

# THE RECORDER

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## Transcript Tug-of-War

### Lawmaker targets depo providers who offer rebates

By Cheryl Miller  
RECORDER STAFF WRITER

When is an iPod Nano a tool of unfair competition? When a multi-state deposition company can lure law firm business with the promise of a free media player but veteran court reporter Stephanie Grossman cannot, the Palo Alto stenographer said.

"If I did that," Grossman said, "I would lose my license." Grossman and other licensed reporters say they're losing business in a tough economy to competitors that, because of a loophole in state law, don't have to abide by the same rules governing gift-giving, document formatting and professional conduct.

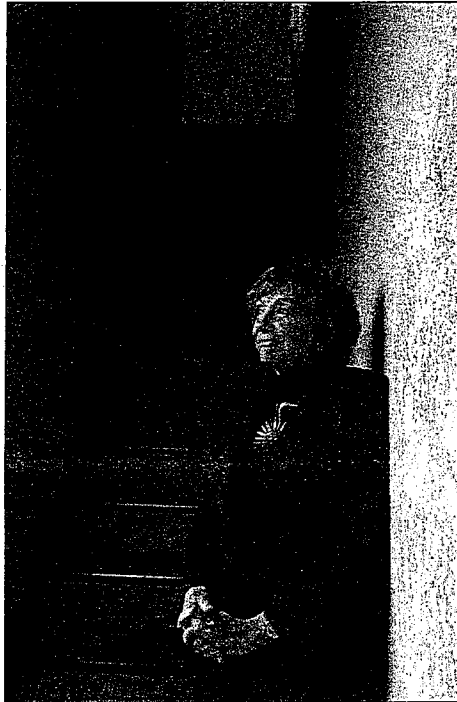
The licensed reporters have found an ally in Assemblyman Ira Ruskin, D-Redwood City, who has introduced legislation that would force all shorthand operators, regardless of their corporate set-up, to comply with the same standards of practice enforced by the California Court Reporters Board.

"This profession ... is part of the legal system, and it needs to be governed by a proper ethics system," Ruskin said. "In an era where we've seen the ill-effects of deregulation in many areas, the prudent thing to do is to close the loophole that's led to the deregulation of this important industry."

The conflict stems from significant technological and business-side changes that have reshaped the court reporting industry over the last few decades. Originally, reporting was largely the domain of regionally based mom-and-pop shops — with an emphasis on the mom thanks to the women who dominated the profession. California law was established to oversee individual licensees and certified shorthand reporting corporations, the two dominant forms of operation.

That business model eventually expanded to include large multi-state firms that offered deposition services, often to complement a menu of other products geared to the legal industry. Some of those firms are not owned or run by licensed reporters;

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JASON DOY

**FOR THE RECORD:** Stephanie Grossman, a certified shorthand reporter, says she's losing business to unlicensed competitors who can offer rebates.

## REPORTERS

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others are formed as partnerships. Under state law, neither type of operation is regulated by the Court Reporters Board.

So while licensed reporters are barred from giving clients gifts worth more than \$100 in a calendar year, unregulated firms have no such restrictions. Many such firms buy ads in legal publications, including *The Recorder*, and send mailers to law firms offering perks like Montblanc pens, gift cards, cash rebates and iPod shuffles for deposition bookings.

Alabama-based Freedom Court Reporting, which has affiliates in seven California cities, has established a lucrative point system. Clients earn one point for every \$50 they spend, according to the company's Web site. Twenty points can be cashed in for gourmet cookies. Booking secretaries and paralegals racking up 350 points score a trip to Miami Beach including airfare and four nights in a three-bedroom penthouse.

Freedom's owner, Mickey Turner, said her company has no attorney clients in California; its affiliates here work for traveling Alabama lawyers. It's unclear if the new legislation would affect Freedom's activities in the state.

Three other firms did not respond to *The Recorder's* requests for comment.

Grossman said her firm, Grossman & Cotter, recently lost a long-standing client to a reporting company that plied the law firm's paralegals with baseball tickets. She declined to name the firm.

"Several of our reporters used to report there all the time," she said. "And yes, we've had to cut back. We've lost business because of this. It very definitely affects our income."

Licensed reporters have another complaint. They say they're bound by law to provide transcripts with standard-size print and

margins. In an industry that pays reporters and charges clients by the transcript page, the rule is designed to protect both workers and consumers. Licensees claim that some unregulated firms will take the standardized transcript produced by a licensed recorder and reformat it at another location and submit it to a client with wider margins, additional paragraphs or other changes that increase the number of pages — and subsequently, the amount due.

Yvonne Fenner, executive director of the Court Reporters Board, said the agency started receiving a "flurry" of complaints about such practices three or four years ago. But when consumers and licensed reporters realized the board couldn't do anything, "people just stopped complaining."

The board has not taken a position on Ruskin's legislation but generally supports the notion of extending the state's rules to all shorthand operators, Fenner said.

Although Gov. Arnold Schwarzenegger has previously proposed eliminating the Court Reporters Board, the well-organized reporting lobby has pushed back his efforts in the Legislature. With their sizable numbers and court-employed members' ties to powerful labor unions, the reporters' lobby has also repelled efforts to replace some shorthand work with audio and video recording. Now they're hoping to use that strength to enact Ruskin's Assembly Bill 1461.

"We're not trying to restrict who can do business," said Sheri Turner Gray, president of the California Court Reporters Association. "We just want to make sure every entity abides by the same standards."

No hearing date has been set yet on the bill.

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