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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 LOS ANGELES REALTY BOARD, )  
 LOS ANGELES REALTY BOARD, )  
 SOUTHWEST BRANCH, HOLLY- )  
 WOOD-WILSHIRE DIVISION, )  
 PACIFIC PALISADES DIVISION )  
 and WESTWOOD DIVISION, )  
 )  
 Defendants. )

Civil No. 70-2855-CC

Filed: December 18, 1970

COMPLAINT

The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States, brings this civil action to obtain equitable relief against the above named defendants, and complains and alleges as follows:

I

JURISDICTION AND VENUE

1. This Complaint is filed and these proceedings are instituted under Section 4 of the Act of Congress of July 2, 1890, as amended, 15 U.S.C. § 4, commonly known as the Sherman Act, in order to prevent and restrain the

continuing violation by the defendants, as hereinafter alleged, of Section 1 of said Act, 15 U.S.C. § 1.

2. The defendants maintain offices, transact business, and are found within the Central District of California.

## II

### DEFENDANTS

3. The Los Angeles Realty Board (hereinafter referred to as the LARB), a corporation organized and existing under the laws of the State of California, and having its principal place of business in Los Angeles, California, is named a defendant herein. The LARB is a trade association of approximately 3800 "active" members licensed by the State of California to engage in the real estate business, 1800 as brokers and the rest as salesmen. The LARB also has approximately 200 "affiliated" members composed of companies in business related to the real estate business. All active members of the LARB have, or are affiliated with, offices located in Los Angeles County, principally in the city of Los Angeles. The LARB broker members elect from their own number a board of 35 directors which directs and controls the operation of the LARB.

4. The Los Angeles Realty Board, Southwest Branch, (hereinafter referred to as the SWB), a corporation organized and existing under the laws of the State of California, and having its principal place of business in Los Angeles, California, is named a defendant herein. The SWB is composed of members of the LARB located principally in the southwest area of the City of Los Angeles. The SWB operates a multiple listing service for its members. As of December 1969, the SWB had 322 active broker members, and was entitled to elect 7 members to the board of directors of the LARB.

5. The unincorporated associations listed below are named defendants herein. Each is composed of members of the LARB located principally in the area of the City of Los Angeles indicated by the defendant's name. The LARB directs the operation of a multiple listing service for each said defendant. As of December 1969, each said defendant had the number of LARB broker members indicated, and each was entitled to elect to the board of directors of the LARB the number of directors indicated:

<u>Name of Defendant</u>	<u>Number of Active Broker Members</u>	<u>Number of LARB Directors</u>
Hollywood-Wilshire Division	440	8
Pacific Palisades Division	34	1
Westwood Division	226	4

### III

#### NATURE OF TRADE AND COMMERCE

6. The activities of the defendants named herein and their active members are within the flow of interstate commerce and have an effect on that commerce.

7. Los Angeles County, California, is one of the largest as well as one of the most active real estate markets in the country. Companies inside and outside California are constantly building and expanding in the county. In 1969 building permits for commercial construction in Los Angeles County exceeded \$980 million. The population of the county displays a high degree of mobility with persons constantly moving into and out of the county and State, both for residential and for business purposes. Between 1960 and 1970 the population of Los Angeles County increased by approximately one million persons, with at least half the increase due to the excess of persons moving into the county over those moving out of it. In the last three years

building permits have been issued in the county for over 98,000 new dwelling units, of which approximately 37,000 were single unit dwellings. In 1969, 41,095 dwelling units were authorized totaling more than \$410 million. Real estate loans registered in Los Angeles County in 1969 on both commercial and residential properties exceeded \$5 billion. As a measure of the number of real estate sales, over 200,000 new deeds were registered in Los Angeles County in 1969.

8. For a commission or fee, active members of the defendants assist in real estate sales by bringing together owners and prospective buyers and often by helping with negotiations on prices and terms, and with insurance, appraisals, escrows, and similar services. Active members of the defendants attempt to attract principals from other States and, in fact, many completed sales of real estate in Los Angeles County involve persons or companies outside the State of California moving into or out of the State. Real estate sales made by active members of the defendants in 1969 are estimated to have exceeded \$600,000,000.

9. For a commission or fee, active members of the defendants often act as agents for their principals in a real estate transaction in obtaining the necessary financing. Much of this financing is obtained from sources outside the State of California and moves in interstate commerce into California through the activities of the members of the defendants.

10. A substantial part of the business of the active members of the defendants consists in supplying services in the rental or management of residential and commercial property. These services are rendered for a fee, and a substantial amount of said service is rendered for principals located outside California and for principals moving into or outside California.

