



# Department of Justice

FOR IMMEDIATE RELEASE  
THURSDAY, NOVEMBER 18, 1976

AT  
202-739-2014

The Department of Justice today filed a civil antitrust suit charging that the Texas State Board of Public Accountancy had unlawfully restricted price competition among accountants practicing in Texas by adopting, with the approval of the accountants, a rule against competitive bidding.

Attorney General Edward H. Levi said the complaint, alleging a violation of Section 1 of the Sherman Act, was filed in U.S. District Court in Austin, Texas.

The defendant Board is composed of nine practicing accountants appointed by the Governor of Texas. It issues licenses and permits to accountants practicing in Texas and promulgates rules regulating the practice of accountancy within the state. Its rules become effective only after referendum approval by a majority of permit holders.

Assistant Attorney General Donald I. Baker, in charge of the Antitrust Division, said the complaint charges that the defendant and co-conspirators, including the Board's members and permit-holders, have entered into an unlawful agreement to promulgate, police and enforce a rule of professional conduct prohibiting accountants from submitting competitive bids for accounting services.

(OVER)



Specifically, the suit challenges Rule 14 of the Board's Rules of Professional Conduct, which prohibits competitive bidding by accountants in Texas. Rule 14 broadly defines a competitive bid to include any proposal which quotes the compensation to be received for accounting services -- even quotations of hourly rates -- if given with the knowledge that similar proposals are being solicited concurrently from other public accountants.

According to the complaint, the effect of the rule against competitive bidding and its enforcement by the Board has been to suppress price competition among accountants and to deprive purchasers of accounting services of the benefits of free and open competition in the sale of such services.

The suit asks that the Board be permanently enjoined from promulgating or enforcing any rules which restrict price competition among accountants practicing in Texas.

####