Plaintiff JACOBY & MEYERS LAW OFFICES, LLP ("Jacoby & Meyers"), on behalf of itself and all others authorized to practice law in the State of New Jersey, by its attorneys, MEISELMAN, DENLEA, PACKMAN, CARTON & EBERZ P.C., as and for its Complaint against defendants the Justices of the Supreme Court of New Jersey ("Defendants"), alleges, with personal knowledge as to its own actions and upon information and belief as to those of others, as follows:

**NATURE OF THE ACTION**

1. This action seeks to redress an antiquated, "ethical" proscription which is impeding law firms’ ability to compete in today’s global marketplace and restricting
the public’s access to affordable, quality representation. For nearly half a century, Jacoby & Meyers has been the pioneer and vanguard of ensuring the availability of quality legal services at a reasonable cost to those most in need of it -- the lower, working and middle classes. Unfortunately, however, Jacoby & Meyers’ ability to raise the capital necessary to pay for improvements in technology and infrastructure, and to expand its offices and hire additional personnel, is severely restricted by an out-dated Rule of Professional Conduct.

2. Specifically, New Jersey’s Rules of Professional Conduct, Rule 5.4 restricts, among other things, a lawyer from practicing "with or in the form of a professional corporation, association, or limited liability entity authorized to practice law for profit, if ... a nonlawyer owns any interest therein ... " (emphasis added). Stated otherwise, Rule 5.4 prevents Jacoby & Meyers (and others licensed to practice law in New Jersey) from raising capital in exchange for an equity stake in the law firm. As a result, critical sources of funding are unavailable to a majority of lawyers in New Jersey (and elsewhere) which dramatically impedes access to legal services for those otherwise unable to afford them.

3. It cannot credibly be disputed that advancements in technology, the proliferation of on-line business, and outsourcing to global markets are having a profound effect on the practice of law in the 21st century and on lawyers’ ability to ensure that quality legal services remain available for all. It is axiomatic that access to capital ensures access to the civil justice system, particularly for those disenfranchised or otherwise challenged by difficult socio-economic constraints. Indeed, the American Bar Association’s "ABA Commission on Ethics 20/20" is currently soliciting comments on alternative business structures for the practice of law
and has specifically inquired whether such changes would "enhance access to legal services for those otherwise unable to afford them."

4. The present system perpetuates economic inequity at every level of practice. The small practice does not have access to the capital markets that the Wall Street firms have and the Wall Street firms do not have access to the funding sources that firms in the U.K. and Australia have. This inequality has the obvious economic impact of artificially constraining firms in the practice of law, yet there is a less obvious casualty of Rule 5.4, that is the individual, group or business that is deprived of cost efficient, technologically advanced access to the legal system. Simply put, the practice of law in the United States is now lagging considerably behind other English speaking countries (including the very one on which our legal system was modeled), in which similar investment prohibitions have been turned aside.

5. Both Australia and the United Kingdom allow for non-lawyer equity ownership in law firms and similar State-only (e.g. North Carolina) legislative efforts are underway domestically. Indeed, the District of Columbia already permits non-lawyer ownership to the extent of a 25% interest in a firm. Notably, the claimed evils most often advanced by critics of outside, non-lawyer investment - the violation of clients' confidences, the erosion of lawyers' independent judgment, and the spectre of a loss of professionalism - have not materialized in the wake of others' efforts to allow such outside investments.

6. Because no compelling legal argument or public policy rationale exists to prevent lawyers from raising capital in the same manner as any other business, Jacoby & Meyers seeks to enjoin the enforcement of Rule 5.4 against it (and other
law firms) as (1) a violation of the New Jersey State Constitution; (2) a violation of the separation of powers; (3) a violation of the void for vagueness doctrine; (4) an excessive burden on the flow of interstate commerce in violation of the United States Constitution's "dormant" Commerce Clause; (5) a violation of the Due Process Clause of the Fourteenth Amendment to the United States Constitution; (6) a regulatory taking without compensation proscribed by the Fourteenth Amendment to the United States Constitution; (7) a violation of the Equal Protection Clause to the Fourteenth Amendment to the United States Constitution; and (8) a violation of the Freedoms of Speech and Association provisions of the First Amendment to the United States Constitution.

7. By this action, Jacoby & Meyers seeks to free itself of the shackles that currently encumber its ability to raise outside financing and to ensure that American law firms are able to compete on the global stage.

