

**STATE OF MICHIGAN  
IN THE SUPREME COURT**

YASER SADIZAND,

*Plaintiff-Appellant*

v.

GOJET AIRLINES, LLC and  
WILLIAM CLAY,

*Defendants-Appellees.*

MSC No. 163664

MCOA No. 355063

LC No. 20-004106-CD

(Wayne County Circuit Court)

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**BRIEF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES  
OF AMERICA AND MICHIGAN CHAMBER OF COMMERCE AS *AMICI  
CURIAE* IN SUPPORT OF DEFENDANTS-APPELLEES**

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## QUESTIONS PRESENTED

This Court's June 23, 2023 Order presents the following question: Whether discrimination claims under the Elliott-Larsen Civil Rights Act, MCL 37.2101 et. seq., may be subjected to mandatory arbitration as a condition of employment under Michigan law, cf. *Rembert v. Ryan's Family Steak Houses, Inc.*, 235 Mich App 118 (1999), with *Heurtebise v. Reliable Business Computers*, 452 Mich 405 (1996).

|   |                 |
|---|-----------------|
| Plaintiff-Appellant:  | No.             |
| Defendants-Appellees:   | Yes.            |
| The Wayne County Circuit Court:   | Did not answer. |
| The Court of Appeals:   | Did not answer. |
| <i>Amici Curiae</i> the Chamber of<br>Commerce of the United States<br>of America and Michigan Chamber<br>of Commerce ( <i>Amici</i> ): | Yes.            |

*Amici* focus on the following question that is implicated by the Court's question presented: Whether the Federal Arbitration Act, 9 USC §§ 1-16, would preempt a rule of Michigan law providing that discrimination claims under the Elliott-Larsen Civil Rights Act may not be subjected to mandatory arbitration as a condition of employment.

|                                 |                 |
|---------------------------------|-----------------|
| Plaintiff-Appellant:            | No.             |
| Defendants-Appellees:           | Yes.            |
| The Wayne County Circuit Court: | Did not answer. |

The Court of Appeals: Did not answer.

*Amici Curiae* the Chamber of  
Commerce of the United States  
of America and Michigan Chamber  
of Commerce (*Amici*): Yes.

### **INTEREST OF THE *AMICI CURIAE*<sup>1</sup>**

The Chamber of Commerce of the United States of America (“Chamber”) is the world’s largest business federation. It represents approximately 300,000 direct members and indirectly represents the interests of more than 3 million companies and professional organizations of every size, in every industry sector, and from every region of the country. An important function of the Chamber is to represent the interests of its members in matters before Congress, the Executive Branch, and the courts. To that end, the Chamber regularly files *amicus curiae* briefs in cases that raise issues of concern to the nation’s business community, including cases in both state and federal courts involving the enforceability of arbitration agreements.

The Michigan Chamber of Commerce (“MI Chamber”) is the leading voice of business in Michigan. The MI Chamber advocates for job providers in the legislative and legal forums and represents approximately 5,000 employers, trade associations, and local chambers of commerce of all sizes and types in every county

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<sup>1</sup> No counsel for a party authored this brief in whole or in part, and no person or entity, aside from *amici curiae*, their members, or their counsel, made any monetary contribution intended to fund the preparation or submission of this brief.



of the state. The MI Chamber's member firms employ over 1 million Michiganders. The MI Chamber and its members have a direct interest in this matter since the Court's decision would impact the workplace relationships that its member employers have with their employees and increase their litigation exposure. The MI Chamber has an interest in maintaining the integrity of workplace agreements.

*Amici's* members regularly utilize arbitration agreements to resolve workplace disputes that may arise. Arbitration allows them to resolve those disputes promptly and efficiently while avoiding the costs associated with traditional litigation. Arbitration is speedy, fair, inexpensive, and less adversarial than litigation in court. Based on the principles embodied in the Federal Arbitration Act (FAA) and the U.S. Supreme Court's consistent precedent interpreting the FAA, *amici's* members have structured millions of contractual relationships around arbitration agreements. The simplicity of arbitration reduces the costs of dispute resolution. And that savings is passed on to workers in the form of higher wages and to consumers in the form of lower prices.

