

ANTITRUST COMPLIANCE POLICY OF THE ILLINOIS STATE MUSIC TEACHERS ASSOCIATION

The antitrust laws of the United States and the various states prohibit agreements, combinations and conspiracies in restraint of trade. Because the Illinois State Music Teachers Association (“Association”) and other trade and professional associations are, by definition, combinations of competitors, one element of a possible antitrust violation is generally present, and only some action by the association that unreasonable restrains trade generally needs to occur for there to be an antitrust violation. Consequently, associations are common targets of antitrust plaintiffs and prosecutors.

The consequences for violating the antitrust laws can be severe. A conviction can carry stiff fines for the association and its offending leaders, jail sentences for individuals who participated in the violation, and a court order dissolving the association or seriously curtailing its activities. The antitrust laws can be enforced against associations, association members, and the association's employees by both government agencies and private parties (such as competitors and consumers) through treble damage actions. As the principal federal antitrust law is a criminal conspiracy statute, an executive who attends a meeting at which competitors engage in illegal discussions may be held criminally responsible, even if he or she says nothing at the meeting. The executive's attendance at the meeting may be sufficient to imply acquiescence in the discussion, making him or her liable to as great a penalty as those who actively participated in the illegal agreement.

The antitrust laws prohibit competitors from engaging in actions that could result in an unreasonable restraint of trade. Above all else, association members should be free to make business decisions based on the dictates of the market - not the dictates of the association.

Some activities by competitors are deemed so pernicious and harmful that they are considered *per se* violations - it does not matter whether or not the activities actually have a harmful effect on competition; the effect is presumed. These generally include price fixing, allocation of customers, markets or territories, and group boycotts. In addition, there are many features that factor into price; agreements as to hourly rates, penalties for missed lessons, discounts, terms of payment, or other factors that can directly impact price also are proscribed.

Other actions such as compiling and publishing historical price and cost data, certification programs, and enforcement of codes of ethics, generally are evaluated under a rule of reason - there is a balancing between the pro-competitive and anti-competitive aspects of the activities; the pro-competitive effects must outweigh the anti-competitive ones. These areas also should be approached with caution and legal guidance.

The Association has a policy of strict compliance with federal and state antitrust laws. Association members should avoid discussing certain subjects when they are together - both at formal Association membership, Board of Directors, committee, and other meetings and in informal contacts with others in the music teaching profession and should otherwise adhere strictly to the following guidelines:

- DO NOT discuss prices, fees or rates, or features that can impact (raise, lower or stabilize) prices such as discounts, costs, salaries, terms and conditions of sale, missed lessons policies, or profit margins. Note that a price-fixing violation may be inferred from price-related discussions followed by parallel decisions on pricing by association members even in the absence of an oral or written agreement.
- DO NOT agree with competitors as to hourly rates, payment terms, or contract provisions.
- DO NOT exchange data concerning fees, prices, sales, costs, salaries, student vacation or missed lesson policies, or other business practices unless the exchange is made pursuant to a well considered plan using historical data that has been approved by the Association's attorney.
- DO NOT agree with competitors to divide up students, markets or territories.
- DO NOT agree with competitors not to deal with certain competitors or suppliers.
- DO NOT try to prevent a supplier from selling to your competitor(s).
- DO NOT agree to any association membership restrictions, codes of ethics or conduct, standard-setting, certification, accreditation, or self-regulation programs without the restrictions or programs having been approved by the Association's attorney.
- DO insist that Association meetings that have agendas are circulated in advance and that minutes of all meetings properly reflect the actions taken at the meeting. All Association meetings generally should have written agendas prepared and circulated in advance.
- DO leave any meeting (formal or informal) where improper subjects are being discussed. Tell everyone why you are leaving.
- DO ensure that only Association staff sends out all written and electronic correspondence on behalf of the Association and that Association officers, directors, committee members, or other members do not hold themselves out as speaking or acting with the authority of the Association when they do not, in fact, have such authority.
- DO ensure that if questions arise about the legal aspects of the Association's activities or your individual responsibilities under the antitrust laws, you seek advice and counsel from your own counsel or from the staff and the attorney for the Association.

Any questions about the antitrust policy of the Association should be directed to the CEO/Executive Director and/or the attorney for the Association.