

## **Fact Pattern for AAA Video**

After developing a successful account practice, the firm of Cooper, Graves & Faberman is dissolving. Unfortunately for all involved, this dissolution will not be amicable; partners Charles Cooper and Lisa Graves charge partner Paul Faberman with shirking his duties to the firm while serving his private clients (mostly sport figures). They voted to oust him as a partner and offered to buy his share for \$125,000 (the amount that they contend is owed under the terms of the partnership agreement). Mr. Faberman asserts that he has always worked for the good of the firm and that his connections have helped to make the partnership the success that it is.

Fortunately for the partners, they included a dispute-resolution clause in their partnership agreement. The clause reads:

*If a dispute arises or relates to this contract or the breach thereof and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to arbitration, litigation, or some other dispute-resolution procedure.*

*Thereafter, any controversy or claim arising from or relating to this contract or the breach thereof shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules. The dispute shall be heard by three arbitrators in the following way. Two arbitrators shall be certified public accountants with a minimum of ten years' experience and the third shall be an attorney experienced in accounting procedures. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction.*

Pursuant to the above clause, mediation was attempted. The dispute, however, was not resolved and partners Cooper and Graves filed an arbitration demand with the AAA, seeking: 1) a declaration that there was “just cause” under the partnership agreement to remove Faberman as a partner; 2) reimbursement to the partnership for advances previously made to him; and 3) recovery of losses to the partnership caused by Faberman’s failure to devote his full efforts to the firm.

Paul Faberman contends that his work beyond the firm did not conflict with the business of the partnership and he has counterclaimed against Cooper and Graves for a one-third share of the partnership assets and for punitive damages. He disputes the other partners’ calculation of his share’s value, as defined in the partnership agreement. He also seeks payment of a “late penalty” and interest because the partners were late in providing him his accounting.

A panel has been appointed in accordance with the arbitration clause. You are an arbitrator on this panel. . . .