*Amici* have a strong interest in this case and in affirmance of the order enforcing plaintiff's arbitration agreement. The U.S. Supreme Court has repeatedly held that the FAA displaces any rule of state law that declares state-law claims off limits to arbitration. The interpretation of Michigan law that plaintiff proposes would violate that principle. This Court should avoid this unnecessary conflict with

federal law and reject plaintiff's invitation to construe Michigan law to prohibit arbitration of claims under anti-discrimination statutes.

### **INTRODUCTION AND SUMMARY OF THE ARGUMENT**

Over two decades ago, the Court of Appeals correctly held that claims under Michigan's Civil Rights Act alleging discrimination may be arbitrated as a matter of Michigan law. *Rembert v. Ryan's Family Steak Houses, Inc.*, 235 Mich App 118; 596 NW2d 208 (1999). Because the court held that the claims were arbitrable under Michigan law, it had no occasion to address whether the FAA would preempt a contrary state-law rule—although the court did note that its interpretation of Michigan law was consistent with the federal policy favoring arbitration and U.S. Supreme Court precedent upholding the arbitrability of federal statutory claims. *See id.* at 133-39 (citing, *e.g.*, *Gilmer v. Interstate/Johnson Lane Corp.*, 500 US 20 (1991) (federal statutory age discrimination claims)).

Defendants persuasively explain why the Court should reach the same result as *Rembert* and hold that claims under the Elliot-Larsen Civil Rights Act may be arbitrated as a matter of Michigan law. *Amici* write separately to explain why a contrary rule—allowing state-law discrimination claims to be exempt from arbitration—would violate the FAA and U.S. Supreme Court precedent. *See, e.g.*, *Ter Beek v. City of Wyoming*, 297 Mich App 446, 463; 823 NW2d 864, 873 (2012) (construing state statute to “avoid[] conflict with” and preemption by federal law).

The “overarching purpose of the FAA” is “ensuring the enforcement of arbitration agreements according to their terms.” *AT&T Mobility LLC v. Concepcion*, 563 US 333, 341 (2011). The U.S. Supreme Court has repeatedly held that the FAA “preclude[s] States from singling out arbitration provisions for suspect status.” *Doctor’s Assocs., Inc. v. Casarotto*, 517 US 681, 687 (1996); *see also, e.g., Kindred Nursing Ctrs. Ltd. P’Ship v. Clark*, 581 US 246, 248 (2017); *DIRECTV, Inc. v. Imburgia*, 577 US 47, 54-55 (2015); *Marmet Health Care Ctr., Inc. v. Brown*, 565 US 530, 533 (2012) (per curiam); *Concepcion*, 563 US at 339; *Perry v. Thomas*, 482 US 483, 492 n.9 (1987). Therefore, the Court has held, the FAA preempts state-law rules that are “restricted to [the] field” of arbitration and do not “place[] arbitration contracts on equal footing with all other contracts.” *Imburgia*, 577 US at 54-55 (quotation marks omitted).

Based on those principles, the U.S. Supreme Court has unequivocally and repeatedly held that “when state law prohibits outright the arbitration of a particular claim, the analysis is straightforward: The conflicting rule is displaced by the FAA.” *Marmet*, 565 US at 533 (quoting *Concepcion*, 563 US at 341); *accord, e.g., Viking River Cruises, Inc. v. Moriana*, 142 S Ct 1906, 1917 (2022); *Kindred*, 581 US at 251.

The rule of Michigan law urged by plaintiff here is indistinguishable from the West Virginia rule in *Marmet* declaring pre-dispute agreements to arbitrate personal-

injury or wrongful-death claims unenforceable as a matter of “state public policy.” 565 US at 532. The U.S. Supreme Court unanimously held in *Marmet* that the FAA preempts such a rule, holding that the West Virginia court “did not follow controlling federal law implementing th[e] basic principle” that both “[s]tate and federal courts must enforce the Federal Arbitration Act.” *Id.* at 530-31. The same principle applies here.

Finally, plaintiff’s proposed interpretation of Michigan law not only would create an unnecessary conflict with controlling federal law, but also would threaten to deprive both businesses and workers of the important benefits that arbitration provides. Plaintiff’s policy objections to arbitration of workplace discrimination claims are not only irrelevant but also unfounded; empirical evidence shows that workers fare at least as well in arbitration as in court.