THE PARTIES

8. Plaintiff Jacoby & Meyers is a New York-based law firm with offices in Edison and Newark, New Jersey. The firm employs nearly 100 professionals. The firm represents New Jersey and out-of-state clients in actions and transactions involving parties from New Jersey and other States. A substantial portion of the firm's revenues and expenses are generated through interstate commerce.

9. Defendants, the Justices of the Supreme Court of New Jersey, approved and adopted the Rules of Professional Conduct, which govern the conduct of attorneys licensed to practice law in the State of New Jersey. Defendants are authorized by constitutional mandate to regulate "the practice of law and the discipline of persons admitted" to practice law in New Jersey.
JURISDICTION AND VENUE

10. This Court has jurisdiction over this action under the Constitution of the United States of America and the Amendments thereto and pursuant to 28 U.S.C. §§ 1331 and 1343.

11. This Court has jurisdiction over this action under 28 U.S.C. §1367 as to any and all State claims contained within this action.

12. Venue is proper in this Court pursuant to 28 U.S.C. §1391 (b) because (1) all defendants reside in this District and all defendants reside in this State; (2) a substantial part of the events giving rise to the claim occurred in this District; and (3) all defendants are found in this District.

THE RELEVANT FACTS

A. New Jersey's Rule of Professional Conduct 5.4

13. Article VI, Section I, paragraph 3 of the New Jersey State Constitution provides that: "The Supreme Court shall make rules governing the administration of all courts in the State and, subject to the law, the practice and procedure in all such courts. The Supreme Court shall have jurisdiction over the admission to the practice of law and the discipline of persons admitted."

14. Pursuant to their constitutionally-mandated authority, in or about September 1984, the Justices of the Supreme Court of New Jersey approved and adopted the Rules of Professional Conduct, as recommended by the Supreme Court Committee on the Model Rules of Professional Conduct, and as revised by the Court. The Rules of Professional Conduct are based upon the American Bar Association Model Rules that have been implemented in virtually every jurisdiction in the United States.
15. The Rules of Professional Conduct apply to all attorneys admitted to practice in New Jersey (either generally or for purposes of a particular proceeding), including out-of-state or foreign attorneys, regardless of where the attorneys' conduct occurs. See Rule 8.5: Disciplinary Authority; Choice of Law.

16. Rule 5.4 addresses the "Professional Independence of a Lawyer." Rule 5.4 provides as follows:

(a) A lawyer or law firm shall not share legal fees with a nonlawyer, except that:

(1) an agreement by a lawyer with the lawyer's firm, partner or associate may provide for the payment of money, over a reasonable period of time after the lawyer's death, to the lawyer's estate or to one or more specified persons;

(2) a lawyer who undertakes to complete unfinished legal business of a deceased lawyer may pay to the estate of the deceased lawyer that portion of the total compensation that fairly represents the services rendered by the deceased lawyer;

(3) lawyers or law firms who purchase a practice from an estate of a deceased lawyer, or from any person acting in a representative capacity for a disabled or disappeared lawyer, may, pursuant to the provisions of RPC 1.17, pay to the estate of other representative of that lawyer the agreed upon price;

(4) a lawyer or law firm may include nonlawyer employees in a compensation or retirement plan, even though the plan is based in whole or in part on a profit-sharing arrangement; and

(5) a lawyer may share court-awarded legal fees with a nonprofit organization that employed, retained, or recommended employment of the lawyer in the matter.

(b) A lawyer shall not form a partnership with a nonlawyer if any of the activities of the partnership consist of the practice of law.

(c) A lawyer shall not permit a person who recommends, employs or pays the lawyer to render legal services for another to direct or regulate the lawyer's professional judgment in rendering such legal services.
(d) A lawyer shall not practice with or in the form of a professional corporation, association, or limited liability entity authorized to practice law for a profit, if:

(1) a nonlawyer owns any interest therein except that a fiduciary representative of the estate of a lawyer may hold the stock or interest of the lawyer for a reasonable time during administration;

(2) a nonlawyer is a corporate officer or director thereof; or

(3) a nonlawyer has the right to direct or control the professional judgment of a lawyer.

Rule 5.4 (emphasis added)

17. As a result of this rule, Jacoby & Meyers cannot allow a non-lawyer to acquire or own an interest in the legal entity (i.e., the law firm) through which it provides legal services to its clients.

