



# MEDIATION

A Look at the Valley's Growing  
Mediation Business

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**LAW: Special Report**

# Valley Mediation Business Picking up Steam

**GROWTH:** Clogged court system helps fuel opportunity for Valley area mediators.

BY **ANDREW KHOURI** Staff Reporter

For professionals working in the region's private mediation business, the year 2012 is back to the future.

Sparked by the clogged court systems of the 1980s, the alternative dispute resolution

system is, once again, experiencing an increased rate of growth thanks to the budget cutbacks and staff layoffs at Los Angeles area courts. This time around, though, area mediators also are benefitting because the desire to settle disputes outside of court has become more mainstream, especially as consumers and businesses seek to avoid costly litigation amid a tough economy.

"I have been batting a thousand," said **Steve Cerveris**, a Burbank-based mediator who saw revenues jump about 25 percent in the last 18 months. A major part of that has

been the clogged court system and an uptick in employment cases.

The greater Los Angeles area is a major center for alternative dispute resolution thanks to the county's superior court system, which is the biggest in the state, and a large supply of attorneys and retired judges who have turned to mediation for extra income. It is impossible to know how many private mediators there are in the Valley region, because mediators are not licensed by the state and no single group tracks such data. However, by anecdotal accounts, there are likely thousands

— many of them operating as sole practitioners — and the profession has grown so much that those who have been mediators for years now are feeling the pressure of new competition.

"Los Angeles is really the epicenter of mediation," said **Thomas J. Stipanowich**, academic director of **Pepperdine University** School of Law's Straus Institute for Dispute Resolution.

**'Turn in the tide'**

Over the last four years, California courts have seen their budget cut by \$653 million. In the current fiscal year, the courts lost \$350 million in funding, and the governor's budget calls for more slashing next year if voters fail to pass his tax package in November. In fiscal year 2009-2010, the Los Angeles Superior Court laid off 329 employees and lost nearly 150 positions through attrition.

"The more the court has to cut back, the more we need the private sector to get disputes resolved," said **Amy Newman**, president of Los Angeles-based **Alternative Resolution Centers**, whose company has about 100 mediators and arbitrators, roughly 20 of them in the Valley area.

After a few years of slow growth, business ticked up about 9 percent last year, Newman said. The cutbacks at the court are pushing more cases to ARC and accelerating growth. "There has been a turn in the tide," she said, noting that, unfortunately, that's created a severely constrained "access to justice."

Still, the courts aren't as bad as they were in the old days, when alternative dispute resolution came on the scene. In the 1980s, it was not uncommon for civil cases to take up to five years to come to trial as the courts dealt with a flood of filings, said **Alan J. Sedley**, an attorney and president of the **San Fernando Valley Bar Association**. Even with today's financial woes and budget cuts, cases can take about two years to go to trial, he said. While that number is now creeping toward three years, it's still not as bad as it once was, he said.

**Newman:**  
*'The more the court has cut back, the more we need the private sector to get disputes resolved.'*

Mediation, meanwhile, has become more widely accepted by the public and more respected by the legal community. The public has embraced the practice because spending hundreds of dollars per hour for several hours can ultimately be much less expensive than spending years in court litigation, not to mention much faster, area mediators say. And the legal community, which originally was skeptical the mediation business could be a successful litigation alternative, now recognizes that providing mediation services holds a lucrative business opportunity and can be a way to skirt around the court's lengthy decision-making process.

In mediation, unlike arbitration where a third party decides the dispute, parties come to a negotiated resolution with the help a

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## LAW: Special Report

# Christopher M. Welch

## Mediator Offers Free and Affordable Services to Community



**Christopher M. Welch**  
Director  
Center for Conflict  
Resolution

*‘(Many) people currently don’t have the means to pay \$400 per hour for mediation. That doesn’t mean they should be denied the services that are out there.’*

**I**n the world of mediation, **Christopher Welch** is a rare breed.

At 32, Welch stands out in a field comprised mostly of individuals with decades of experience on the bench or as a litigator. Not only because of his age, but because he never went to law school.

Since 2008, he has been director of the **Center for Conflict Resolution**, which rents space from the **Church of Christ** in Reseda. The nonprofit offers dispute resolution with a Christian focus, although it predominately handles “non-sectarian” mediations. With the help of a county grant, it offers its mediation services free of charge at courthouses in Van Nuys, Chatsworth, Torrance and Santa Monica. Private mediations outside the court process make up between 5 to 10 percent of the caseload, and the group charges, on average, \$75 per hour, although the fee is based on the ability to pay.