## ARGUMENT

### **I. The FAA Preempts Plaintiff’s Proposed Rule That Would Declare State Statutory Discrimination Claims Off-Limits From Arbitration.**

For nearly a century, the FAA has embodied Congress’s strong commitment to enforcing arbitration agreements. Congress enacted the FAA in 1925 “in response to judicial hostility to arbitration.” *Viking River*, 142 S Ct at 1917; *see also, e.g., Allied-Bruce Terminix Cos. v. Dobson*, 513 US 265, 272 (1995) (explaining that the FAA “seeks broadly to overcome judicial hostility to arbitration agreements”).

Section 2 of the FAA therefore commands that “[a]n agreement to arbitrate is valid, irrevocable, and *enforceable as a matter of federal law*, ... ‘save upon such grounds as exist at law or in equity for the revocation of *any* contract.’” *Perry*, 482 US at 492 n 9 (quoting 9 USC § 2). “Section 2 ‘declare[s] a national policy favoring arbitration’ of claims that parties contract to settle in that manner.” *Preston v. Ferrer*, 552 US 346, 353 (2008) (quoting *Southland Corp. v. Keating*, 465 US 1, 10 (1984)).

“By enacting § 2, ... Congress precluded States from singling out arbitration provisions for suspect status” (*Casarotto*, 517 US at 687) or from invalidating arbitration provisions through state-law rules that “apply only to arbitration or that derive their meaning from the fact that an agreement to arbitrate is at issue.” *Concepcion*, 563 US at 339; *see also Imburgia*, 577 US at 55 (FAA preempts state-law interpretation of a contract that is “restricted to th[e] field” of arbitration). For decades, it has been established that “[a] state-law principle that takes its meaning precisely from the fact that a contract to arbitrate is at issue does not comport with ... § 2.” *Perry*, 482 US at 492 n 9. Nor may States apply generally applicable state-law doctrines “in a fashion that disfavors arbitration.” *Concepcion*, 563 US at 341.

The FAA also precludes reliance on “judicial policy concern[s] as a source of authority” for refusing to enforce arbitration agreements. *14 Penn Plaza LLC v. Pyett*, 556 US 247, 270 (2009); *see also Concepcion*, 563 US at 342 (explaining that

the FAA was enacted to eliminate the “‘great variety’ of ‘devices and formulas’ declaring arbitration against public policy”). Thus, it is immaterial whether a discriminatory rule derives from common law or statute; the FAA preempts any “state law, whether of legislative or judicial origin,” that disfavors arbitration. *Perry*, 482 US at 492 n 9; *see Casarotto*, 517 US at 687 n 3.

It also doesn’t matter whether a case is pending in state or federal court; the FAA preempts contrary state law in either forum. Indeed, because “[s]tate courts rather than federal courts are most frequently called upon to apply the ... FAA,” “[i]t is a matter of great importance ... that state supreme courts adhere to a correct interpretation of the legislation.” *Nitro-Lift Techs., L.L.C. v. Howard*, 568 US 17, 17-18 (2012) (per curiam). Moreover, the “Supremacy Clause forbids state courts to dissociate themselves from federal law because of disagreement with its content or a refusal to recognize the superior authority of its source.” *Imburgia*, 577 US at 53 (quoting *Howlett v. Rose*, 496 US 356, 371 (1990)); *see also James v. City of Boise*, 577 US 306, 307 (2016) (per curiam) (state courts are “bound by [the U.S. Supreme] Court’s interpretation of federal law”).

Based on these well-established principles, the U.S. Supreme Court has held that the FAA preempts state-law rules “prohibiting arbitration of a particular type of claim,” because such state-law rules are “contrary to the terms of and coverage of the FAA.” *Marmet*, 565 US at 533. In *Marmet*, the Court vacated and remanded a

decision of the Supreme Court of Appeals of West Virginia, which had declared “unenforceable all predispute arbitration agreements that apply to claims alleging personal injury or wrongful death against nursing homes.” *Id.* at 531. “[B]y misreading and disregarding the precedents of this Court interpreting the FAA,” the West Virginia court “did not follow controlling federal law implementing th[e] basic principle” that both “[s]tate and federal courts must enforce the Federal Arbitration Act.” *Id.* at 530-31; *see also id.* at 532 (“The West Virginia court’s interpretation of the FAA was both incorrect and inconsistent with clear instruction in the precedents of this Court.”).

*Marmet* is not alone in holding that States cannot declare particular claims arising under state law off-limits from arbitration. For example, when the California Supreme Court interpreted that State’s Franchise Investment Law “to require judicial consideration of claims” brought under that statute, the U.S. Supreme Court held that state-law rule preempted, explaining that Congress had “withdr[awn] the power of the states to require a judicial forum for the resolution of claims which the contracting parties agreed to resolve by arbitration.” *Southland*, 465 US at 10, 16; *see also, e.g., Mastrobuono v. Shearson Lehman Hutton, Inc.*, 514 US 52, 56 (1995) (FAA preempted state law requiring judicial resolution of claims involving punitive damages); *Perry*, 482 US at 489-91 (FAA preempted state law requiring that litigants be provided a judicial forum for wage disputes). *Cf. Preston*, 552 US at

358-59 (FAA preempted state law requiring claims under California’s Talent Agents Act to be submitted to the Labor Commissioner in the first instance, rather than to arbitration (or litigation)).

These precedents squarely control here and preempt plaintiff’s proposed construction of Michigan law. Plaintiff’s proposal to declare pre-dispute agreements to arbitrate statutory discrimination claims unenforceable based on asserted “public policy” concerns (Pl. Supp. Br. 3) is indistinguishable from the preempted rule in *Marmet*, which also rested on “state public policy” and applied solely to “predispute arbitration agreements.” 565 US at 532. Notably, in both *Perry* and *Preston*, claims under state workplace and labor statutes were at issue, but the Supreme Court held that the FAA preempted state-law rules that would have prevented arbitration of those statutory claims.

Nor, relatedly, can plaintiff avoid FAA preemption by invoking an asserted state constitutional right of “direct access to a judicial forum.” Pl. Supp. Br. 1 (quoting *Heurtebise v. Reliable Bus. Computers*, 452 Mich 405, 438; 550 NW2d 243, 258 (1996)).<sup>2</sup> That was the Kentucky court’s precise justification for the rule rejected by the U.S. Supreme Court in *Kindred*. See 581 US at 252 (quoting the

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<sup>2</sup> Notably, the portion of the *Heurtebise* opinion on which plaintiff relies was on behalf of only three of the seven justices. See *Rembert*, 235 Mich App at 131. It also predates all of the U.S. Supreme Court’s controlling decisions over the past quarter-century that have clarified the proper interpretation of the FAA.



lower court’s invocation of the state “constitutional right to access the courts”). The *Kindred* Court explained that the “waiver of a right to go to court” is a “defining trait” of arbitration agreements, and therefore the FAA forbids States from “adopt[ing] a legal rule hinging on th[at] primary characteristic of an arbitration agreement.” *Id.*; *see also id.* (explaining that such a rule “is too tailor-made to arbitration agreements—subjecting them, by virtue of their defining trait, to uncommon barriers—to survive the FAA’s edict against singling out those contracts for disfavored treatment”).

Finally, a rule limited to arbitration agreements entered into as a “condition of employment” (Pl. Supp. Br. 5) fares no better under the FAA. The Ninth Circuit recently held that the FAA preempted a California statute that would have penalized employers for offering arbitration agreements as a “condition of employment.” *Chamber of Commerce of the United States of America v. Bonta*, 62 F4th 473, 488 (9th Cir. 2023). As the Ninth Circuit underscored, the State’s arguments that the mandatory nature of these arbitration agreements saved the statute from FAA preemption “misunderstand basic principles of California contract law [and] Supreme Court caselaw regarding consent in arbitration cases.” *Id.* After all, the Ninth Circuit explained, “California law generally allows an employer to enter into a contract with an employee that includes non-negotiable terms as a condition of employment,” and non-negotiable form contracts are fully enforceable “so long as

the terms are not invalid due to unconscionability or other generally applicable contract principles.” *Id.* at 487, 489.