11. Customarily, the fees charged by real estate brokers and salesmen, including members of the defendants, are a percentage of the sum realized; thus in sales a percentage of the sales price; in leasing and managing a percentage of the rentals, and in obtaining financing, a percentage of the loan obtained. Where these transactions involve principals located outside California, or moving into or out of California, said fees relate directly to and are part of the flow of interstate commerce. A substantial number of the broker members of the defendants follow a practice of advertising for clients located outside California and in seeking financing for real estate sales from sources outside the State.

#### IV

#### OFFENSE

12. Beginning sometime prior to January 1, 1959, and continuing thereafter up to and including the date of the filing of this Complaint, the defendants named herein and their active members have engaged in an unlawful combination in restraint of the above-described interstate trade and commerce, in violation of Section 1 of the Sherman Act. Said unlawful combination is continuing and may continue unless the relief herein prayed for is granted.

13. The aforesaid combination has consisted of a continuing agreement and concert of action among the defendants and their active members to raise, fix, stabilize, and maintain commissions for their services in combination with the sale, rental, and management of real estate and for acting as agents in obtaining financing for real estate sales in the County of Los Angeles.

14. In effectuating the aforesaid combination, the defendants have done the things which, as hereinbefore alleged,

they agreed and combined to do, including, among other things, the following:

(a) Published, circulated, and adhered to schedules of commissions for supplying services in connection with selling, leasing and managing real estate;

(b) Published, circulated and adhered to schedules of commissions for acting as agents to obtain financing in real estate transactions;

(c) Agreed that no listing would be accepted by the multiple listing services at a rate less than that recommended by defendants.

V

EFFECTS

15. The aforesaid combination has had the following effect, among others:

(a) Commission rates for supplying services in the sale, leasing and management of real estate have been raised, fixed, stabilized, and maintained at an artificial and noncompetitive level;

(b) Commission rates for acting as agent to obtain financing for real estate sales have been fixed, stabilized, and maintained at an artificial and noncompetitive level; and

(c) Price competition in the sale of their services among the members of the defendants named herein has been eliminated; and

(d) sellers of real estate and persons interested in buying

or leasing real estate in the area principally served by members of the defendants herein have been denied the right to obtain the services of real estate brokers and salesmen at competitively determined rates of commission.

PRAYER

WHEREFORE, plaintiff prays:

1. That the Court adjudge and decree that the defendants and their members have engaged in an unlawful combination in restraint of the aforesaid trade and commerce in the sale, leasing, and managing of real estate, and in acting as agent to obtain financing for real estate transactions in Los Angeles County in violation of Section 1 of the Sherman Act.

2. That the defendants, their officers, directors and agents and all other persons acting or claiming to act on their behalf, and each of their members, be enjoined and restrained from continuing, maintaining, or renewing the combination hereinbefore alleged, in any manner, directly or indirectly, or from engaging in any other combination, conspiracy, contract, agreement, understanding, or concert of action having a similar purpose or effect, and from adopting or following any practice, plan, program or device having a similar purpose or effect.

3. That the defendants, their officers, directors and agents and all other persons acting or claiming to act on their behalf, and each of their members, be enjoined and restrained from publishing, adopting, distributing or otherwise suggesting and from adhering or agreeing to adhere to any schedule of or other recommendation concerning amounts of commission or other fees for the sale, leasing, management or appraising of real estate, or for acting as agents

to obtain financing for real estate transactions.


4. That the defendants, their officers, directors and agents and all other persons acting or claiming to act on their behalf and each of their members be enjoined and restrained from persuading or attempting to persuade members of said defendants to adhere to any schedule of or other recommendation concerning amounts of commissions or other fees for the sale, leasing, managing or appraising of real estate, or for the acting as agents to obtain financing for real estate transactions.

5. That the defendant Los Angeles Realty Board be ordered to advise each person to whom it has furnished copies of the schedule of commissions and terms referred to herein, and to advise all new members of the Los Angeles Realty Board of the terms of this judgment.

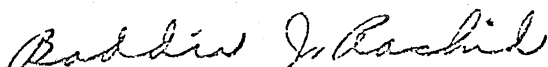
6. That the plaintiff have such other, further, general and different relief as the case may require, and the Court may deem just and proper under the circumstances.


7. That the plaintiff recover its taxable costs.

Dated:

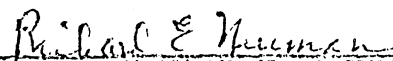
  
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