B. Jacoby & Meyers Pioneers Legal Services For All

18. Jacoby & Meyers was founded in September 1972 when Stephen Z. Meyers and Leonard D. Jacoby, law school classmates at UCLA, opened their first storefront office in Van Nuys, California. In creating their law practice, Messrs. Jacoby and Meyers sought to ensure that people of modest or average means, who could often not afford to hire a lawyer, had a practical alternative to obtain competent qualified counsel at reasonable rates.

19. Since the firm began its operations nearly forty years ago, Jacoby & Meyers has become synonymous with legal services for the masses and has been at the vanguard in overturning obstacles that impede robust competition for lawyers, including attorney advertising.

20. Ardent believers in attorneys’ rights to freedom of speech and the public’s right to be informed of worthwhile new concepts in the practice of law that
could lower the cost of obtaining legal representation, Jacoby & Meyers helped spark an international debate that lasted for years, and ultimately culminated in a California Supreme Court decision in 1977, applying the founders’ rights of free speech and the public’s right to be informed. A month later, the United States Supreme Court banned prohibitions on legal advertising in the seminal case of Bates v. State Bar of Arizona, 433 U.S. 350 (1977).

21. Immediately after the issuance of the Bates decision, Jacoby & Meyers placed a full-page advertisement in the Los Angeles Times, and within weeks, the firm aired the first television commercial advertising legal services in the country.

22. Jacoby & Meyers has continued to innovate through the years - all in an effort to help provide quality legal services to clientele at reasonable fees. Jacoby & Meyers opened branch offices in retail shopping centers, maintained Saturday and evening office hours, and was the first law firm to accept credit cards for payment.

23. The firm developed detailed written systems to standardize the handling of cases, expediting the progress of the case and allowing for more efficiency and quality control. For example, the firm developed detailed pre-printed forms for interview intakes, and created standard form pleadings and other legal documents which assured quality control and allowed for paralegals to begin much of the initial drafting at much more reasonable prices, subject to attorneys’ oversight, and finalization.

24. Similarly, the firm took an innovative approach to hiring. The firm employed lawyers whose practices were devoted to a particular area of the law such as bankruptcy, personal injury, or criminal law, and then assigned these specialists to multiple offices. This approach allowed the firm’s clients to receive the services of
lawyers with specialized knowledge who covered multiple offices throughout a particular geographic area, rather than the services of general practitioners, as was usually the case with traditional small firms. Jacoby & Meyers set standard fees for basic services and provided clients with a written estimate of the fee, in advance.

25. Jacoby & Meyers continues to practice law in an innovative fashion, and today maintains a network of affiliated law offices across the country, including in Southern California, New York, Alabama, Florida, and Arizona.

26. More significantly, throughout its forty year history, Jacoby & Meyers has always comported itself with the highest regard for its ethical and professional responsibilities and has zealously represented the nearly one million clients it has been privileged to serve. Jacoby & Meyers holds its individual practitioners to the highest ethical standards and over the past four decades has demonstrated the independence of professional judgment that it will continue to exhibit regardless of the source of outside capital it is permitted to pursue.

C. **Jacoby & Meyers Requires Additional, Outside Capital**

27. Jacoby & Meyers intends to expand its operations, hire additional attorneys and staff, acquire new technology, and improve its physical offices and infrastructure to increase its ability to serve its existing clients and to attract and retain new clients and qualified attorneys. Notably, Jacoby & Meyers' business plans principally concern expansion within communities in which working-class, blue-collar and immigrant families reside. These litigants are among the hardest hit by the nation's economic downturn, and the most in need of counsel and legal representation in these trying times.
28. In order to ensure the public's greatest possible access to the civil justice system in an affordable, cost-effective way, Jacoby & Meyers requires a substantial infusion of new capital. Because of the proscriptions of Rule 5.4, however, law firms such as Jacoby & Meyers have traditionally been relegated to obtaining capital from (i) the personal contributions of the partners, (ii) retained earnings on fees generated and collected, and (iii) commercial bank loans, including onerous lines of credit. In these challenging economic times, these "normal" channels for capital infusion are either too expensive or unavailable to fund Jacoby & Meyers' intended business plans. Because of the proscriptions of Rule 5.4, Jacoby & Meyers has been unable to entertain the numerous offers it has received from prospective non-lawyer partners, both within and without the State, who are prepared to invest capital in exchange for an equity interest in the firm.

