

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright

_____)
In the Matter of)
)
California Association of Legal Support) Docket No. C-4447
Professionals,)
a corporation.)
_____)

COMPLAINT

The Federal Trade Commission (“Commission”), pursuant to the provisions of the Federal Trade Commission Act, as amended, 15 U.S.C. § 41 *et seq.*, and by virtue of the authority vested in it by said Act, having reason to believe that California Association of Legal Support Professionals (“Respondent” or “CALSPRO”), a corporation, has violated and is violating the provisions of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this Complaint, stating its charges as follows:

I. RESPONDENT

1. Respondent California Association of Legal Support Professionals is a non-profit corporation organized, existing, and doing business under, and by virtue of, the laws of the State of California, with its office and principal place of business located at 2520 Venture Oaks Way, Suite 150, Sacramento, California 95833.
2. Respondent is a non-profit, professional association of over 350 company and individual members. Respondent’s members are in the business of providing support services to the legal community, including but not limited to serving process, copying documents, filing documents with a court, preparing subpoenas, searching court records, locating persons, and conducting private investigations.

II. JURISDICTION

3. Respondent conducts business for the pecuniary benefit of its members and is therefore a “corporation,” as defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.
4. The acts and practices of Respondent, including the acts and practices alleged herein, are in or affecting “commerce” as defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. NATURE OF THE CASE

5. Respondent maintains a Code of Ethics applicable to the commercial activities of its members. Respondent’s members agree to abide by the Code of Ethics as a condition of membership.
6. Respondent has acted as a combination of its members, and in agreement with at least some of those members, to restrain competition by restricting through its Code of Ethics the ability of its members to compete on price, to solicit legal support professionals for employment, and to advertise. Specifically, Respondent maintains the following provisions in its Code of Ethics:
 - “It is not ethical to cut the rates you normally and customarily charge when soliciting business from a member firm’s client . . .”
 - “It is not ethical to . . . speak disparagingly of another member.”
 - “Never discuss the bad points of your competitor.”
 - “It is unethical to contact an employee of another member firm to offer him employment with your firm without first advising the member of your intent.”
7. In furtherance of the combination alleged in Paragraph 6, Respondent established a Dispute Resolution Committee to uphold and maintain industry standards and ethical business practices as set forth in Respondent’s Bylaws, Code of Ethics and Manual of Policies and Procedures. The Dispute Resolution Committee provides an avenue for resolving alleged violations of the Code of Ethics, including by encouraging Respondent’s members to resolve privately disputes arising out of the Code of Ethics, and also by establishing a mechanism by which Respondent may sanction violations of the Code of Ethics.

IV. VIOLATION CHARGED

8. The purpose, effect, tendency, or capacity of the combination, agreement, acts and practices alleged in Paragraphs 6 and 7 has been and is to restrain competition unreasonably and to injure consumers by discouraging and restricting competition

among legal support professionals, and by depriving consumers and others of the benefits of free and open competition among legal support professionals.

9. The combination, agreement, acts and practices alleged in Paragraphs 6 and 7 constitute unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45. Such combination, agreement, acts and practices, or the effects thereof, are continuing and will continue or recur in the absence of the relief requested herein.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this third day of April, 2014, issues its Complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: