**Alternative Dispute Resolution**

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A coworker recently leased a vehicle from a Nissan dealership, and didn’t realize until after signing that the dealer had deducted his trade in from the MSRP price, not the agreed upon lease price. Because of this he effectively received no value for his trade in unless he was willing to buy the car at the end of the lease.

# Legal Form of the Business

The dealership is a privately owned limited liability company, which would allow the coworker to sue the business but not the owner or finance manager who drafted the contract (FMG, Legal Structures: Types of Business Entities, 2010). The business is also a franchise of a publicly traded corporation, which entitles them to various discounts and marketing benefits.

# Compare Litigation versus ADR

This case is best suited for alternative dispute resolution, not litigation as it would be difficult to win. The contract did not contain the agreed upon terms, however he did sign and initial each section.

He would have to provide reasonable proof that he was “bait and switched” against the agreed upon terms and also the further what the agreed upon terms were. Then he would need to further prove that the agreed upon terms were fully applicable to this specific vehicle, not a different model or billing model (e.g. purchased instead of leased).

Given that this would be a hard case to win, he should start by working with the finance department to see if it can be corrected. In parallel he should have the contract reviewed by a lawyer and identify if an exit clause exists. If the contract can be exited and started over that could be a more acceptable outcome for all parties.

If neither of those options are available then he should push for a lawsuit against the business. Even though the case would be easy to win for the defense, it would be expensive to try. There would also be a high risk of creating a bad public image, as other potential customers would not want to risk being in a similar situation (FMG, Alternative Dispute Resolution, 2008). Considering both of factors it would be more cost efficient to settle out of court (Mallor, Prenkert, Barnes, Langvardt, & McCrory, 2013).

# Differences in Costs and Benefits of Traditional Litigation

His employment benefits include group legal assistance, which significantly offsets the cost of taking the case to court. If this was not available then legal fees could cost between 200 and 1000$ per hour. Unfortunately in America, unlike many other countries, he cannot offset that cost he by suing for damages plus legal fees, and ask the defendant to pay the bill (NoLo, 2015).

Money aside the largest cost of going through a litigation process is the number of hours of effort required. A case can easily drag on for months or even years, requiring several hours waiting in the court room for your turn in front of the judge (Mallor, Prenkert, Barnes, Langvardt, & McCrory, 2013) (FMG, Alternative Dispute Resolution, 2008).

Going through the litigation process would make sense if the mistake was intentionally mischievous and he could prove it. For example if he had a recording the meeting where the contract was signed and he was not permitted to read it. Another reason could be if he found unethical behavior to be common practice, and wanted to move forward with a class action lawsuit.

A third reason to consider the litigation process would be due to the alternative dispute resolution being unsuccessful. For example if the finance officer never returned the customers calls, and actively avoided them; it would not be possible to have the forum (FMG, Alternative Dispute Resolution, 2008).

# References

FMG (Director). (2008). *Alternative Dispute Resolution* [Motion Picture].

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