

# A Revolution in Alternative Dispute Resolution

**LITIGATION:** Startup settles small claims suits online via algorithm and credit cards.

In a time when one click of the mouse can get you anything from a car to a Bali vacation, brand strategist **Rob Frankel** is betting people will click to avoid the courthouse.

The Encino consultant has jumped into the law business with **OneDayDecision.com Inc.**, which handles do-it-yourself small claims cases.



Frankel

The alternative dispute resolution website allows debtors who want to settle a dispute to give a brief description of the situation, enter a suggested settlement amount and provide the email of the other party. The website then contacts the other side, gets its proposed amount and an

algorithm calculates the average fair settlement. That number becomes the basis for negotiation.

"We live in a point-and-click world. If you can get it over without leaving the house, that's appealing," said Frankel, 57, who previously ran a marketing consultancy and authored the book "The Revenge of Brand X." He self-financed the OneDayDecision.com launch.

The site, which is open to disputes nationwide, handles cases up to about \$10,000 and charges each side \$49 or a percentage of the settlement that's larger than that amount. By contrast, it costs from \$30 to \$75 to file a small claims case in California, depending on the size of the dispute, which are limited to \$7,500. However, Frankel's site accepts credit cards, which cannot be used to settle small claims disputes in California, and the



Website: **OneDayDecisions.com**

site's settlements won't appear on a credit report.

The negotiations allow the two sides to make three rounds of counter proposals, and videos on the site coach the parties and encourage them to settle. If there's an agreement, the debtor pays with a credit card and both sides download a certificate of resolution, showing the matter has been resolved.

"When people decide they want to settle, the idea of right and wrong goes out the window. They just want it over," he said.

However, during the process, the parties can opt out and go to court, but the certificate at the end specifically states "this case has been settled and closed to the satisfaction of each (party), and that the matter may never again be litigated or pursued."

The site launched in September and plans to air its first TV commercials this week.

**Bryan Hanson**, assistant director of the Werner Institute, a negotiation program at Creighton University in Omaha, said dispute resolu-

tion websites have been around since the 1990s, but the most successful are integrated into an existing platform. For example, PayPal has a well-functioning system for resolving disputes about eBay purchases, and **Modria.com Inc.**, a San Jose-based spinoff of **eBay Inc.**, has licensed the technology to county tax assessor and corporate clients.

Among standalone websites, there are a lot of startup competitors, but developers often find it difficult to drive traffic to their sites.

"People tend to like the authority that a small claims court can provide," Hanson said.

But Frankel said he is getting business from attorney referrals, which he said they are not paid for.

"If someone has a \$1,200 matter, a lawyer can't take the case because there's not enough room for his fees," Frankel said. "This gives the lawyer a graceful, positive way to avoid unprofitable cases."

### Workers' Comp

A decision by a New York court in a case handled by a local law firm could simplify workers compensation in California.

For years, national workers' comp insurers have put arbitration clauses in separate finance agreements, rather than in their policy contracts, thus evading rules that keep the arbitration in state. As a result, California companies must settle disputes in the states where the insurance companies are headquartered, a costly proposition that discourages challenges from policy-holders.

**Nicholas Roxborough**, partner at **Roxborough Pomerance Nye & Adreani LLP** in Woodland Hills, represented **Monarch Consulting Inc.** in Burbank in a New York suit against **American International Group Inc.**, which also has offices in Woodland Hills.

The decision by the New York Supreme Court Appellate Division held that AIG's col-

lateral agreements are part of the policies themselves, and as a result, are subject to California rather than New York law.

### Lawsuit Reform

More than 80 small business owners convened in Woodland Hills on Sept. 26 for a summit sponsored by California Citizens Against Lawsuit Abuse, a non-partisan issue group.

Assemblyman **Matt Dababneh**, who represents the 45th District that stretches from the 405 Freeway to Calabasas, listened as chief

executives discussed the costs and distraction of lawsuits.

"Matt Dababneh was great," said **Tom Scott**, the group's executive director at its headquarters in Folsom. "In this state, it's always good to see a business friendly Democrat who's willing to look at legal reform."



LAW  
Joel Russell

While no specific policy recommendations came out of the event, Scott said that it was important for an elected official to hear how lawsuits affect hiring and other decisions at companies.

Citizens Against Lawsuit Abuse works to reform laws, such as Proposition 65 and the American Disabilities Act, which it feels encourages abusive lawsuits. For example, Prop 65, which requires businesses to post signs about any dangerous chemicals, has given rise to 16,000 lawsuits since its passage in 1986.

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