Welch acknowledges it’s been difficult to build his mediation practice — even one that caters to individuals looking for a low-cost alternative to private mediators who often charge upwards of \$500 per hour.

Other mediators in the Valley have questioned why

young people would enter the field, given the importance placed on having years of experience in the legal profession.

And when Welch first got started full-time, about eight years ago, he often rattled off his resume to ensure skeptical clients.

“It’s still a challenge to get the cases and to get people to ultimately trust” my ability, he said.

The Newbury Park resident holds a master’s degree in conflict resolution from **Pepperdine University**, School of Law’s Straus Institute for Dispute Resolution, one of the most recognized dispute resolution programs in the nation. But his mediation training actually started much earlier in life, when he was a middle school student resolving disputes amongst his peers. One of his first mediations, he said, was resolving a conflict among classmates on the basketball court.

Welch said the career path into mediation seemed to naturally grow out of such life and family experiences. His church in La Verne heavily preaches peacemaking and he grew up with an older and younger sister, which he said gave him a natural desire to resolve conflicts in a non-adversarial fashion.

The goal of the organization is a noble one, and Welch said that’s what makes his work so rewarding.

“(Many) people currently don’t have the means to pay \$400 per hour for mediation,” Welch said. “That doesn’t mean they should be denied the services that are out there.”

Last year, about 40 to 45 percent of the center’s cases involved business disputes, either consumer to merchant or business to business. Just under 70 percent of those cases were resolved, he said.

Small claims cases from the court are a large component of the case work and could be growing. This year, the limit on what individuals can sue for has increased from \$7,500 to \$10,000 in California. Welch said he expects that to throw more cases into the court and, with a crowded docket, hopefully more into mediation.

The center, founded in the 1980s, is looking to expand into the community and hopes to increase its number of private mediations, although there isn’t a set time frame on that expansion, Welch said.

As for the young professional, he sees mediation as a long-term career that one day may lead to his own private mediation practice.

“I’ll just tell them I’ve been doing mediation since I was 14,” he said.



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# Mediation: Services in Demand

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mediator.

Nationally, mediation, arbitration and other types of alternative dispute resolution generated \$6.2 billion in revenue last year, a 2.6 percent jump from 2010, according to a report by Santa Monica-based researcher **IBISWorld**. Drivers of growth, IBIS said, include costs of litigation, trial lengths, the desire for confidentiality and greater control by parties over who settles their disputes.

Those factors — as well as the fact the industry touches nearly every corner of the U.S. economy — helped spare the industry from the worst of the recession. Alternative dispute resolution experienced only a slight dip in revenue in 2009, according to IBIS.

### Different views

While many area mediators say court cut-backs are helping to fuel business, it's not the case for everyone.

"I don't think it has a direct impact on my business," said **James P. Lingl**, an Agoura Hills mediator, who specializes in homeowner association disputes.



Lingl

Mediation is growing not because the courts are crowded and slow, he said, but because people are increasingly likely to think of mediation first, rather than filing a lawsuit.

"You need tissues for your nose, what's the name that comes up? Kleenex," he said, noting he handled about 100 cases last year and about the same number in 2010.

Irvine-based **JAMS**, the industry leader in alternative dispute resolution services, has seen revenue grow at an average annual rate

of 5 to 10 percent over about the last five years, with only a small dip in 2008, said CEO **Chris Poole**.

But he believes that the expansion can't be attributed to a clogged court system.

"Now that mediation and arbitration are widely accepted and the market is mature, (growth) is more about adding to our reach and our panel," he said.

What's surprising to many Valley area mediators is the number of mediation cases



Judge

referred to L.A. Superior Court's Alternative Dispute Resolution Department have dropped, according to the most recent statistics.

In the 2009-2010 fiscal year, the department saw the number of civil mediations referred

to it drop nearly 26 percent from the previous year to 11,467, according to the latest available superior court annual report. That's despite only a 2.3 percent drop in L.A. Superior Court civil filings.

A court spokesperson declined to comment on the reasons behind the decline, because she didn't have enough information at press time.

Private mediators in the Valley said the decline likely meant that more cases were simply skipping the court's mediation services and going straight to private practice.

**Sean Judge**, a mediator in Woodland Hills, said the clogged nature of the courts have pushed more clients into his office voluntarily before ending up in court and caused those that must go to mediation because of a contract to take the process more seriously.

"People are making genuine efforts to stay out of court, and not have to deal with that system," he said.

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