Generally applicable Michigan contract law is no different. *See Clark v. DaimlerChrysler Corp.*, 268 Mich App 138, 143; 706 NW2d 471, 474 (2005) (enforcing non-negotiable employment contract and recognizing that such a contract “is to be enforced according to its plain language” unless invalid under general unconscionability principles) (quoting *Rory v. Cont’l Ins. Co.*, 473 Mich 457, 489; 703 NW2d 23, 42 (2005)).

Moreover, the U.S. Supreme Court has repeatedly applied the FAA to arbitration agreements in non-negotiable form contracts. *See, e.g., Viking River*, 142 S Ct 1906; *Lamps Plus, Inc. v. Varela*, 139 S Ct 1407 (2019); *Epic Sys. Corp. v. Lewis*, 138 S Ct 1612 (2018); *Imburgia*, 136 S Ct 463; *American Express Co. v. Italian Colors Restaurant*, 570 US 228 (2013); *Concepcion*, 563 US 333; *Casarotto*, 517 US 683. In fact, *Viking River*, *Lamps Plus* and *Epic Systems* all involved non-negotiable arbitration agreements in the employment setting. *See Viking River*, 142 S Ct at 1915-16; *Varela v. Lamps Plus, Inc.*, 701 F App’x 670, 671 (9th Cir. 2017), *rev’d*, 139 S Ct 1407 (arbitration agreement entered into “as a condition of employment”); *Morris v. Ernst & Young, LLP*, 834 F3d 975, 979 (9th Cir. 2016), *rev’d sub nom. Epic Sys.*, 138 S Ct 1612 (same). The Court also made clear over three decades ago, in holding that the FAA required enforcement of an agreement to

arbitrate federal statutory employment discrimination claims, that “[m]ere inequality in bargaining power ... is not a sufficient reason to hold that arbitration agreements are never enforceable in the employment context.” *Gilmer*, 500 US at 33; *accord Chamber of Commerce*, 62 F4th at 489.

In short, the FAA preempts plaintiff’s proposed state-law rule that would declare statutory discrimination claims off-limits from arbitration.<sup>3</sup>

## **II. Adopting A Rule Excluding Statutory Discrimination Claims From Arbitration Threatens To Deprive Businesses And Workers Of The Benefits Of Arbitration.**

Plaintiff’s proposed rule not only impermissibly conflicts with controlling federal law, but it also threatens to undermine the “real benefits to the enforcement of arbitration provisions.” *Circuit City Stores, Inc. v. Adams*, 532 US 105, 122-23 (2001); *see also, e.g., 14 Penn Plaza LLC v. Pyett*, 556 US 247, 257 (2009) (“Parties generally favor arbitration precisely because of the economics of dispute resolution.”).

These advantages extend to agreements between businesses and workers. *See Circuit City*, 532 US at 123 (rejecting the “supposition that the advantages of the arbitration process somehow disappear when transferred to the employment

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<sup>3</sup> To be sure, *Congress* may exempt certain categories of claims from the FAA’s coverage, as it recently did with sexual assault and harassment claims. *See* 9 USC §§ 401-402. But States are not free to do the same, and the fact that Congress had to enact an explicit exemption only confirms that statutory claims are generally arbitrable under the FAA.

context”). The lower costs of arbitration compared to litigation in court “may be of particular importance in employment litigation, which often involves smaller sums of money than disputes concerning commercial contracts.” *Id.* While, as defendants explain, the arbitrability of plaintiff’s claims under Michigan law should not turn on policy considerations, these benefits of arbitration support not only the federal public policy favoring arbitration embodied by the FAA, but also “Michigan’s proarbitration public policy.” *Rembert*, 235 Mich App at 123.