D. No Legitimate Rational Exists To Prevent Non-Lawyers From Owning Equity In A Law Firm

29. Traditionally, law firms have largely self-financed their operations through capital contributions, cash flow, and bank loans. Legal ethics rules throughout the country, and in particular, New Jersey's Rule 5.4, expressly bar lawyers and law firms from raising capital for their law firms from outside non-lawyer investors through sales of equity interests in their firms or from engaging in fee sharing agreements with non-lawyers. These "ethical" constraints prohibiting non-lawyer ownership of law firm equity and fee-sharing with non-lawyers are substantial impediments to law firms' ability to raise capital to compete in the increasingly interstate and global marketplace for legal services.
30. Indeed, in recent years, Australian and British legislators have recognized that rules barring non-lawyer ownership and management of law firms are antiquated and negatively impact the practice of law. In response, Australia enacted the Legal Profession Act in 2004 which allows non-lawyers to own shares in Australian law firms. In May 2007, the Australian law firm Slater & Gordon completed an initial public offering of stock in its firm, becoming the first publicly-traded law firm in the world. In the United Kingdom, the forebearer of the American legal system, Parliament has enacted the Legal Services Act of 2007, which will enable non-lawyers to obtain ownership stakes in British law firms.

31. The inexpensive infusions of capital now available to Australian and British law firms resulting from the elimination or liberalization of restrictions on non-lawyer investments in law firms give Australian and British law firms distinct competitive advantages in practicing law in an ever-increasing global legal marketplace.

32. More significantly, the parade of horrors predicted by critics of non-lawyer investment in law firms has not materialized. The fear that lawyers’ professional judgment and independence will be eroded and that non-lawyers cannot understand the ethical considerations of lawyers, or that such outside investors will be motivated only by anticipated profits and the return on their investment, has proven to be unfounded. In fact, as described by modern-day academics and legal scholars, “a law firm’s goal of making a profit and its duty to provide competent, ethical representation to its clients are not in opposition to each other; a law firm can only maximize its profits by providing competent, quality, ethical representation.” Bish, Matthew, Revising Model Rule 5.4: Adopting A Regulatory Scheme That Permits

33. Indeed, providing ethical, competent representation and making a profit are not mutually exclusive propositions. Law firms have been doing that for centuries. And the recent experiences of Australia and the United Kingdom provide a panoply of regulatory safeguards that can be implemented to ensure that outside investors do not interfere with attorneys' professional obligations. Whether regulating law firms with outside investors through independent licensing bodies, imposing restrictions on the amount of equity interest non-lawyers can hold, or requiring a legal practice with non-lawyer owners to appoint a legal director responsible for the management, oversight and compliance of lawyers' professional obligations, there are innumerable ways in which to ensure that a lawyer's professional "independence of judgment" remains resolute.

34. The time has come to permit non-lawyers to invest in law firms in New Jersey and in the United States.

CLASS ACTION ALLEGATIONS

35. Jacoby & Meyers brings this action on its own behalf and on behalf of all others similarly situated pursuant to Rule 23(b)(2) of the Federal Rules of Civil Procedure. The action is brought on behalf of a class (the "Class") defined as all entities and persons licensed to practice law in the State of New Jersey, other than Defendants.

36. This action is brought as a class action for the following reasons:
a. Defendants have acted or refused to act on grounds that apply generally to the Class, so that final injunctive relief or corresponding declaratory relief is appropriate respecting the class as a whole.

b. The claims asserted by Jacoby & Meyers are typical of the claims of the members of the Class.

c. Jacoby & Meyers will fairly and adequately protect the interests of the Class, and Jacoby & Meyers has retained attorneys experienced in class action litigation and complex litigation.

FIRST CLAIM
(Violation of the New Jersey State Constitution)

37. Jacoby & Meyers repeats and realleges the allegations contained in Paragraphs 1-36 above as if fully set forth herein.

38. Article VI, Section I, paragraph 3 of the New Jersey State Constitution provides that: "The Supreme Court shall make rules governing the administration of all courts in the State and, subject to the law, the practice and procedure in all such courts. The Supreme Court shall have jurisdiction over the admission to the practice of law and the discipline of persons admitted."

