

File

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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA,)
11 Plaintiff,)
12 v.) Civil No. 81-0011-DWW
13 ALLIED FINANCE ADJUSTERS) Equitable Relief Requested
14 CONFERENCE, INC.,)
15 Defendant.) Filed: January 5, 1981

16 COMPLAINT

17 The United States of America, plaintiff, by its attorneys,
18 acting under the direction of the Attorney General of the United
19 States, brings this action to obtain equitable relief against
20 the defendant, and alleges as follows:

21 I

22 JURISDICTION AND VENUE

23 1. This complaint is filed under Section 4 of the Sherman
24 Act (15 U.S.C. §4) in order to prevent and restrain the con-
25 tinuing violation or recurrence by the defendant of Section 1
26 of the Act (15 U.S.C. §1).

27 2. The defendant, Allied Finance Adjusters Conference,
28 Inc., maintains an office, transacts business and is found
within the Central District of California.

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II

DEFENDANT

3. Allied Finance Adjusters Conference, Inc. ("Allied") is made a defendant. Allied is an incorporated trade association which has its principal place of business in Westminster, California. Its membership consists of approximately 200 individuals engaged in the business of providing independent repossession services in various cities throughout the United States.

III

CO-CONSPIRATORS

4. Various individuals and business entities, not made defendants, have participated as co-conspirators with the defendant and have performed acts and made statements in furtherance of the violations alleged.

IV

TRADE AND COMMERCE

5. "Repossessors," or adjusters as they are sometimes called, provide services for banks, credit unions and other lenders that seek to recover merchandise sold under security agreement where the debtor has forfeited possessory rights by defaulting on loan terms. Repossessors act as agents for lenders and furnish a variety of services to them, including tracing of property, collection and adjustment of loans, as well as repossession, sale or return of collateral.

6. Automobiles and other automotive vehicles are the property most often reclaimed by repossessioners. Subject to transportation costs, repossessioners can and do travel

1 considerable distances and cross state lines to repossess
2 property in other states where they meet appropriate licensing
3 standards. Repossessors are in actual or potential competition
4 with all other repossessors who have the ability to serve all
5 or any part of their service area.

6 7. Allied has members throughout the United States.
7 It publishes and distributes to lenders a directory of its
8 members and the areas which they offer to serve. Only Allied
9 members are permitted to be listed in its directory. Allied
10 bonds its members and offers to mediate problems between
11 them and clients who use the directory. Membership in Allied
12 confers an economic benefit because of the substantial
13 advertising value of its directory which facilitates referrals
14 to Allied members from potential out-of-area clients.

15 8. A substantial flow of payments across state lines
16 from lenders to Allied members is generated by Allied's activi-
17 ties. Thousands of copies of Allied's directory are circulated
18 annually across state lines. The above-described activities of
19 Allied and its members are in, and affect, interstate commerce.

20 V

21 VIOLATION ALLEGED

22 9. Beginning at least as early as 1975, the exact date
23 being unknown to the plaintiff, and continuing to the date of
24 the filing of this complaint, the defendant and co-conspirators
25 have engaged in a combination and conspiracy in unreasonable
26 restraint of trade and commerce in violation of Section 1 of the
27 Sherman Act (15 U.S.C. §1). This violation may continue or recur
28 unless the relief prayed for is granted.

1 10. The combination and conspiracy has consisted of a
2 continuing agreement, understanding and concert of action
3 among the defendant and co-conspirators to eliminate price
4 and other forms of competition in the trade and commerce in
5 repossession services.

6 11. In formulating and effectuating the combination
7 and conspiracy the defendant and co-conspirators did those
8 things which they combined and conspired to do including,
9 among other things, the following:

- 10 (a) Agreed to, prepared, published in the Allied
11 directory, disseminated and encouraged members
12 to adhere to fee schedules for repossession
13 services;
- 14 (b) Restricted membership in Allied to one
15 member in each designated geographical area;
- 16 (c) Restricted the area in which each Allied
17 member could advertise and operate;
- 18 (d) Required that each member maintain no
19 more than three full-time offices in any
20 one state;
- 21 (e) Required that no member offer an
22 affiliation or employment to another
23 member's associate or employee without
24 first receiving the written consent of
25 that member; and
- 26 (f) Established arbitrary and unreasonable
27 membership restrictions.
- 28

VI

EFFECTS

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3 12. This combination and conspiracy has had the following
4 effects, among others:

- 5 (a) Competition in the provision of
6 independent repossession services has
7 been restrained;
- 8 (b) Prices for the provision of independent
9 repossession services of Allied members
10 have been artificially fixed, raised,
11 maintained and stabilized;
- 12 (c) Access by members of Allied to certain
13 geographic markets has been restrained;
- 14 (d) Customers of Allied members have been
15 deprived of the opportunity to pur-
16 chase independent repossession services
17 in an open and competitive market; and
- 18 (e) Competition between and among Allied
19 members in the provision of independent
20 repossession services has been restrained.

21 PRAYER

22 WHEREFORE, plaintiff prays:

23 1. That the Court decree that the defendant has engaged
24 in an unlawful combination and conspiracy in unreasonable re-
25 straint of interstate trade and commerce in violation of
26 Section 1 of the Sherman Act.

1 2. That the defendant Allied be enjoined from, in any
2 manner, continuing, maintaining or renewing the illegal
3 combination and conspiracy and from adopting or following any
4 policy or practice having a similar purpose or effect.

5 3. That the defendant Allied, and all those acting in
6 concert with it, be enjoined from:


- 7 (a) Agreeing to, preparing, publish-
8 ing, disseminating or encouraging
9 members or any other persons to adhere
10 to any fee schedule or suggested fee for
11 repossession services;
- 12 (b) Taking any action to restrict any or all
13 members of Allied as to any fee they may
14 charge, the geographic area they may service,
15 the advertising of the geographic area they
16 may service, the number of home offices
17 they maintain or the persons they may seek
18 to employ;
- 19 (c) Establishing any limit to the number of
20 persons who may be Allied members in
21 any given geographic area; and
- 22 (d) Maintaining, enacting and enforcing any
23 rules or engaging in any practices which
24 have the actual or potential effect of un-
25 reasonably restricting membership admissions.

26 4. That plaintiff have such other relief as the Court
27 may deem just and proper.

28


5. That the plaintiff recover the costs of this suit.

Dated:

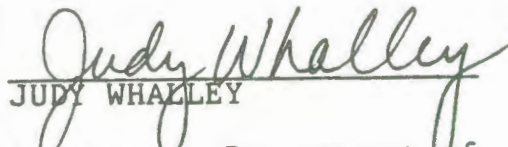

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