U. Mediation Directive (2008/52/EC) and the Italian government's authority to adopt mediation procedures by making them mandatory. International Law Office (June 13, 2013) (Registration Required)
- The Kano State Justice Sector Reform Team in **Nigeria** has established three Community Mediation Centres in the northern state of Kano, seeking to resolve disputes and unburden the courts. <u>Daily Times Nigeria</u> (June 27, 2013)
- Mediation is expanding in **Uganda** with new mandatory mediation rules that apply to all civil actions; the Chief Justice of the Uganda Supreme Court calls for training more mediators to reduce a litigation backlog. <u>New Vision</u> (June 20, 2013)
- **Rwanda**'s Kigali International Arbitration Centre is adding its first group of mediators through a commercial mediation training being conducted by the Centre for Effective Dispute Resolution (CEDR) for 24 participants. <u>All Africa</u> (June 17, 2013)
- The Rules Board of the Department of Justice of **South Africa** has put out new mediation rules for comment, which the Cape Chamber of Commerce considers a favorable development; the Chamber established an African Commercial Dispute Settlement Centre last year in anticipation of the rules. <u>Cape Business News</u> (June 5, 2013); <u>fin24</u> (May 9, 2013)
- The **Pakistan** Mediators Association has been launched in each of the four provinces of Pakistan by mediators trained by the World Bank Group's International Finance Corporation to promote mediation and restore the confidence of local and foreign investors. <u>Business Recorder</u> (June 25, 2013)
- Some 1,500 to 2,000 cases a month are being mediated in the Kerala State Mediation and Conciliation Centre in southwest India; the state has nearly 500 trained mediators. <u>The New Indian Express</u> (May 6, 2013)
- People's Mediators in **China** are grass-roots civil servants devoted to eliminating conflict and maintaining social order, with millions throughout the country and one full-time mediator per residential block of up to 2,000 households in Beijing. <u>Global Times</u> (June 28, 2013)
- Woolworths and Coles are establishing a mediation body with the **Australian** Food and Grocery Council to address issues between retailers and manufacturers. <u>Finance News Network</u> (June 17, 2013)



UPDATE ON HOME FORECLOSURE MEDIATION



Update on Home Foreclosure Mediation

- **Oregon** enacted legislation in early June to expand its mortgage foreclosure mediation law to cover judicial foreclosures as well as non-judicial foreclosures. After foreclosure mediation was required last summer in non-judicial foreclosures, most lenders shifted to judicial foreclosures in part due to a judicial decision on another issue. The new legislation exempts lenders that initiated fewer than 175 foreclosures in the prior year. The mediation program under the new law will be available to homeowners in early August. <u>The Oregonian</u> (June 4, 2013); <u>LoanSafe</u> (June 7, 2013); <u>BlueOregon</u> (May 13, 2013) <u>Senate Bill</u> 558A
- Vermont has expanded its foreclosure mediation law to cover all federal programs Fannie Mae, Freddie Mac, FHA and the VA--rather than only the Home Affordable Modification Program (HAMP). The new legislation also authorizes the Vermont Bar Association to help parties find mediators and requires periodic classes for mediators. <u>Court ADR Connection</u> (June 2013)
- **Rhode Island** foreclosure cases face additional uncertainty after the U.S. Court of Appeals for the First Circuit overturned a trial judge's decision halting foreclosures while the parties attempted to find a resolution through mediation. The appellate court, with retired U.S. Supreme Court Justice David Souter writing the decision, concluded that banks should have been given a hearing on the likelihood of success before the court effectively granted an injunction and that the amount of time and money spent on mediation should have been capped. Boston Globe/AP (June 19, 2013; <u>Providence Journal</u> (June 21, 2013).
- The city of Lynn, Massachusetts, adopted a new home foreclosure mediation ordinance in June, which requires lenders to work with homeowners to try to prevent foreclosure prior to filing a foreclosure deed. Banks are responsible for the costs of mediation and the intention is for the city not to bear any costs. The ordinance was passed by councilors overriding the veto of the mayor, who was concerned about the cost of the program. Legal challenges to the new law are expected. Daily Item (June 18, 2013); Daily Item (May 18, 2013)
- The city of Lawrence, Massachusetts, recently began requiring lenders seeking to foreclose on residential property to first go to mediation before beginning foreclosure. Lawrence patterned its law on the one in Springfield that was upheld in court. The Massachusetts state legislature recently appointed a task force to study whether foreclosure mediation should be required of lenders statewide. <u>Eagle-Tribune (May 7, 2013)</u>
- Legislation to prohibit local laws or ordinances from dealing with real estate loans, and thus eliminating
 mandatory foreclosure mediation in both St. Louis County and St. Louis, Missouri, passed the Missouri
 House and Senate and has been sent to the governor for his signature. <u>St. Louis Post-Dispatch (May 7,</u>
 2013)
- The House of Representatives in **Connecticut** unanimously passed legislation that would enhance the state's existing foreclosure mediation program, requiring mediation to be in good faith and reducing delays and paperwork. <u>Boston Globe</u> (May 24, 2013)
- The Supreme Court of **Nevada** concluded that under Nevada law the holders of both the deed of trust and the promissory note must participate in the state's Foreclosure Mediation Program. In this case, Bank of America held the note but not the deed of trust, so the court determined that the absence of the deed of trust beneficiary at the mediation required the imposition of sanctions. <u>Bergenfield v. Bank of America</u>, 129 Nev. Adv. Op. 40 (Nev. June 6, 2013).
- The **Alabama** attorney general is making awards to six recipients from the National Mortgage Settlement Funding Program, including \$500,000 to the Alabama Statewide Foreclosure Prevention Mediation Program for training mediators throughout the state in foreclosure mediation and providing about 300-500 foreclosure mediations. LoanSafe (May 24, 2013)
- Foreclosures in the **District of Columbia** have fallen dramatically, from a 10-year high of 1,349 in fiscal year 2010, when legislation was passed requiring foreclosure mediation, to 566 in FY 2011 and only 89 in FY2012, due to improving economy, national foreclosure settlements requiring lenders to work with homeowners, and foreclosure mediation. <u>Washington Informer</u> (June 12, 2013)