39. Thus, the New Jersey Supreme Court is authorized by the State's Constitution to regulate the practice of law in New Jersey. Pursuant to this authority, the Supreme Court of New Jersey has approved and adopted the Rules of Professional Conduct, including Rule 5.4.

40. Notably, the Supreme Court's authority is limited to regulating the practice of New Jersey attorneys. Nowhere, does the New Jersey Constitution confer
or delegate to the judiciary the power to regulate commerce, in the manner in which Rule 5.4 is currently impeding the free and unrestricted flow of capital. Such a restraint on trade is uniquely for the legislature to consider and is the subject of federal preemption to the extent that such regulation concerns interstate commerce and due process.

41. As a result, Rule 5.4 exceeds the authority conferred upon the Supreme Court to regulate the practice of attorneys. Accordingly, Rule 5.4 is in excess of the authority delegated by the State Constitution to the Supreme Court and should be stricken.

42. Jacoby & Meyers is suffering irreparable harm therefrom.

SECOND CLAIM
(Separation of Powers)

43. Jacoby & Meyers repeats and realleges the allegations contained in Paragraphs 1-42 above as if fully set forth herein.

44. Article 1, Section 8 of the Constitution of the United States, provides that Congress alone shall have the power to regulate commerce among the States. The commerce clause preempts any legislation or regulation that would seek to abridge this exclusive congressional authority.

45. Article VI, Section I, paragraph 3 of the New Jersey State Constitution provides that: "The Supreme Court shall make rules governing the administration of all courts in the State and, subject to the law, the practice and procedure in all such courts. The Supreme Court shall have jurisdiction over the admission to the practice of law and the discipline of persons admitted."
46. The judiciary has utilized this authority to promulgate Rule 5.4, which prohibits any non-lawyer from owning an interest in a law firm. Aside from violating the Dormant Commerce Clause (see Fourth Claim) this provision violates the doctrine of the separation of powers.

47. Specifically, the New Jersey Constitution allows the judicial branch to regulate the practice of law. Conspicuous by its absence from the language of the New Jersey Constitution, is any authority given to the judicial branch to regulate commerce as regards the practice of law, or private investment in law firms. To the extent that the judiciary has interpreted the ability to regulate the practice of attorneys as the right to regulate commerce, it inappropriately usurps a legislative function specifically reserved for the legislative branch of State government. As such, it is violative of the separation of powers.

48. Jacoby & Meyers is suffering irreparable harm therefrom.

THIRD CLAIM
(Void For Vagueness)

49. Jacoby & Meyers repeats and realleges the allegations contained in Paragraphs 1-48 above as if fully set forth herein.

50. In order for a statute, rule or regulation to be valid, it must be specifically drawn as to provide a legitimate, clear meaning, in a manner that respects the separation of powers and prevents arbitrary enforcement. Rule 5.4 is violative of the void for vagueness standard and impacts a fundamental property right of lawyers.

51. Rule 5.4 was enacted under the auspices of governing the practice of attorneys. By the court improperly equating practice with commerce, it utilizes a meaning of the term conduct, that was never meant to be.
52. For the judiciary to consider commerce as "practice" is to apply a definition so vague as to render the term devoid of meaning. Under this standard, any human endeavor, or thought, could be drawn into the maelstrom of "practice", if the judiciary wished it to be so. In addition, the vagueness associated with Rule 5.4 has a chilling effect on lawyers' (and potential litigants') exercise of their First Amendment freedoms of speech and association (see Eighth Claim) for fear of being disciplined or prosecuted for ethics violations. Accordingly, Rule 5.4 should be stricken as unconstitutionally void for vagueness under the Constitution of the United States and the New Jersey State Constitution.

53. Jacoby & Meyers is suffering irreparable harm therefrom.

FOURTH CLAIM
(Violation of the Dormant Commerce Clause)

54. Jacoby & Meyers repeats and realleges the allegations contained in Paragraphs 1-53 above as if fully set forth herein.

55. Article I, Section 8, of the Constitution of the United States of America grants Congress the power to "regulate Commerce among the several States." The "dormant" or "negative" aspect of the Commerce Clause prohibits States from enacting and enforcing laws that interfere with the free flow of interstate commerce.

