duties as a third means of providing that "something more."

Case 3-1

Credit Card Companies and Mandatory Arbitration

Most credit card holders do not realize that there is a clause in the contract they signed when they first obtained their card that requires them to settle any future disputes with the issuer through arbitration, not through trial. Arbitration is a form of alternative dispute resolution (ADR) in which an allegedly neutral person evaluates the claims of the conflicting parties and then issues a resolution that is legally binding on both sides. It is very different from mediation, in which the neutral person encourages negotiations between the conflicting parties in an effort to reach a compromise; if he or she does suggest a solution here, it is not legally binding on anyone.

Credit card companies are said to like the mandatory arbitration procedures to settle disputes because they are far less expensive and much more prompt than court trials, and the companies assume that credit card users prefer them for the same reasons. The problem, of course, comes in the neutrality of the arbitrators who conduct the hearings and issue the verdicts. Arbitrators are normally employed on a part-time basis by for-profit companies such as the National Arbitration Forum or non-profit groups such as the American Arbitration Association. The credit card companies contract with one of the companies or groups to assign and compensate the arbitrators, most of whom are lawyers who are frequently retired but looking for additional income. The *New York Times* (July 22, 2009) reported that most arbitrators earn about $400 per hour, though