OTHER CASES WORTH NOTING

Neuroscience Helps Explain Why Mediation Techniques Work

While some remain skeptical, many value neuroscience to help explain why mediation techniques work and to provide insights into what may be most helpful to address challenging situations. In a brief overview of neuroscience, examples such as priming and framing show how standard mediation moves can be understood in a neuroscience framework. Daily Report (June 24, 2013)

Understanding Mediation Styles Is Important to the Field of Mediation

An analysis of mediation by the International Center for Cooperation and Conflict Resolution (ICCCR) Lab has developed a new framework for understanding effective mediation. The study concludes that there are four basic aspects of mediations and four mediation dimensions, resulting in 16 different types of mediation situations with distinct orientations and strategies by mediators. Other studies based on self-reported mediation styles and observed styles show a lack of clarity. Some believe the many variations in mediation may hamper understanding and greater acceptance by users, ranging from consumers to investor-state disputes. ICCCR/Columbia University (May 7, 2013); Court ADR Connection (June 2013); Huffington Post (May 29,2013); Kluwer Arbitration Blog (May 30, 2013)

Other Items of Interest

- As online dispute resolution becomes more common, more tools are being developed to assist mediators and other third party neutrals in providing ODR services through secure virtual space and secure case-management systems. <u>PRWeb</u> (May 29, 2013)
- Tips for successful mediations involving insurance professionals are offered by leading mediators in Houston. <u>Claims Journal (May 22, 2013)</u>
- As alternative dispute resolution continues to evolve and expand, especially in the commercial arena, regulation of the field would likely have serious negative unintended consequences. <u>Dispute Resolution</u> <u>Magazine</u> (ABA, Spring **2013**)
- With the growing sophistication of clients and in-house counsel, mediation will continue to evolve and change as parties seek less evaluation and greater effort to find solutions that are commercially savvy. <u>Lawyers Week</u>ly (June 6, 2013)
- An Oregon State University professor and mediator has been awarded a major international prize for mediation of water conflicts around the world. <u>AlbanyTribu</u>ne (June 2, 2013)
- The court-designated provider of mediation services in Oneida County, New York, for the last fifteen years has been selected to provide mediation services in Madison County. <u>Madison County Courier</u> (June 3,
- 2013)
- The website Kung Fu Mediation applies martial arts concepts to alternative dispute resolution. <u>Sacramento Bee</u> (June 21, 2013); <u>KungFuMediation.com</u>