56. Rule 5.4 of the New Jersey Rules of Professional Conduct, as currently enacted, prohibits Jacoby & Meyers from obtaining the necessary capital infusion from non-lawyer investors required to fund and expand Jacoby & Meyers LLP’s operations, as set forth above. The deprivation of this investment opportunity discriminates against interstate commerce and/or excessively burdens interstate commerce relative to any putative local benefit it might otherwise advance. Unless
the proscriptions of Rule 5.4 against non-lawyer ownership of a law firm are voided, the application of these provisions interferes substantially with the free flow of interstate commerce in violation of the Commerce Clause.

57. Deprivation of a constitutional right constitutes irreparable harm. Rule 5.4 of the New Jersey Rules of Professional Conduct violates Jacoby & Meyers' rights under the Dormant Commerce Clause.

58. Jacoby & Meyers is suffering irreparable harm therefrom.

FIFTH CLAIM
(Violation of the U.S. Constitution Due Process Clause)

59. Jacoby & Meyers repeats and realleges the allegations contained in Paragraphs 1-58 above as if fully set forth herein.

60. The proscriptions of Rule 5.4 of the New Jersey Rules of Professional Conduct are arbitrary and capricious. The restrictions preventing a non-lawyer from owning equity in a law firm serve no legitimate state interest, and/or to the extent such a legitimate state interest exists, Rule 5.4 is not a rational means to serve that interest.

61. Alternatively, to the extent that Rule 5.4 is abridging a fundamental right under substantive due process, it neither serves a compelling state interest, nor is it fashioned with the least restrictive means possible.

62. Consequently, Rule 5.4 of the New Jersey Rules of Professional Conduct violates Jacoby & Meyers' rights under the Due Process Clause of the Fourteenth Amendment to the Constitution of the United States and under Article 1, Section 10 of the New Jersey State Constitution.

63. Jacoby & Meyers is suffering irreparable harm therefrom.
SIXTH CLAIM
(Violation of the Takings Clause)

64. Jacoby & Meyers repeats and realleges the allegations contained in Paragraphs 1-63 above as if fully set forth herein.

65. The proscriptions of Rule 5.4 of the New Jersey Rules of Professional Conduct unduly constrain Jacoby & Meyers' ability to operate profitably and to expand and fulfill its strategic plans. As a consequence, the "going concern" valuation of Jacoby & Meyers' business is so substantially diminished that the proscriptions amount to a regulatory taking without compensation in violation of Jacoby & Meyers' rights under the Fourteenth Amendment to the Constitution of the United States.

66. The proscriptions of Rule 5.4 of the New Jersey Rules of Professional Conduct unduly constrain Jacoby & Meyers' ability to operate profitably and to expand and fulfill its strategic plans. As a consequence, the "going concern" valuation of Jacoby & Meyers' business is so substantially diminished that the proscriptions amount to a regulatory taking without compensation in violation of Jacoby & Meyers' rights under the Article I, Section 20 of the New Jersey State Constitution.

67. Jacoby & Meyers is suffering irreparable harm therefrom.

SEVENTH CLAIM
(Violation of Equal Protection)

68. Jacoby & Meyers repeats and realleges the allegations contained in Paragraphs 1-67 above as if fully set forth herein.
69. The proscriptions of Rule 5.4 of the New Jersey Rules of Professional Conduct barring non-lawyers from owning any equity interests in law firms are absolute. Other professions in New Jersey have no such barriers to capital investment. For instance, investment bankers face no restrictions on capital ownership in their firms. Yet they, like the lawyers they work with on a daily basis on the same transactions, deal with the most sensitive of corporate secrets and proprietary information, must preserve client confidentiality, and must guard assiduously against conflicts of interest that might disadvantage their clients. Indeed, in many respects they answer to and have their activities scrutinized by, the Securities and Exchange Commission.

70. Because they face no barriers to outside investors, investment banking firms have been able to amass enormous capital through public offerings of their stock which they can then use to fund and expand their businesses. As a result, investment banks such as Goldman Sachs & Co. and Morgan Stanley, Inc., formerly privately-held partnerships, have become publicly-traded financial juggernauts. Indeed, Goldman Sachs has a current market capitalization of approximately $84 billion and nearly 40,000 employees worldwide, and Morgan Stanley has a current market capitalization of approximately $40 billion, with 62,000 employees around the world.

71. The restrictions barring non-lawyer ownership stakes in law firms, as compared to other related professions, including but not limited to investment banking, are arbitrary and capricious, and deny Jacoby & Meyers the equal protection of the laws in violation of the Equal Protection Clause of the Fourteenth Amendment to the Constitution of the United States.
72. Jacoby & Meyers is suffering irreparable harm therefrom.

