

DATE: [Insert Date]

TO: [Recipient Name/Executive Management]

FROM: [Your Name/Legal Department]

RE: ADVISORY: Mandatory Arbitration and Venue Selection Clauses

Dear [Recipient Name],

This advisory letter serves to formally highlight critical "Red Flag" provisions identified within the proposed contract/agreement with [Counterparty Name]. Specifically, we have identified concerns regarding the **Mandatory Arbitration** and **Venue Selection** clauses.

1. Mandatory Arbitration Clause:

The current language mandates that all disputes be resolved through binding arbitration rather than a court of law.

- **Risk:** This waives the right to a jury trial and significantly limits the right to appeal.
- **Cost:** Arbitration fees can be substantially higher than standard court filing fees.

2. Venue and Jurisdiction Selection:

The agreement specifies that the legal "Venue" for any dispute shall be [Insert Location, e.g., Wilmington, Delaware].

- **Risk:** Should a dispute arise, we will be forced to litigate or arbitrate in a distant jurisdiction.
- **Burden:** This increases travel expenses, requires hiring local counsel in that jurisdiction, and subjects us to unfamiliar local laws.

Recommended Action:

We recommend negotiating these terms to ensure a more equitable "mutually agreed-upon" location or requesting that the venue be moved to our local jurisdiction to mitigate future legal exposure and costs.

Please review these sections carefully before proceeding with the execution of the contract. We are available to discuss these risks in further detail at your convenience.

Sincerely,

[Your Signature]

[Your Title]