

## **MED-ARB CASE**

My client was a European ocean shipping company with an almost \$1 million dollar controversy regarding Puerto Rico Ports Authority (the "Authority") demurrage charges. Given the importance of their ongoing relationship, it was clear that both parties wanted to manage the conflict, settle for a reasonable amount, and avoid litigation. However, I realized early on that the attorney and officials of the Authority would not feel comfortable settling with me given the amounts involved. We had to look for an efficient, credible, amicable, and cost-effective third-party process that would legally confirm the reasonableness of the settlement amount.

The Authority's attorney and I agreed on utilizing a well-known corporate lawyer from a major law firm as a neutral mediator to help us reach a reasonable settlement amount. However, since this process is voluntary and the mediator could not impose a figure, I convinced the Authority's attorney that if we were not able to agree within the mediation process on a settlement amount, then the mediator would continue as an arbitrator whose decision would be final and binding on both parties.

We were not able to agree on a settlement amount within the mediation process, and I still remember the attorney's statement that we would have to find an arbitrator for the decision. When I pointed out that the mediator would be the arbitrator, the attitude changed, and we quickly reached a reasonable settlement amount that the Med-Arb attorney confirmed was reasonable. One of the great advantages was that we did not have to find a new person and go over again all the legal documents and facts.

In conclusion, the Med-Arb process achieved everything both parties wanted – it was efficient, confidential, amicable, cost effective with exactly the result that was needed – a settlement acceptable to both parties with the Authority receiving the much needed third party opinion that the settlement amount was factually and legally reasonable.