Other Cases & Resolutions:

After resolving a contentious zoning-variance case in mediation, the three city boards involved are working to improve communication and head off future planning problems. <u>Brattleboro Reforme</u>r (June 4, 2013)

Mediation will continue between Imperial Valley and the Imperial Irrigation District in California, despite a judicial decision upholding a massive water transfer from Imperial Valley to San Diego. The ongoing mediation will try to address the environmental impacts of the decision, which may accelerate the disappearance of California's largest lake. <u>Imperial Valley Press</u> (June 5, 2013) A hospital and local coordinated care organization are moving toward mediation over a dispute that has upset state lawmakers and may interfere with Oregon's redesign of Medicaid, but there is disagreement about whether the mediation will be narrowly focused on pending litigation or expanded to include other related matters in controversy. <u>ModernHealthcareAP</u> (June 1, 2013)

A federal court has repeatedly extended legal proceedings to permit Sledge Sisters and Warner Music to continue with a promising mix of mediation and direct negotiations. <u>Sledge v.Warner Music Group Corp.</u>, No. 12-CV-0559-RS (U.S.D.C. N.D. Cal., June 19, 2013)

Mediation has been ordered in federal litigation by a public airport against the U.S. Secret Service for \$700,000 in damages to a runway from the impact of President Obama's armored convoy, including a 20-ton fire- suppression foam truck and other security vehicles. <u>Boston Herald</u> (May 22, 2013)

Three cities, the county and a community group seek mediation with Los Angeles over a plan to move an LAX runway closer to houses and businesses. <u>Press-Enterprise</u> (May 7, 2013); <u>Daily Breeze</u> (May 2, 2013)

Mediation is being sought to resolve a dispute over the \$60 million fine that Penn State agreed to pay for child abuse programs in a consent decree reached with NCAA following the Jerry Sandusky child sex abuse case. Pennsylvania enacted a statute this year requiring the money to be used on programs within Pennsylvania, which NCAA has resisted. <u>Wearecentralpa</u> (June 14, 2013); <u>PennsylvaniaReco</u>rd (June 21, 2013)

Mediation is underway among agencies with a stake in operating Pearson Air Museum, causing a U.S. Representative to delay her possible legislative solution. <u>The Columbian</u> (June 20, 2013)

The Bemidji City Council voted to approve a mediated settlement agreement with Bemidji Township, Minnesota, which also is expected to approve the agreement. <u>Bemidji Pioneer (June 10, 2013)</u>

A city and neighboring rural municipality headed to mediation to work out growth and boundary issues. <u>MetroNews</u> (June 24, 2013)

County government and school leaders are meeting again in a contentious mediation over budget funding, with millions at stake. <u>Charlotte Observer</u> (June 27, 2013)

Creditors of General Motor's old assets in bankruptcy will begin mediation with hedge funds over \$3 billion in disputed claims as ordered by a bankruptcy court. <u>BusinessWeek</u> (June 27, 2013)

The failure of a months-long mediation over a controversial plan to build an LG office building on the Palisades is blamed on interveners. <u>FortLeePatch</u> (June 14, 2013); <u>NorthJersey.com</u> (June 22, 2013)

Mediation has been ordered in litigation by basketball star Kobe Bryant seeking to prevent a New Jersey auctioneer from selling his memorabilia on behalf of his mother. <u>Bloomberg</u> (May 15, 2013)



www.adrmediate.com

Offices in Topeka and Lawrence, Kansas, and Kansas City, Missouri

Main Office--Topeka, Kansas

212 SW 8th Ave., Suite 102, Topeka, KS 66603 e-mail: <u>info@adrmediate.com</u> 785-357-1800 785-357-0002 (fax)

Kansas City, Missouri 1600 Genessee, Suite 838, Kansas City, Missouri 67102 Toll Free 866-357-2800

Dispute Resolution News Update Editor: Larry Rute, <u>larry@adrmediate.com</u> Assistant: Dawn Dawson, <u>dawn@adrmediate.com</u>

FOR A PRINTABLE VERSION OF THIS E-MAIL: Click Here



123 Street Name City, ST - 555.555.5555