EIGHTH CLAIM
(Freedom of Speech and Association)

73. Jacoby & Meyers repeats and realleges the allegations contained in Paragraphs 1-72 above as if fully set forth herein.

74. Rule 5.4 creates an artificial, unnecessary and unreasonable constraint on the free flow of commerce. The First Amendment of the Constitution of the United States provides that there shall be the rights to freedom of speech and full freedom of association, such that individuals can come together to collectively promote, pursue and defend common interests. For example, the freedom to peaceably assemble has found expression commercially in the rights of workers to organize and collectively bargain. These freedoms of speech and association are incorporated in the due process clause of the Fourteenth Amendment and apply with equal force to rules promulgated by state government.

75. In derogation of the freedoms of speech and association, Rule 5.4 prohibits those in the legal profession, and those wishing to invest in the practice of law, from freely associating. This prohibition denies both lawyer and investor a mutual benefit which would enhance access to legal services for those otherwise unable to afford them. In restricting access to the civil justice system, the public’s exercise of their free speech rights are being abridged.

76. The prohibition against lawyers obtaining private equity funding to expand and grow a legal practice is violative of the constitutionally guaranteed Freedoms of
Speech and Association, and in violation of the New Jersey State Constitution, Article I, Sections 6 and 18.

77. Jacoby & Meyers is suffering irreparable harm therefrom.

PRAYER FOR RELIEF

WHEREFORE, Jacoby & Meyers prays for judgment and relief as follows:

1. An Order declaring that in approving and adopting Rule 5.4 of the New Jersey Rules of Professional Conduct, Defendants have violated the New Jersey State Constitution;

2. An Order declaring that in adopting and implementing Rule 5.4 of the New Jersey Rules of Professional Conduct, Defendants have violated the separation of powers;

3. An Order declaring that Rule 5.4 should be stricken as unconstitutionally void for vagueness, under the Constitution of the United States and the New Jersey State Constitution.

4. An Order declaring that Rule 5.4 of the New Jersey Rules of Professional Conduct violates the Dormant Commerce Clause of the Constitution of the United States of America by substantially impairing interstate and international commerce;

5. An Order declaring that Rule 5.4 of the New Jersey Rules of Professional Conduct violates the Due Process Clause of the Fourteenth Amendment to the Constitution of the United States of America by arbitrarily, capriciously, unreasonably and over broadly encumbering the rights of attorneys to finance their practice of law;
6. An Order declaring that Rule 5.4 of the New Jersey Rules of Professional Conduct constitutes a regulatory taking without compensation in violation of the Fourteenth Amendment to the Constitution of the United States of America;

7. An Order declaring that Rule 5.4 of the New Jersey Rules of Professional Conduct violates the Equal Protection Clause of the Fourteenth Amendment to the Constitution of the United States of America by discriminating against attorneys' abilities to finance their businesses as compared to other unencumbered professionals;

8. An Order declaring that Rule 5.4 of the New Jersey Rules of Professional Conduct unduly abridge lawyers' First Amendment rights to Freedom of Speech and Association, by restricting the ability of law firms to associate with non-lawyers for the purpose of expanding their practices to prosecute actions and defend litigants;

9. An Order enjoining Defendants from enforcing Rule 5.4 with respect to non-lawyer ownership of equity interests in law firms and enjoining Defendants from undertaking any disciplinary or other actions against Jacoby & Meyers for any putative violations of these provisions of Rule 5.4;

10. An Order awarding Jacoby & Meyers costs and attorneys' fees pursuant to 42 U.S.C. §1988(b); and
11. An Order granting such other and further legal and equitable relief as this Court deems just and proper.

Dated: May 18, 2011

Respectfully submitted,

MEISELMAN, DENLEA, PACKMAN, CARTON & EBERZ P.C.

By: /s/ Barry B. Cepelewicz
    David J. Meiselman (DM-6621)
    James R. Denlea (JD-4610)
    Jeffrey I. Carton, Esq. (JC-8296)
    Barry B. Cepelewicz (BC-0153)
    1311 Mamaroneck Avenue
    White Plains, New York 10605
    Tel: (914) 517-5000
    Fax: (914) 517-5055
    Attorneys for Plaintiff