Empirical research confirms the U.S. Supreme Court’s observations about the benefits of arbitration. Scholars and researchers agree, for example, that the average employment dispute is resolved up to twice as quickly in arbitration as in court. *See* Lewis L. Maltby, *Private Justice: Employment Arbitration and Civil Rights*, 30 Colum. Hum. Rts. L. Rev. 29, 55 (1998) (average resolution time for employment arbitration was 8.6 months—approximately half the average resolution time in court); *see also, e.g.*, Nam D. Pham, Ph.D. & Mary Donovan, *Fairer, Faster, Better III: An Empirical Assessment of Consumer and Employment Arbitration*, NDP Analytics 5-6, 15 (March 2022), <https://bit.ly/3yiU23A> (reporting that average resolution for arbitration was approximately two months faster than litigation in court); Michael Delikat & Morris M. Kleiner, *An Empirical Study of Dispute Resolution Mechanisms: Where Do Plaintiffs Better Vindicate Their Rights?*, 58 Disp. Resol. J. 56, 58 (Nov. 2003–Jan. 2004) (reporting findings that arbitration was 33% faster than analogous litigation in court); David Sherwyn, Samuel Estreicher,

& Michael Heise, *Assessing the Case for Employment Arbitration: A New Path for Empirical Research*, 57 Stanford L. Rev. 1557, 1573 (2005) (collecting studies reaching similar conclusions).

Further, “there is no evidence that plaintiffs fare significantly better in litigation” in court. Sherwyn, *supra*, 57 Stanford L. Rev. at 1578. To the contrary, a study released by the U.S. Chamber’s Institute for Legal Reform found that employees were nearly *four times* more likely to win in arbitration than in court. Pham, *supra*, at 4-5, 12, 17 (surveying more than 25,000 employment arbitration cases and 260,000 employment litigation cases resolved between 2014 to 2021 and reporting a 37.7% win rate in arbitration versus 10.8% in litigation).

The same study found that the median monetary award for employees who prevailed in arbitration was over double the award that employees received in cases won in court. *Id.* at 4-15, 14 (\$142,332 in arbitration versus \$68,956 in court litigation); *see also* Theodore J. St. Antoine, *Labor and Employment Arbitration Today: Mid-Life Crisis or New Golden Age?*, 32 Ohio St. J. on Disp. Resol. 1, 16 (2017) (arbitration is “favorable to employees as compared with court litigation”).

Earlier scholarship similarly found a higher employee-win rate in arbitration than in court. *See* Sherwyn, *supra*, 57 Stanford L. Rev. at 1568-69 (observing that, once dispositive motions are taken into account, the actual employee-win rate in court is “only 12% [to] 15%”) (citing Maltby, *supra*, 30 Colum. Hum. Rts. L. Rev. at 47) (of dispositive motions granted in court, 98% are granted for the employer);

Nat'l Workrights Inst., *Employment Arbitration: What Does the Data Show?* (2004), <https://bit.ly/3IVddnP> (concluding that employees were 19% more likely to win in arbitration than in court).<sup>4</sup>

Thus, “there is no evidence that plaintiffs fare significantly better in litigation [than in arbitration].” St. Antoine, *supra*, 32 Ohio St. J. on Disp. Resol. at 16 (quotation marks omitted; alterations in original). Rather, arbitration is generally “favorable to employees as compared with court litigation.” *Id.*

## CONCLUSION

The decision below should be affirmed.

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<sup>4</sup> Plaintiff speculates that the arbitration process unduly favors repeat players. Pl. Supp. Br. 46. But the “repeat player” concern is not borne out by any methodologically sound studies. As one set of scholars has noted, studies purporting to show a repeat-player effect in arbitration, such as the ones that plaintiff cites, are plagued by “data and design limitations” that cast serious doubt over the policy implications that can reasonably be drawn from these studies. Samuel Estreicher et. al., *Evaluating Employment Arbitration: A Call for Better Empirical Research*, 70 Rutgers L. Rev 375, 386-87 (2018). Nor do those studies satisfactorily address the fact that a similar increase to success rate can be seen among sophisticated, repeat-player actors in litigation. Indeed, as the numerous studies discussed above confirm, there is no evidence that any repeat-player effect has a greater impact in arbitration than in litigation.

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## CERTIFICATE OF COMPLIANCE

I hereby certify that the foregoing Brief complies with the type-volume limitation set forth in MCR 7.212(B). The Brief contains 3,758 words of Times New Roman 14-point proportional type and 2.0 line spacing. The word processing software used to prepare this brief was Microsoft 365.

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